

CREDIUS IFN S.A.

ANNUAL FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2022

Issued in accordance with the Order of the National Bank of Romania no. 6/2015 for the approval of the Accounting Regulations in compliance with the European Directives, with subsequent amendments and additions.

TOGETHER WITH THE REPORT OF THE ADMINISTRATORS AND THE REPORT OF THE INDEPENDENT
AUDITOR

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders,
CREDIUS IFN S.A.

Opinion

1. We have audited the financial statements of Credius IFN S.A. ("the Company"), with registered office in Voluntari, B-dul Pipera nr.1/I, ADMAX CENTER building, Office 6, 3rd floor, Romania, identified by the unique tax registration code 31534882, which comprise the balance sheet as at 31 December 2022 and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and explanatory notes.
2. The financial statements as at 31 December 2022 are identified as follows:
 - Total equity: 58.684.296 Lei
 - Net profit for the financial year: 14.755.731 Lei
3. In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2022, and its financial performance and its cash flows for the year then ended, in accordance with the National Bank of Romania Order No. 6/2015 approving the Accounting Regulations in compliance with European Directives, as amended and supplemented ("Order 6/2015").

Basis for opinion

4. We conducted our audit in accordance with International Standards on Auditing ("ISA"), EU Regulation No. 537 of the European Parliament and of the Council (hereinafter "Regulation") and Law No. 162/2017 ("Law"). Our responsibilities under these standards are described in detail in the section "Auditor's Responsibilities in an Audit of Financial Statements" in our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (the "IESBA Code"), in accordance with the ethical requirements that are relevant to the audit of financial statements in Romania, including the Regulation and the Law, and we have fulfilled our ethical responsibilities in accordance with those requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit issues

5. The key audit matters are those matters which, based on our professional judgement, were of most significance to the audit of the financial statements for the current period. These matters have been addressed in the context of the audit of the financial statements as a whole and in forming our opinion thereon and we do not express a separate opinion on these matters.

Nature of the area of interest	Procedures carried out in support of our discussions and conclusions
<p>Recognition of interest income and commissions</p> <p>According to the profit and loss account and notes 15 and 16 to the financial statements, the Company recorded interest and similar income of RON 57,076,043, mainly from loans granted to customers. These revenues are the main contributors to the Company's operating income, influencing its profitability.</p> <p>While interest income is recognised over the estimated life of the loan agreement using the effective interest rate, the recognition of fee income received/paid on loans depends on the nature of the fees, as follows:</p> <ul style="list-style-type: none"> • fees directly attributable to the financial instrument that form part of the effective interest rate and are recognised over the expected life of the instrument and presented as interest income; • fees for services provided which are recognised when the service is rendered and are shown as fee income. <p>The specificity of revenue recognition, the large volume of low value transactions that depend on the quality of the interest and commission data that are recognised as adjustments to interest income and the IT solutions to record them make this a key audit issue.</p>	<p>We assessed the design, implementation and operating effectiveness of key internal manual controls and focused on:</p> <ul style="list-style-type: none"> • validation of the existing credit contracts in the loan portfolio with the contracts signed by the clients; • validation of revenue recognition for credit contracts in the loan portfolio. <p>We have performed the following procedures in respect of interest and commission income that is recognised as an adjustment to interest income:</p> <ul style="list-style-type: none"> • We assessed the accounting treatment applied by the Company in relation to interest and similar income to determine whether the methodology complied with the applicable accounting requirements (Order 6/2015). We considered the accuracy of the classification: <ul style="list-style-type: none"> - fees which are identified as directly attributable to the credit agreements and which form part of the effective interest rate; - fees that are recognised at the time the credit is granted. • We have assessed whether the data used to calculate interest and similar income is complete and correct. • We evaluated the mathematical formula used to recognise the applicable income over the life of the loan. • We evaluated interest income by developing our own expectation of earnings and compared it to the Company's actual results. <p>We have assessed the presentation in the financial statements of interest income and similar income in accordance with the requirements of Order 6/2015.</p>

Other issues

6. The financial statements of the Company for the year ended 31 December 2021 have been audited by another auditor, who expressed an unmodified opinion on those financial statements on 28 November 2022.

Other information - Directors' report

7. Administrators are responsible for the preparation and submission of other information. That other information includes the Directors' Report but does not include the financial statements and the auditor's report thereon.

Our opinion on the financial statements does not cover this other information, including the Directors' Report. In connection with our audit of the financial statements for the year ended December 31, 2022, our responsibility is to read that other information and, in so doing, to evaluate whether that other information is materially inconsistent with the financial statements, or with the knowledge we obtained during the audit, or whether it appears to be materially misstated.

With regard to the Directors' Report, we have read and report whether it has been prepared, in all material respects, in accordance with Order 6/2015, paragraphs 225-228.

Based solely on the work to be performed during the audit of the financial statements, in our opinion:

- a) The information presented in the Directors' Report for the financial year for which the financial statements have been prepared is consistent in all material respects with the financial statements;
- b) The Directors' Report, has been prepared, in all material respects, in accordance with Order 6/2015, paragraphs 225-228.

In addition, based on our knowledge and understanding of the Company and its environment acquired during our audit of the financial statements for the year ended 31 December 2022, we are required to report whether we have identified any material misstatements in the Directors' Report. We have nothing to report on this matter.

Responsibilities of management and those charged with governance for the financial statements

8. Management is responsible for the preparation and fair presentation of the financial statements in accordance with Order 6/2015 and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
9. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, where appropriate, going concern matters and using the going concern basis of accounting, unless management either intends to liquidate the Company or cease operations or has no realistic alternative but to do so.
10. Those charged with governance are responsible for overseeing the Company's financial reporting process.

The auditor's responsibilities in an audit of financial statements

11. Our objectives are to obtain reasonable assurance about whether the financial statements, taken 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 International Standards on Auditing will always detect a material misstatement, if one exists. Misrepresentations can be caused by either fraud or error and are considered material if they could reasonably be expected to affect, individually or in the aggregate, the economic decisions of users made on the basis of these financial statements.
12. As part of an audit in accordance with International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. Also:
 - We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures in response to those risks, and obtain sufficient appropriate audit evidence to provide a basis for our opinion. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting a material misstatement due to error because fraud may involve secret understandings, misrepresentation, intentional omissions, misstatements and circumvention of internal control.
 - We understand internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
 - We assess the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
 - We conclude on the appropriateness of management's use of going concern accounting and determine, based on audit evidence obtained, whether there is a material uncertainty about events or conditions that may cast significant doubt about the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we should draw attention in the auditor's report to the related disclosures in the financial statements or, if those disclosures are inadequate, modify our opinion. Our conclusions are based on audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Company to cease to operate on a going concern basis.

- We assess the overall presentation, structure and content of the financial statements, including disclosures, and the extent to which the financial statements reflect underlying transactions and events in a manner that achieves fair presentation.
13. We communicate to those charged with governance, among other matters, the planned scope and timing of the audit and the principal audit findings, including any significant deficiencies in internal control that we identify during the audit.
 14. We also provide those charged with governance with a statement that we have complied with the relevant ethical requirements relating to independence and that we have disclosed to them all relationships and other matters that could reasonably be expected to affect our independence and, where appropriate, related safeguards.
 15. Of the matters communicated with those charged with governance, we determine which are the most significant matters for the audit of the current period's financial statements and are therefore key audit matters. We describe these matters in the auditor's report, unless laws or regulations prohibit public disclosure of the matter or we determine, in extremely rare circumstances, that a matter should not be communicated in our report because the benefits to the public interest are reasonably expected to be outweighed by the negative consequences of such communication.

Report on other legal and regulatory provisions

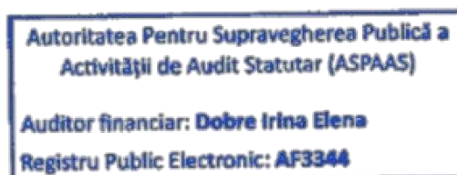
16. We were appointed by the General Meeting of Shareholders on 4 May 2023 to audit the financial statements of Crediis IFN S.A. for the financial year ended 31 December 2022. The total uninterrupted duration of our engagement is 1 year, covering the financial year ended 31 December 2022. .

We confirm that:

- Our audit opinion is consistent with the supplementary report presented to the Company's Audit Committee, which we issued on the same date we issued this report. We also maintained our independence from the audited entity in the conduct of our audit.
- No prohibited non-audit services referred to in Article 5(1) of EU Regulation 537/2014 were provided.

The audit engagement partner for which this independent auditor's report was prepared is Irina Dobre.

Irina Dobre, Audit Partner

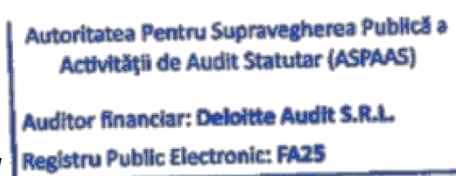


*Registered in the Electronic Public Register of Auditors
financial and audit firms with AF No 3344*

On behalf of:

DELOITTE AUDIT S.R.L.

*Registered in the Electronic Public Register of Financial
Auditors and Audit Firms under No FA 25*



The Mark Building, Calea Griviței 84-98 and 100-102, 9th floor, Sector 1
Bucharest, Romania
31 August 2023

CREDIUS IFN S.A.
BILANT
ON 31 DECEMBER 2022

(all amounts are in RON, unless otherwise specified)

ACTIV	Cod e position	Note	Financial year	
			previous	closed
A	B	C	1	2
House and other values	010		10.772	17.709
Claims on credit institutions	030	2	7.828.721	2.020.099
- the sight	033		7.828.721	2.020.099
- other receivables	036			
Claims on clients	040	3	54.381.991	56.494.892
Participations	070		3.075	3.075
Intangible assets	090	5	2.828.617	3.634.332
Tangible fixed assets, of which:	100	6	1.269.643	1.251.884
- land and buildings used in purpose	105		804.956	664.947
Other assets	120	7	4.392.025	4.479.355
Prepaid expenses and accrued income	130	8	5.326.212	5.756.135
TOTAL	140		76.041.056	73.657.481

DEBT AND EQUITY	Code position	Note	Financial year	
			previous	closed
A	B	C	1	2
Customer-related liabilities	310	9	3.131.775	3.116.927
- the sight	317		3.131.775	3.116.927
Other debts	330	10	12.401.782	6.578.682
Accrued income and accrued liabilities	340	11	5.064.943	4.078.422
Provisions:	350	12	1.513.992	1.199.154
- other provisions	356		1.513.992	1.199.154
Subscribed share capital	370	13	35.896.854	35.896.854
Book	390		3.103.891	4.170.216
- legal reserves	392		3.067.118	4.133.443
- other reserves	399		36.773	36.773
Reported result				
- Profit	423		699.023	4.927.919
Result for the financial year				
- Profit	433	14	15.353.521	14.755.731
Profit sharing	440	14	1.124.725	1.066.324
Total debt and equity	450		76.041.056	73.657.481

CREDIUS IFN S.A.
 BILANT
 ON 31 DECEMBER 2022
 (all amounts are in RON, unless otherwise specified)

OFF-BALANCE SHEET ITEMS	Cod e position	Note	Financial year	
			previous	closed
A	B	C	1	2
Commitment	610		57.139	154.464

The financial statements were signed and approved today, August 31, 2023, by:

DIRECTOR GENERAL,

Buzgan Andrei

Signature

INTO ACCOUNT

Golomoz Adrian
 Chief Financial Officer

Signature

CREDIUS IFN S.A.
 PROFIT AND LOSS ACCOUNT
 FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2022
 (all amounts are in RON, unless otherwise specified)

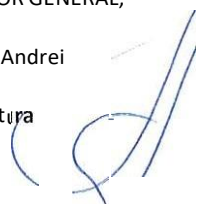
Indicator name	Code position	Note C	Financial year	
			previous 1	closed 2
	A	B		
Interest receivable and similar income	010	15	68.234.397	57.076.462
Interest payable and similar charges	020	16	919.057	400.094
Commission income	040	17	16.128	18.684
Commission expenses	050	17	3.468.311	3.507.714
Net profit or loss on financial operations	060	18	73.267	52.470
Other operating income	070	19	7.270.951	11.797.318
General administrative expenditure	080	20	11.281.855	15.151.919
- Staff expenditure I, of which:	083	21	5.911.772	6.807.073
Salaries	084	21	5.426.564	6.249.421
- Social security expenditure	085	21	308.635	359.836
- Other administrative expenditure	087		5.370.083	8.344.846
Adjustments to the value of intangible and tangible fixed assets	090	5, 6	642.507	1.209.005
Other operating expenditure	100	22	1.360.801	1.592.614
Adjustments to the value of their claims and their provisions for contingent liabilities and commitments	110	4	76.807.012	77.176.499
Reversals of value adjustments on receivables and provisions for contingent liabilities and accruals	120	4	41.525.825	51.419.398
Result of current activities				
- Profit	153		22.494.491	21.325.487
Total income	190		116.974.034	120.364.332
Total expenditure	200		94.479.543	99.037.845
Gross result				
- Profit	213		22.494.491	21.326.487
Corporate income tax	220	23	7.140.970	6.570.756
Net result for the financial year				
Profit	243		15.353.521	14.755.731

The financial statements were signed and approved today, August 31, 2023, by:

DIRECTOR GENERAL,

Buzgan Andrei

Semna tura



INTO ACCOUNT

Golomoz Adrian
 Financial Director
 Semnatura



CREDIUS IFN S.A.
STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL
YEAR ENDING 31 DECEMBER 2022
(all amounts are in RON, unless otherwise specified)

Equity element	Note	welded t o		Discounts		sold out at December 2021	
		1 January 2021	Total , of which	by transfer	Total , of which		by transfer
0	1	2	3	4	5	6	7
Subscribed capital		35,896.854					35.896.854
Capital premium							
Legal reserves		1.942.394	1.124.725	1.124.725			3.067.118
Other reserves		36.773					36.773
Result reported-t not distributed	profit	5.151.733	7.699.023	7.699.023	12.151.733		699.023
Result for the financial year							
Sold creditor		8.396.316	15.353.521		8.396.316	8.396.316	15.353.521
Profit distribution - balance debtor		(697.293)	(1.124.725)	(1.124.725)	(697.293)	(697.293)	(1.124.725)
Total equity		50.726.777	23.052.544	7.699.023	19.850.756	7.699.023	53.928.564


During 2021, the Company distributed dividends to its shareholders amounting to 12,151,733 lei.

The financial statements were signed and approved today, August 31, 2023, by:

DIRECTOR GENERAL,

Buzgan Andrei

Signnatqra



INTO ACCOUNT

Golomoz Adrian
Chief Financial Officer

Signature



CREDIUS IFN S.A.
STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2022
(all amounts are in RON, unless otherwise specified)

Equity element	Note	Sold to _____		Cresteri _____		Discounts _____		Balance at December 2022
		1 January 2022	Total	, of which	by transfer	Total, of which	by transfer	
0	1	2	3	4	5	6	7	
Subscribed capital		35.896.854						35.896.854
Capital premiums Legal reserves		3.067.118	1.066.324		1.066.324			4.133.443
Other reerve		36.773						36.773
Retained earnings - profit nerepartiz at		699.023	14.228.796		14.228.796	10.000.000		4.927.819
Result for the financial year	-							
Sold creditor		15.353.521	14.755.731			15.353.521	15.353.521	14.755.731
Profit distribution - balance debtor		(1.124.725)	(2.066.324)		(2.066.324)	(1.124.725)	(1.224.725)	(1.066.324)
Total equity		53.928.564	28.984.528		14.228.796	24.228.796	14.228.796	58.684.296

During 2022, the Company distributed dividends to its shareholders in the amount of 10,000,000 lei.

The financial statements were signed and approved today, August 31, 2023, by:

DIRECTOR GENERAL,

Buzgan Ani

Semnatur



INTO ACCOUNT

Golomoz Adrian
Financial Director
Semnatura



CREDIUS IFN S.A.
CASH FLOW STATEMENT
FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2022
(all amounts are in RON, unless otherwise specified)

Indicator name	Code	Financial year	
		previous	closed
Net result	01	15.353.521	14.755.731
<i>Components of net income that do not generate cash flows from operating assets/assets</i>			
+ constitution or regularisation of adjustments for depreciation and provisions	02	2.687.229	(5.785.539)
+ depreciation charges	03	642.507	1,209.005
+ other adjustments relating to items not generates cash flows	04	32.593.958	31.542.640
+ adjustments related to items included in assets investment or financing	05	1.050.782	386.230
+ other adjustments	06	7.366,047	6.402.546
<i>subioiai ę d. bone to oa]</i>	07	<i>59.694.044</i>	48.510.613
<i>Changes in assets and liabilities related to the activity after adjusting for items that does not generate cash flows related to the activitotii exploder</i>			
+ claims on customers	10	(23.607.789)	(20.128.250)
+ attached claims	11	(17.202,839)	(8.817.702)
+ other operating assets	12	(1.188.194)	243.857
+ customer debt	14	800.242	(14.848)
+ debt attached	15	11.383	(22.233)
+ other debts related to operating activities	16	651.704	(225.897)
- cash payments representing income tax	17	(7.773.284)	(6.190.435)
Cash flows from operating activities <i>(rd. 07 la J7)</i>		11.385.267	13.355.105
	18		
Cash flows from investing activities			
- cash payments for the purchase of land and fixed assets, intangible assets and other assets on long term	25	(2.448.314)	(2.022.205)
<i>Cash flows used/used in investment activities</i> <i>(rd. 19 la 28)</i>	29	<i>(2.448.314)</i>	(2.022.205)

CREDIUS IFN S.A.
CASH FLOW STATEMENT
FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2022
(all amounts are in RON, unless otherwise specified)

Indicator name	Code position	Note	Financial year	
			previous	closed
Cash flows from financing activities				
- cash payments representing dividends	35		(12.151.733)	(10.000.000)
other cash payments related to financing activities	36		(18.220.520)	10.547.113
+ other cash receipts from financing activities	37		20.258.755	3.803.407
<i>Cash flows used/used in financing activities</i>			<i>(10.113.49B)</i>	<i>(16. '43. 206J)</i>
{rd. 30 to 37}	3B			
Cash and cash equivalents at beginning of period	39		9.035.194	7.839.493
* Cash flows from operating activities (item 18)	40		11.385.267	13.355.105
* Cash flows used in investing activities (item 29)	41		(2.4^8.314)	(2.022.205)
* Cash flows used in financing activities (item 38)	42		(10.113.498)	(16.743.706)
* Effect of exchange rate change on cash	43		(19.156)	(390.879)
Cash and cash equivalents at end of period			7.839.#93	2.037.808
{rd. 39 to 43}	44			
Composition of cash and cash equivalents			Exercise finance previous	Exercise financial Closed
Home			10.772	17.709
Current accounts with credit institutions			7.828.721	2.020.099
Term deposits with credit institutions				
TOTAL			7.839.493	2.037.808

The financial statements were signed and approved today, August 31, 2023, by:

DIRECTOR GENERAL,

Buzgan Andrei

Signature

INTO ACCOUNT

Golomoz Adrian
Financial Director
Semnatura

CREDIUS IFN S.A.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2022
(all amounts are in RON, unless otherwise specified)

REPORTING ENTITY

CREDIUS IFN S.A. (hereinafter referred to as the "Company") was registered at the Commercial Registry Office of the Ilfov Court on April 19, 2013, with the unique registration code 315348B2 and the serial number in the Commercial Registry J23/1231/2013. The Company is incorporated and operates for an unlimited duration, in accordance with the legal provisions in force.

The abbreviated name of the Company is CREDIUS IFN S.A.

The company carries out its activity through its registered office, established in Voluntari, B-dul Pipera nr. 1/1, ADMAX CENTER Building, Office 6, 3rd Floor, Ilfov County.

As of 31 December 2022, the company registers 13 functional working points, of which 4 in Bucharest and the rest in the country (Arad, Braila, Buzau, Craiova, Galati, Ploiesti and Targu Jiu). As of 31 December 2021, the company registers 25 functional working points, of which 8 in Bucharest and the rest in the country.

The main activity of the Company is "Other financial intermediation, except insurance and pension funding activities" (CAEN group 649), the main activity of the Company being "Other lending activities" (CAEN code 6492) - granting of consumer credit, without issuing credit cards.

The company is registered in the General Register kept by the National Bank of Romania ("NBR") under number RG-PJR-42-110277/01.08.2013 and in the Special Register kept by the NBR under number RS-PJR-42-110086/16.02.2018.

The shareholding structure of the Company is presented in Note 14.

The Parent Company is Lapworth Holdings Limited and the ultimate Parent Company is NCH Balkan Fund L.P.

The number of employees of the Company as at 31 December 2022 was 57 (31 December 2021: 68 employees).

1. ACCOUNTING PRINCIPLES, POLICIES AND METHODS

A. Basics of preparing financial statements

These financial statements are the responsibility of the Company's management and have been prepared in accordance with:

- i. Accounting Law no. 82/1991 republished, as amended and supplemented ("Law no. 82/1991");
- ii. Law no. 93/2009 on non-bank financial institutions;
- iii. NBR Order no. 6/2015 approving the Accounting Regulations in compliance with the European Directives applicable to non-banking financial institutions, as amended and supplemented ("NBR Order 6/2015");
- iv. NBR Regulation no. 5/2012 on credit classification and the establishment, regularization and use of specific credit risk provisions applicable to entities supervised by the National Bank of Romania, other than credit institutions ("NBR Regulation 5/2012").

These financial statements have been prepared under the historical cost convention, with the exceptions disclosed below in the accounting policies.

The items included in the Company's financial statements are valued using the currency of the primary economic environment in which the entity operates ("functional currency"). The functional currency of the financial statements is the Romanian Leu ("RON"). All figures are presented in RON, rounded to RON 1.

The present financial statements are our own and do not belong to any group.

CREDIUS IFN S.A.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2022
(all amounts are in RON, unless otherwise specified)

1. ACCOUNTING PRINCIPLES, POLICIES AND METHODS (continued)

B. Accounting principles

The items presented in the Company's financial statements are measured in accordance with the general accounting principles set out below:

a) Accrual accounting principle

Items presented in the annual financial statements are measured in accordance with general accounting principles on an accrual basis. Thus, the effects of transactions and other events are recognised when the transactions and events occur (rather than as cash or cash equivalents are received or paid) and are recorded in the accounting records and reported in the financial statements of the related periods. Income and expenses arising directly and concurrently from the same transaction are recognised simultaneously in the accounts by directly matching the related income and expenses, with separate recognition of such income and expenses.

b) Principle of continuity of activity

These financial statements have been prepared on a going concern basis which assumes that the Company will continue in business for the foreseeable future. In order to assess the applicability of this presumption, management analyses forecasts of future cash inflows and shareholder support. These annual financial statements are prepared on a going concern basis.

c) Principle of permanence of methods

Valuation methods and accounting policies must be applied consistently from one financial year to the next, ensuring comparability of accounting information over time.

Changes in accounting policies are permitted only if required by regulations or if they result in more relevant or reliable information about the Company's operations.

In the event of a change in accounting policy, the Company shall disclose in the notes to the annual financial statements the nature of the change in accounting policy and the reasons why the application of the new accounting policy provides reliable and more relevant information so that users of the financial statements can assess whether the new accounting policy has been appropriately chosen, the effect of the change on the reported results for the period and the actual trend in the results of operations.

d) Prudence principle

In preparing the annual financial statements, recognition and measurement is made on a prudent basis so that:

- (i) only the profit realised at the balance sheet date is included in the profit and loss account;
- (ii) to take account of all debts arising during the current financial year or a previous financial year, even if they become apparent only between the date of the balance sheet and the date of its preparation;
- (iii) to take into account all foreseeable liabilities and potential losses arising during the current financial year or a previous financial year, even if they become apparent only between the date of the balance sheet and the date of its preparation. For this purpose, account is also taken of any provisions and liabilities arising from contractual clauses; and
- (iv) to take account of all depreciation, regardless of whether the result for the financial year is a loss or a profit. In this respect, the recording of adjustments for depreciation or loss of value is made on the expense accounts, regardless of their impact on the profit and loss account.

As a result, assets and income will not be overstated and liabilities and expenses will not be understated. However, the exercise of prudence does not allow for excessive provisioning, deliberate understatement of assets or income, nor deliberate overstatement of liabilities or expenses, as the financial statements would no longer be neutral and no longer have the quality of being credible.

CREDIUS IFN S.A.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2022
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1. ACCOUNTING PRINCIPLES, POLICIES AND METHODS (continued)

e) Principle of independence of exercise

Account must be taken of income and expenditure for the financial year, irrespective of the date of receipt or payment of such income and expenditure.
income and expenditure.

f) The principle of separate valuation of assets and liabilities

According to this principle, the components of assets or liabilities must be measured separately.

g) Intangibility principle

The opening balance sheet for each financial year must correspond to the closing balance sheet of the previous financial year, except for corrections imposed by the application of the requirements of Order NBR 6/2015, relating to previous periods.

h) The principle of non-compensation

Any offsetting between assets and liabilities or between income and expenses is prohibited. All receivables and payables are recorded separately in the accounts on the basis of supporting documents. Any offsets between receivables and payables from the same counterparty made in compliance with the legal provisions may be recorded only after the corresponding income and expenditure have been entered in the accounts.

In the case of exchange of assets, the accounting records shall show separately the sale/withdrawal operation and the purchase/entry operation, on the basis of supporting documents, with the recording of all income and expenses related to the operations. The accounting treatment is also similar for mutual services.

i) Principle of economic over legal

The presentation of amounts within balance sheet and income statement items is made taking into account the economic substance of the transaction or operation reported and not only its legal form.

j) The significance threshold principle

Balance sheet and profit and loss account values that are shown in lower case letters may be combined if:

- a) they represent an insignificant amount;
- b) such a combination provides a higher level of clarity, provided that the elements thus combined are presented separately in the explanatory notes.

C. Accounting policies and methods

The accounting policies and methods set out below have been consistently applied by the Company.

a) Use of estimates

The preparation of financial statements in accordance with NBR Order 6/2015 requires the Company's management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported income and expenses for the period. Although these estimates are made by the Company's management based on the best information available at the date of the financial statements, actual results may differ from those estimates.

The estimation process involves reasoning based on the most recent credible information available. The estimate may need to be revised if there are changes in the circumstances on which the estimate was based or as a result of new information or better experience.

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1. ACCOUNTING PRINCIPLES, POLICIES AND METHODS (cont'd)

C. Accounting policies and methods (continued)

a) Use of estimates (continued)

For those items whose value is uncertain and which need to be included in the financial statements, best estimates are made in accounting. For this purpose, the values of assets and liabilities are reviewed to reflect events after the balance sheet date, changes in circumstances or the acquisition of new information, whenever those values are material.

Events occurring after the balance sheet date that provide additional information to the estimates made by management at the balance sheet date result in an adjustment to the balance sheet items to reflect that additional information.

The main estimates used by the Company relate to the useful lives of fixed assets, as well as the expected pattern of consumption of future economic benefits embodied in depreciable assets, determination of provisions and value adjustments.

b) Valuation of assets, liabilities and equity items

In the annual financial statements, assets, liabilities and equity are reflected and measured at book value, based on the results of the inventory.

The valuation of tangible and intangible fixed assets, at the time of the inventory, is made at the inventory value, established according to the usefulness of the asset, its condition and the market price. Fixed assets in course of construction are also subject to valuation.

The valuation of assets, liabilities and shareholders' equity during the inventory shall be carried out in accordance with these regulations and the rules issued in this respect by the Ministry of Public Finance. For the purpose of inventorying, the Company uses its own procedures, in compliance with the legal provisions.

The carrying amount of an asset is the amount at which it is recognised after deducting accumulated depreciation, for depreciable assets, and accumulated impairment losses.

For assets carried at cost, the differences between the inventory value and the book value are shown separately in the accounts, in adjustment accounts, and these items are maintained at their entry value. In the case of items of a debt nature, any excess difference between the inventory value and the book value is recorded in the accounts under the corresponding items of debt. Own capital remains shown at book values.

The value of intangible and tangible fixed assets is adjusted to bring them up to the inventory value, depending on the type of depreciation, either by recording additional depreciation if irreversible depreciation is found, or by making or adding depreciation adjustments if reversible depreciation is found.

c) Conversion of amounts expressed in foreign currency

Balances of assets and liabilities denominated in foreign currency are converted into RON at the exchange rate communicated by the NBR on the last banking day of the financial year. Fixed assets acquired in foreign currency are converted into RON at the exchange rate in force at the date of their acquisition, and are recorded at historical cost.

Differences between the entry (book) value of assets and liabilities and the amounts resulting from the conversion of these items will be recorded in the profit and loss account under the line "Net gain/(loss) on financial operations".

For receivables and payables denominated in foreign currencies, the settlement of which is based on the exchange rate of a currency, any favourable or unfavourable differences resulting from their valuation are recorded in the profit and loss account.

The Company's transactions in foreign currency are recorded at the exchange rates communicated by the NBR for the transaction date.

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1. ACCOUNTING PRINCIPLES, POLICIES AND METHODS (continued)

C. Accounting policies and methods (continued)

a) Use of estimates (continued)

The exchange rates at 31 December 2022 and 2021, respectively, for the main currencies impacting the Company's financial statements were:

Currency	<u>31 December 2021</u>	<u>31 December 2022</u>
Dollar	1: RON 4,3707	1: RON 4,6346
(USD) EtJro	1: RON 4,9481	1: RON 4.9474
(EUR)	1: RON 5,8994	1: RON 5.5878
Pound (GBP)		

d) Reclassification of comparative figures from 2021

Where appropriate, comparative figures have been reclassified to conform to changes in the current period presentation. These changes have been made in response to restatements made by management for the most accurate presentation.

The Company's management has taken into account the nature of the above-mentioned restatements and, in particular, the fact that they are limited to the reclassification of certain balance sheet items, with no impact on the net result for the financial year as a result of these reclassifications.

In order to facilitate the understanding of these financial statements, the table below lists the reported figures, reclassifications and adjusted amounts in the Company's balance sheet.

The reclassification of comparative figures for the balance sheet as at 31 December 2021 is shown below.

The company reclassified the amount of RON 9,368,169 representing the term loan granted by SIA Mintos Finance from the line "Customer-related payables (term)" to the line "Other payables".

Indicator name	Code position	Exercise finance previous report	Recycling	Exercise finance previous adjusted
Other debts	330	3.033.613	9.368.169	12.401.782
Due from customers (due within one year)	310	9.368.169	(9.368.169)	

e) Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents include highly liquid items that are readily convertible to known amounts of cash, namely: cash, balances in current accounts with credit institutions, and term deposits with an original contractual maturity of less than 90 days.

f) House and other values

Cash and other valuables includes cash in the Company's cashier, in RON or convertible currency.

g) Claims on credit institutions

Claims on credit institutions include all claims arising from transactions with credit institutions, mainly including current account balances with banks and deposits placed with banks. They are recorded at nominal value less impairment adjustments made for possible impairment losses on these claims.

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1. ACCOUNTING PRINCIPLES, POLICIES AND METHODS (continued)

C. Accounting policies and methods **(continued)**

h) **Claims on clients**

Loans and advances to customers include loans and advances arising from transactions with customers other than credit institutions.

At the level of the Company, transactions with customers mainly derive from lending operations carried out with individual and legal customers.

The credit transaction is the act by which the Company provides or undertakes to provide the requested funds to the clients or makes a commitment by signature, in the nature of a guarantee, surety or guarantee in their favour.

There are two forms of lending:

- a) the provision of funds, which are recorded in the balance sheet accounts;
- b) commitment to provide funds and commitments by signature, operations appearing in accounts outside the bank account.

Loans and advances to customers are not known when cash is placed at the disposal of the customer or when the Company assumes a payment obligation on behalf of the customer and are shown in the balance sheet at the level of the balance used, less the specific provision for credit risk (see note 3).

The accounting of loans granted to clients is kept by category, according to their destination. The company grants consumer loans, intended either to cover personal needs or to purchase various durable goods.

i) Intangible assets

Intangible assets are recorded in the accounts at acquisition cost or production cost less accumulated amortization and impairment losses. The cost of acquisition of goods comprises the purchase price, import duties and other non-recoverable taxes, transport, handling and other expenses directly attributable to the acquisition of the goods. The cost of production of fixed assets comprises direct production-related expenditure, i.e. direct materials, energy, direct labour and other direct production expenditure, the cost of designing products, and the share of indirect production expenditure rationally allocated as being linked to their manufacture.

Intangible assets include formation expenses, various internal software applications and licences. The company also records intangible assets in progress, consisting of software (applications) in progress. Subsequent expenditure incurred on an intangible asset after its purchase or completion is generally expensed as incurred, but may increase the cost of the intangible asset when it is probable that such expenditure will enable the asset to generate future economic benefits in excess of its originally expected performance and can be measured reliably.

Depreciation is calculated on a straight-line basis over the estimated useful life of each item of intangible assets and is recognised in the income statement. The estimated useful lives of intangible assets, other than formation expenses, vary between 1-3 years, depending on the provisions of the purchase contracts or, where applicable, management's expectations of how the benefits embodied in these assets will be consumed.

In determining the useful life, the Company takes into account the following:

- a) for intangible fixed assets with a fixed useful life, other than computer software: the duration provided for in the purchase contract or, failing that, the estimated useful life, as appropriate;
- b) for software: the duration provided for in the purchase contract or, in the absence thereof, three years; and
- c) for formation expenses: 5 years.

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1. ACCOUNTING PRINCIPLES, POLICIES AND METHODS (continued)

C. Accounting policy and methods (continued)

j) Tangible fixed assets

Property, plant and equipment are recorded and subsequently valued on the basis of the principle of acquisition cost or production cost less accumulated depreciation and impairment losses.

Depreciation is calculated on a straight-line basis over the estimated useful life of each item of property, plant and equipment. The useful lives of fixed assets in use are determined according to management's expectations regarding the consumption of the benefits embodied in these assets and in accordance with the provisions of Government Decision no. 2139/2004, approving the Catalogue on the classification and normal useful lives of fixed assets.

By way of illustration, the depreciation periods of fixed assets by category are as follows:

	<u>Ani</u>
Construction works Means of transport Calculation technique	5 years
Office furniture and equipment	5 years
	3 years
	12 years

The acquisition cost comprises the purchase price, non-recoverable taxes, transport costs and other ancillary costs necessary to keep the asset in working order or to take it into management.

Maintenance and repairs of fixed assets are expensed as incurred, and improvements are capitalised if they extend the life of the asset or significantly increase its capacity to generate economic benefits. Assets under construction are not subject to depreciation until they are put into use.

Gains and losses on disposal of property, plant and equipment are determined by reference to the net book value and are taken into account in determining operating profit.

k) Other assets

Trade receivables, represented by receivables from sundry debtors and others, are recorded in the balance sheet at their carrying amount less provision for impairment of these receivables. Provision for impairment of trade receivables is made if there is objective evidence that the Company will not be able to collect all amounts when due. Further details are included in note k4).

l) Impairment adjustments

Assets are analysed at each balance sheet date to determine any objective evidence of impairment. If any such indication exists, the Company estimates the recoverable amount of the asset, taking into account the applicable accounting regulations.

l1) Adjustments for impairment of assets

0 impairment adjustment is recorded when the carrying amount of the asset exceeds its recoverable amount. The impairment adjustment is recognised in the income statement. Items in the balance sheet format are shown at net value, adjusted for impairment.

The impairment adjustment may be reversed if there has been a change in the conditions existing at the time the recoverable amount was determined. The reversal of an impairment adjustment can only be made so long as the asset's net book value does not exceed its historical net book value, taking into account depreciation and without taking the adjustment into account.

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1. ACCOUNTING PRINCIPLES, POLICIES AND METHODS (continued)

c. Accounting policies and methods (continued)

12) Adjustments for impairment of tangible and intangible assets

Adjustments for impairment of property, plant and equipment and/or intangible assets are made based on the Company's intention to retain the asset for use or non-use in the operating activity. If the Company intends to use the asset in its operating activity, the adjustment for impairment is calculated by comparing the recoverable amount through use with the net book value. If the Company does not intend to use the asset in its operating activity, the adjustment for impairment is calculated by comparing the net realisable value through sale with the net book value.

If the reasons that led to the establishment of impairment adjustments have ceased to exist to a certain extent, then that impairment adjustment will be reinstated accordingly in income. If the depreciation is greater than the depreciation adjustment made, an additional depreciation adjustment shall be made.

13) Adjustments for impairment of loans and advances to customers and interest on loans and advances to customers

Due from customers arising from principal and interest are shown in the balance sheet at the level of the existing balance, less adjustments for impairment determined in accordance with NBR Regulation 5/2012.

Adjustments for impairment of loans and advances to customers are periodically charged to expenses. At the date of the expense and the adjustment for impairment, as well as at the time of the disposal of the receivables concerned, the impairment adjustments are analysed and adjusted as follows:

- a) by including in expenditure the amount representing the level of specific credit risk provisioning requirements, in the case of the establishment or increase of impairment adjustments;
- b) by reversing to income the amount representing the difference between the existing level of specific credit risk provisions in the balance sheet and the level of requirements, when impairment adjustments have to be reduced or used, i.e. when they become partially or totally irrelevant;
- c) when the risk is realised, the impairment adjustment accounts are closed through the income accounts and, at the same time, the respective losses, depending on their nature, are recorded in the corresponding accounts.

The company applies the NBR Regulation 5/2012 on the classification of loans and the establishment, regularization and use of specific credit risk provisions applicable to entities supervised by the NBR, other than credit institutions, as amended and supplemented, as the legal basis for the classification, establishment and use of specific credit risk impairment adjustments.

According to this regulation, impairment adjustments are determined by multiplying loan exposures, derived from principal and interest and adjusted for collateral expressed at fair value, by the impairment adjustment percentages for each loan classification category, as set out below:

Category of Classification	Provisioning ratios (other than those recorded in foreign currency or indexed at the rate of a rate, currencies, granted to individuals exposed to currency risk)	for loans and advances than those recorded in foreign Debt serviced granted to natural persons exposed to currency risk	indexed to a currency
	Standard	0	0,07
Under observation	0,05	0,08	16 - 30 days
Substandard	0,2	0,23	31 - 60 days
Indoielnic	0,5	0,53	61 - 90 days
Losing	1	1	min 91 days

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1. ACCOUNTING PRINCIPLES, POLICIES AND METHODS (continued)

C. Accounting policy and methods (continued)

The allowance for impairment is calculated by applying the above-mentioned percentages to the loan balance and the related claim (interest), less the value of the guarantee.

In the balance sheet format, the effect of these adjustments is included under the headings "Due from customers" and "Prepaid expenses and accrued income", subsequent to the classification of the principal or interest item to which they relate.

l4) Adjustments for impairment of other assets

Receivables arising from management fees charged to clients are subject to a value adjustment of 100% of the nominal value if the credit agreement from which they arise falls into any of the following situations:

- the customer's debt service exceeds 59 calendar days;
- the credit agreement has been sent for enforcement in accordance with the applicable internal procedures.

The costs incurred by the initiation of the process of foreclosure of credit contracts concluded with clients (including but not limited to stamp duties, fees for obtaining information on debtors, fees of court executors, etc.) are charged to the client who is the subject of the foreclosure, and their recovery is sought by all means provided by law. Given the characteristic element of uncertainty and the need to reflect assets and liabilities on a prudent basis, these claims are also subject to a value adjustment of 100% of their nominal value.

In the event that these value adjustments become totally or partially irrelevant (through recovery of amounts from debtors, transfer of ownership of the credit agreement that generated them, etc.), the adjustment is appropriately reversed to income in accordance with the applicable accounting regulations.

In the balance sheet format, the effect of these adjustments is included under the headings "Prepaid expenses and accrued income" and "Other assets", depending on the classification of the item to which they relate.

m) Debts to credit institutions and other borrowed funds

Funds received as loans from credit institutions and other borrowed funds are classified as "Amounts owed to credit institutions", "Amounts owed to customers", "Subordinated liabilities" or "Other liabilities" (depending on the issuer, whether it is a credit institution or a shareholder, and whether the debt is subordinated or non-subordinated). These are contractual arrangements to make funds available to the Company on a temporary basis and result in the Company being obliged to periodically deliver cash to satisfy the contractual obligation (repayment of the loan). After initial measurement, liabilities to credit institutions and other borrowed funds are subsequently measured at amortised cost using the effective interest method.

n) Pensions and other post-retirement benefits

In the normal course of business, the Company makes payments on behalf of its employees to the Romanian state pension system, health insurance and unemployment fund. The Company also has a legal obligation to contribute (through social contributions) to the pension system of the Romanian State (defined contribution plan of the State). All related contributions are recognised in the result for the period. The company does not operate any other pension plan, has no other pension obligation, is not engaged in any other post-retirement benefit scheme and has no obligation to provide any further services to former or current employees.

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1. ACCOUNTING PRINCIPLES, POLICIES AND METHODS (continued)

C. Accounting policies and methods (continued)

o) Income Accrued income and accrued liabilities

The Company recognises and records fee income which is an integral part of the effective interest rate on loans granted. These fees are charged in the context of assessing the financial situation and creditworthiness of borrowers and represent compensation for the activities of analysing and processing the credit file, issuing the credit decision, closing the transaction and signing the related documentation. These fees are recorded at the time of collection and are deferred and recognised as an adjustment to interest income during the term of the credit agreement.

Accrued liabilities are expenses incurred by the Company for the purpose of carrying out economic activities that relate to the current financial year and are to be paid during the next financial year.

p) Other provisions

The company also makes other provisions to cover liabilities whose nature is clearly defined and which at the balance sheet date are likely to exist, or are certain to exist, but which are uncertain as to amount or timing.

These provisions require the exercise of professional judgement and the use of estimates and are constituted so as not to exceed in value the amounts required to settle the current obligation at the balance sheet date.

Periodically, at the date of establishment of the provisions and when they become irrelevant, the provisions are analysed and adjusted accordingly:

- by debiting expenditure accounts, in the case of increases in provisions;
- by crediting the revenue accounts when provisions have to be reduced or cancelled, i.e. when they become partially or totally irrelevant.

Details of the provisions made by the Company are provided in the notes to the accounts.

The Company establishes litigation provisions to cover losses that may be incurred as a result of litigation in which it is involved as a defendant/liable party when the following conditions are cumulatively met:

- the obligation is generated by a past event;
- it is likely that in the future an outflow of resources incorporating economic benefits will be required to extinguish that obligation;
- the value of the bonds can be reliably estimated.

q) Contingent assets and liabilities q1) Contingent assets

A contingent asset is a potential asset that arises as a result of events occurring prior to the balance sheet date and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the Company's control.

Contingent assets are not recognised in the financial statements because of the high degree of uncertainty that characterises them, and their recognition may result in the recognition of income that is never realised.

Contingent assets are assessed on an ongoing basis to ensure that changes are appropriately reflected in the financial statements. If the inflow of economic benefits becomes certain, the asset and the corresponding income will be recognised in the financial statements for the period in which the changes occurred.

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1. ACCOUNTING PRINCIPLES, POLICIES AND METHODS (continued)

C. Accounting policies and methods

(continued) q2) Contingent liabilities

A contingent liability is:

- a) a contingent liability arising from past events prior to the balance sheet date, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the enterprise; or
- b) a current obligation arising from past events prior to the balance sheet date but not recognised because'
 - " it is not certain that resources incorporating economic benefits will be required to extinguish this debt; or
 - the amount of the debt cannot be assessed credibly enough.

Contingent liabilities are not recognised in the balance sheet and are presented as off-balance sheet items. Where the Company has an obligation incurred jointly with other parties, the portion assumed by the other parties is presented as a contingent liability.

Contingent liabilities are continually assessed to determine whether an outflow of resources embodying economic benefits has become probable. If it becomes probable that an outflow of resources embodying economic benefits will be required for an item previously considered to be a contingent liability, a provision is recognised in the financial statements for the period in which the change occurs, unless no reliable estimate can be made and, as a result, there will be a liability that cannot be recognised but will be present as a contingent obligation.

r) Share capital and reserves

The share capital is equal to the nominal value of the shares or corporate units, i.e. the value of the capital contribution, of the incorporated premiums and reserves or other operations leading to its modification.

The subscribed and paid-up capital shall be recorded separately in the accounts on the basis of the Company's articles of incorporation and the supporting documents relating to the paid-up capital. All shares issued by the Company are nominal, in dematerialised form and indivisible.

The legal reserve is established in accordance with the legislation in force by allocating at least 5% of the gross profit before tax until the reserve fund reaches one fifth of the fully paid-up share capital.

s) Result of the exercise

The result for the year, i.e. the profit or loss, is determined as the difference between the income and expenditure for the year. The distribution of the profit is entered in the accounts by purpose after approval of the annual financial statements.

The accounting loss carried forward shall be covered from the profit for the financial year and the profit carried forward, from reserves, capital premiums and share capital, according to the resolution of the general meeting of shareholders, in compliance with the legal provisions. In the absence of express legal provisions, the order of the sources from which the accounting loss is covered is at the discretion of the general meeting of shareholders or the Board of Directors. The uncovered part is carried forward to subsequent years.

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1. ACCOUNTING PRINCIPLES, POLICIES AND METHODS
(continued)

c. Accounting policies and methods (continued)

t) Interest income and expenses

Interest income and expenses are recognised in the income statement in accordance with accrual accounting principles.

Interest income and expenses on financial instruments (mainly loans to customers) are recognised in the income statement at amortised cost using the effective interest method. This income and expense thus includes the amount amortised under the effective interest method of any commission that forms part of the effective interest rate, discount, premium, transaction cost or other differences between the initial value of financial instruments and their value at maturity.

The effective interest rate method is a method of calculating the amortised cost of a financial asset or financial liability and allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts the expected future cash payments or receipts over the expected life of the financial instrument (or, if shorter, the expected life of the financial instrument) to the net value of the financial asset or financial liability, and the net value of financial assets and financial liabilities is, in the case of loans granted and loans received, the amortised cost of those instruments, which is the amount at which those instruments are valued at initial recognition (adjusted for the amount of transaction costs and related fees that are an integral part of the effective interest rate) less repayment of principal, plus or minus cumulative amortisation (using the effective interest rate) for each difference between the original amount and the maturity amount, and less any allowance for impairment.

Fees that are an integral part of the effective interest rate of a financial instrument represent compensation for activities such as assessing the borrower's financial situation, valuing and recording collateral, collateral and other similar contracts, negotiating the terms of the financial instrument, drafting and processing documents and closing the transaction in the case of credit facilities. At the level of the Company, such fees are represented by the analysis and credit management fees charged in relation to clients, holders of credit contracts. These fees, together with related transaction costs, are deferred and recognised as an adjustment to interest income using the effective interest rate method. The unamortised portion of these fees is reflected as deferred income/expense.

The related transaction costs are costs directly attributable to the granting of loans that would not have arisen if the Company had not granted that loan. Transaction items include fees and commissions paid to dealers, brokers or other third parties and do not include financing costs or internal administrative costs.

This accounting policy also applies accordingly to the recording of interest expense on financial instruments received, such as loans received from shareholders or credit institutions.

u) Commission income and expenses

Commission income includes income from services provided to third parties and commission expenses include expenses related to services provided to the Company by third parties.

The recognition of commission income or expense depends on the economic nature of the commission, and is classified into three categories:

- Fees that are an integral part of the effective interest rate of a financial instrument, the accounting treatment of which is described above;
- Commissions earned as services are rendered, recognised in the income statement as services are rendered or during the commitment period;
- Fees earned on the fulfilment of a principal contractual obligation, recognised in the income statement upon the fulfilment of the significant service.

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1. ACCOUNTING PRINCIPLES, POLICIES AND METHODS
(continued)

C. Accounting policies and methods **(continued)**

v) Other operating income and expenses

These are recorded on an accrual basis in the period to which they relate. In these financial statements, income and expenses are shown gross.

The company recognizes profit-sharing income in respect of bad debts assigned to the affiliated company Finopro IFN S.A. Profit is defined as the amount of amounts in excess of the purchase price of the receivables collected by the partner during the operating cycle. Income is recorded monthly on the basis of collection reports issued by the partner, according to the accrual accounting principle. The Company also applies this principle consistently in respect of other operating expenses relating to the financial year, which are recorded in the accounts and reported in the financial statements for the period as incurred and irrespective of the date of payment of expenses.

w) Adjustments and reversals of adjustments to the value of receivables and provisions for contingent liabilities and accruals

The Company monitors monthly the performance of individual credit exposures to customers and establishes, accrues and uses specific credit risk provisions to adjust the gross carrying amount of financial assets. The Company assesses monthly the specific credit risk provisioning requirements in accordance with the provisions of the NBR Regulation 5/2012 in order to modify the existing level of provisions, so as to ensure equality between the existing and the required level. The establishment of specific credit risk provisions refers to their creation and is carried out by including in the expenses the amount representing the level of the specific credit risk provision requirements. The change in the existing level of specific credit risk provisions shall be made by charging to charges or writing back to income the amount representing the difference between the existing level of specific credit risk provisions in the balance and the level of requirements. The cancellation of specific provisions for credit risk shall be effected by writing back to income the amount representing the existing level of provisions in the balance of the provisions relating to the loans for which contractual rights have been transferred. The Company assigns monthly non-performing loans in the "loss" category to affiliated entities specialised in debt recovery. The income obtained from the assignment of receivables is recognised and recorded in the accounts at the date of transfer of contractual rights to the affiliated third parties.

x) Corporation tax

The company records the income tax determined in accordance with the Fiscal Code and the accounting and reporting regulations issued by the NBR and the Ministry of Public Finance.

Income tax for the year includes current tax. Current tax is the tax payable for the period, determined on the basis of the percentages applied at the balance sheet date and all prior period adjustments.

The corporate tax rate used for the calculation of current taxes is 16%, applicable to profits made in the territory of Romania.

y) Parties in a special relationship with the Company

Parties in a special relationship with the Company include:

- companies which directly, or indirectly through one or more intermediaries, control the Company, are controlled by it or, together with the Company, are under common control;
- companies in which the Company has a significant influence, are neither subsidiaries nor joint ventures;
- those natural persons who, directly or indirectly, hold a share of the voting rights of the Company, which confers a significant influence on it, as well as close family members of any such persons;

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1. ACCOUNTING PRINCIPLES, POLICIES AND METHODS
(continued)

C. Accounting policies and methods
(continued)

"those persons in the management of the Company who have the authority and responsibility to plan, direct and control the activities of the institution, directly or indirectly, including any director (executive or otherwise) of the institution. In determining the persons included in this category, priority shall be given to their role and responsibilities within the institution and not necessarily to the title of the position held by them;

- other companies in which a person described above holds, directly or indirectly, a substantial proportion of the voting rights or companies over which such a person may exercise significant influence.

Close family members of any individual set out above are those family members who can be expected to influence or be influenced by that individual in their relationship with the Company and include:

- children and spouse or life partner of the person concerned;
- children of the spouse or life partner of the person concerned and,
- " dependants of the person or the person's spouse or life partner.

z) Events after the balance sheet date

Events after the balance sheet date are those events, favourable or unfavourable, that occur between the balance sheet date and the date on which the annual financial statements are authorised for issue. Events after the balance sheet date include all events occurring up to the date on which the annual financial statements are authorised for issue, even if those events occur after the public disclosure of profit or other selected financial information.

Two types of events can be identified after the balance sheet date:

- a) those that provide evidence of the conditions that existed at the balance sheet date. These events after the balance sheet date lead to an adjustment to the annual financial statements, and;
- b) those that give indications of conditions occurring after the balance sheet date. These events after the balance sheet date do not lead to an adjustment of the annual financial statements.

In the case of events after the balance sheet date that result in an adjustment to the annual financial statements, the Company adjusts the amounts recognised in its financial statements to reflect events after the balance sheet date.

2. CLAIMS ON CREDIT INSTITUTIONS

	<u>Sold to</u> <u>31 December 2021</u>	<u>Sold to</u> <u>31 December 2022</u>
Current accounts with credit institutions	<u>7.828.721</u>	<u>2.020.099</u>
Total	<u>7.828.721</u>	<u>2020.099</u>

The Company has only current accounts in the category "Receivables from credit institutions" at the end of the financial years 2022 and 2021.

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3. OVERDRAFTS

Lending operations are carried out both with Romanian individuals and legal entities resident in Romania. The structure of credit risk concentrations within the loan portfolio is as follows:

	Sold to 31 December 2021	Said at 31 December 2022
Total loans granted, of which:	60.122.746	61.544.749
- for personal needs	37.470.068	41.760.352
- for the purchase of goods	17.035.440	18.444.739
- other loans granted to corporate clients	5.617.238	1.339.658
Outstanding and doubtful debts, of which:	2.179.250	1.012.030
- for personal needs	1.279.310	568.547
- for the purchase of goods	391.534	354.036
- other loans granted to corporate clients	508.406	89.447
Portfolio value before impairment adjustments	62.301.996	62.556.779
Adjustments for impairment of receivables, of which:	(7.920.005)	(6.061.887)
- for personal needs	(5.757.902)	(4.801.205)
- for the purchase of goods	(1.229.532)	(1.027.514)
- other loans granted to corporate clients	(932.571)	(233.168)
Due from customers (net), of which:	54.381.991	56.494.892
- for personal needs	32.991.476	37.527.694
- for the purchase of goods	16.197.442	17.771.261
- other loans granted to corporate clients	5.193.073	1.195.937

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4. EVOLUTION OF IMPAIRMENT ADJUSTMENTS

	Year				2021Year 2022			
	Initial sale	Cresteri	Discounts	Balance at 31 December 2020	Sold out	Cresteri	Discounts	Balance at 31 December 2022
0	1	2	3	4=1*2-3	5	6	7	8=5+6-7
<i>Adjustments for impairment of receivables</i>								
Personal needs	5.231.064	21.542.364	21.015.526	5.757.902	5.757.902	24.580.861	25.537.558	%801.205
Goods	853.835	6.642.892	6.267.195	1.229.532	1.229.532	6.249.608	6.451.626	1.027.514
Legal entities	758.134	1.774.934	1.600.497	932.571	932.571	939.420	1.638.823	233.168
Total adjustments (1)	6.843.033	29.960.190	28.883.218	7.920.005	7.920.005	31.769.889	33.628.007	6.061.887
<i>Impairment adjustments for debtors, related receivables, income receivable</i>								
Total adjustments (2)	4.214.598	12.277.112	10.819.139	5.672.571	5.672.571	12.046.762	15.659.345	2.059.988
Total adjustments (1 + 2)	11.057.631	42.237.302	39.702.357	13.592.576	13.592.576	43.816.651	49.287.352	8.121.875

Evolution of impairment adjustments (see note 7 and note 8):

	Sold 31 December 2022	laSold la 202131 December
Impairment adjustments for sundry debtors (management fee)	(9.554)	(5.492)
Impairment adjustments for doubtful receivables (enforcement expenses)	(167)	
Adjustments for impairment of attached receivables and outstanding receivables (interest and penalty)	(5.008.820)	(1.971.630)
Adjustments for impairment of income receivable (management fee) Total	<u>(654.030)</u>	<u>(82.866)</u>
	<u>(5.672.571)</u>	<u>(2.059.988)</u>

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4. EVOLUTION OF DEPRECIATION ADJUSTMENTS
(continued)

Assignment of claims:

In 2015, the Company entered into a receivables assignment agreement with Integral Collection S.R.L., whereby the assignor (Credius) assigned receivables resulting from non-performing loan contracts (classified as "loss"), more than 90 days overdue, for which the Company declared early maturity.

In December 2018, the Company entered into a receivables assignment agreement with Finopro IFN S.A., whereby the assignor (Credius) assigned outstanding loans classified as "loss", with arrears of more than 90 days, without declaring the early repayment of the outstanding loan instalments. For the calculation of the receivables at the reference date, the assigned receivables consisted of:

- " Overdue and unpaid loan rates (principal, management fee, interest)
- " Future Capital
- " Penalties calculated on the amount of outstanding principal

At the same time, the pills have entered into a profit-sharing agreement. Amounts received from profit-sharing are recognised when received. The company has made legal assignment of all credit contracts and has written off these loans from its balance sheet at the time of assignment.

A breakdown of the disposals is given below:

Partner	Financial year 2021		Financial year 2022	
	Value assigned	Transfer price	Value assigned	Transfer price
Finopro IFN S.A.	25.769.130	5.152.533	37.462.802	7.495.889
Integral Collection S.R.L.	14.954.463	2.993.300	(7.111)	(14.934)
Total	40.723.593	8.145.833	37.455.691	7.480.955

Negative values (-) represent value corrections/adjustments of historical assignments due to events occurring after the date on which the respective portfolios of receivables were assigned.

Reconciliation of increases and decreases adjustments to expenditure and income:

	Financial year 2021	Financial year 2022
Expenses with adjustments for impairment of loans and receivables	41.820.327	43.378.187
Impairment adjustment expenses on securities and miscellaneous transactions	416.178	438.462
Expenses on other provisions - other non-deductible provisions	1.975.807	1.817.208
Losses on receivables covered by impairment adjustments	17.895.319	17.899.852
Losses on receivables not covered by impairment adjustments	22.845.214	21.123.745
✓receipts from debt recovery	(8.145.833)	(7.480.955)
Total expenses (increases adjustments)	76.807.012	77.176.499

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4. EVOLUTION OF DEPRECIATION ADJUSTMENTS
(continued)

	Financial year 2021	Financial year 2022
Income from impairment adjustments on loans and receivables	39.321.104	48.273.495
✓receipts from impairment adjustments on securities and miscellaneous transactions	381.112	1.013.858
Income from other provisions - non-taxable	1.823.609	2.132.045
Total income (adjustment allowances)	41.525.825	51.419.398

Covered and uncovered impairment losses on receivables represent amounts assigned to related parties, as detailed above, and amounts written off in accordance with management decisions for which the Company no longer has a reasonable expectation of recovery.

If losses on receivables not covered by impairment adjustments are greater than the income from recoveries of receivables, then the difference between them is considered an increase in the impairment adjustment, as it is for 2021 and 2022.

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5. non-corporeal estate

Details of movements in intangible assets during the financial years 2021 and 2022 respectively are set out below:

Asset elements	Gross value		Value adjustments (depreciation and impairment adjustments)					
	Opening balance exercise finance	Cresteri	Discounts / transfers	Balance at 31 December 2021	Opening balance exercise finance	Depreciation during the year	Discounts / transfers	Balance at 31 December 2021
0	1	2	3	4=1+2-3	5	6	7	8=5+6-7
Formation expenses	1.029			1.029	1.029		-	1.029
Other intangible assets	4.137.692	624.568	502	4.761.758	3.096.351	564.528	502	3.660.377
Intangible assets in progress execution	1.026.271	1.161.965	461.000	1.727.236				
Total intangible assets	5.164.992	1.786.533	461.502	6.490.023	3.097.380	564.528	502	3.661.406

Asset elements	Gross value		Value adjustments (depreciation and impairment adjustments)					
	Balance at the beginning exercise finance	Cresteri	Discounts / transfers	Balance at 31 December 2022	Balance at the beginning of the year finance	Depreciation in course exercise	Discounts / transfers	Balance at 31 December 2022
0	1	2	3	4=1+2-3	5	6	7	8=5*6-7
Formation expenses	1.029			1.029	1.029			1.029
Other intangible assets	4.761.758	1.915.913	74.217	6.603.454	3.660.377	921.303	74.217	4.507.463
Intangible assets in progress execution	1.727.236	1.442.515	1.631.410	1.538.341				
Total intangible assets	6.490.023	3.358.428	1.705.627	8.142.824	3.661.406	921.303	74.217	4.508.492

During the year 2021, the expenses incurred for the internal development of software (consisting mainly of salaries of the staff involved in the development activity, services of consulting and production companies in the IT field, services for the creation and development of websites, amortization of equipment and licenses used in the development

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activity, other directly involved consumptions) amount to RON 1,161,965, and the intangible assets completed by the end of the financial year amount to 461.000 RON. During 2022, the amount of expenses incurred for software development was RON 1,442,515 and intangible assets completed by the year-end date amounted to RON 1,631,410.

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6. BODILY MOBILITY

The company incurred expenses for the furnishing of the space related to the head office, during 2021, in the total amount of RON 822,791. These expenses were capitalized and will be amortized on a straight-line basis over a period of 5 years, in correlation with the term of the lease contract. At the end of 2022, the undepreciated value of the space fitting-out expenses is 896,349 RON.

The dynamics of tangible fixed assets in balance as at 31 December 2021 are as follows:

Assets	Gross valueValue adjustments (depreciation and impairment adjustments)							
	Balance at the beginning of the year finance	Cresteri	Discounts / transfers	Balance at 31 December 2021	Balance at the beginning of the year finance	Depreciation recorded in course of the exercise	Discounts/ transfers	Balance at 31 December 2021
0	1	2	3	4=1+2-3	5	6	7	8=5+6-7
Construction - refurbishment of rented buildings	98.494	822.791	-	921.286	98.494	17.836	-	116.330
Technological equipment	217.550			217.550	213.420	1.010	-	214.430
Measuring equipment and installations	474.719	24.098		498.817	430.911	29.874	-	460.785
Furniture, office equipment and other assets body	328.506	275.892	-	604.398	151.604	29.259		180.863
Total tangible fixed assets	1.119.269	1.122.781	-	2.242.051	894.429	77.979	-	972.408

The dynamics of tangible fixed assets in balance at 31 December 2022 are as follows:

Assets	Gross valueValue adjustments (depreciation and impairment adjustments)							
	Balance at the beginning of the year finance	Cresteri	Reduction/ transfers	Balance at 31 December 2022	Balance at the beginning of the year finance	Depreciation recorded in course exercise	Discounts/ transfers	Balance at 31 December 2022
0	1	2	3	4=1*2-3	5	6	7	8=5+6-7
Construction - refurbishment of rented buildings	921.286	25.241	50.177	896.349	116.330	165.250	50.177	231.402
Technological equipment	217.550		-	217.550	214.430	1.010		215.440
Measuring equipment and installations	498.817	249.674	161.546	586.945	460.785	70.340	161.546	369.579

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Furniture, office equipment and other assets
body

604.398	20.270	31.648	593.020	180.863	51.103	6.407	225.559
2.242.051	295.185	243.371	2.293.864	972.408	287.703	218.130	1041980

Total bodywork

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7. ALTE ACTIVE

	Sold 31 December 2021	laSold la 31 December 2 0 2 2
Stocks (i)	13.676	14.456
Other deposits and guarantees (ii)	387.266	356.875
Advances to staff	4.024	
Claims on the state budget and similar	208.105	125.092
Sundry debtors, of which: (iii)	3.769.643	3.849.115
- Receivables - assignment of receivables	612.668	128.311
- Claims from profit-sharing	754.967	1.374.649
- Receivables from disposal of fixed assets	484.050	
- Claims on payment intermediaries	1.588.908	2.026.233
- Other sundry debtors	329.050	319.922
Outstanding receivables - management fee	667.954	114 . 960
Adjustments for impairment of receivables	(663.751)	(88.358)
Other	5.108	107.2 1 5
	4.392.025	4.479.3 5 5
regularisations		
Total		

- i) Inventories in balance as at 31 December 2022 consist of promotional materials amounting to RON 13,204 (31 December 2021: RON 13,557) and other inventories amounting to RON 1,252 (31 December 2021: RON 119).
- (ii) Guarantees outstanding as at 31 December 2022 are under space lease agreements, amounting to RON 356,751 (31 December 2021: RON 387,142) and other guarantees amounting to RON 124 for tokens (31 December 2021: RON 124).
- (iii) Sundry debtors in balance as at 31 December 2022 include amounts receivable from related parties (assignment of receivables, profit sharing and other intra-group transactions) amounting to RON 1,502,960 (31 December 2021: 1,851.685 RON), amounts receivable from intermediaries/payment collectors representing credit instalments paid by the Company's customers amounting to 2,026,233 RON (31 December 2021: 1,588,908 RON) and other receivables from sundry debtors amounting to 319,922 RON (31 December 2021: 329,050 RON).

8. PREPAID EXPENSES AND ACCRUED INCOME

	Sold to 31 December 2021	Sold to 31 December 2 0 2 2
Attached claims (deposits current accounts)	31	13
Prepaid expenses (i)	1.746.144	2.151.392
Accrued interest and penalties (ii)	3.225.966	2.116.565
Outstanding receivables (interest, penalties) (iii)	4.925.449	3.125.754
Adjustments for impairment of attached receivables and outstanding receivables (interest and penalty) (iv)	(5.008.820)	(1.971.630)
Income receivable (management fee)	437.442	334.0 4 1
	5.326.212	5.756.1 3 5
Total		

- (i) Prepaid expenses in the balance as at 31 December 2022 include miscellaneous expenses of RON 393,693 (31 December 2021: RON 149,487) and commission costsJe related to fees included in the effective interest rate of consumer loans (for personal needs and purchase of goods) and loans granted to legal entities amounting to RON 1,757,699 (31 December 2021: RON 1,596,657).

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8. RECORDED EXPENDITURE ON ADVANCES AND ACCRUED INCOME (cont'd)

- (ii) Receivables related to loans granted to customers as at 31 December 2022 include interest and penalties on personal loans amounting to RON 1,589,641 (31 December 2021: RON 2,127,513), on loans for financing assets amounting to RON 496,933 (31 December 2021: RON 548,647) and on loans granted to legal entities amounting to RON 29,991 (31 December 2021: RON 549,806).
- (iii) Outstanding receivables related to loans granted to customers as at 31 December 2022 include interest and penalties on overdue credit agreements related to loans for personal needs amounting to RON 2,594,016 (31 December 2021: RON 4,239,282), loans granted for financing assets amounting to RON 508,487 (31 December 2021: RON 539,839) and loans granted to legal entities amounting to RON 23,251 (31 December 2021: RON 146,328).
- (iv) Impairment adjustments on loans and advances to customers comprise impairment adjustments on loans and advances to customers related to personal loans amounting to RON 1,586,450 (31 December 2021: RON 3,999,793), adjustments related to loans granted for the financing of goods amounting to RON 370,108 (31 December 2021: RON 475,971) and adjustments related to loans granted to legal entities amounting to RON 15,072 (31 December 2021: RON 533,056).

9. CUSTOMER DEBTS

	Sold to 31 December 2021	Sold to 31 December 2022
Other amounts due (advances received from customers)	3.080.759	2.452.323
Amounts to be paid by clients to Finopro		432.600
Amounts to be paid by clients to Business Microcredit IFN SA	51.016	198,904
Amounts to be paid by clients to Integral Collection		33.100
Total	3.131.775	3.116.927

10. OTHER DEBTS

	Sold 31 December 2021	Sold 31 December 2022
Other loans (i)	9.368.169	2594.568
Sundry creditors, of which: (ii)	801.184	1.425.138
- Suppliers of goods and services	416.176	646.644
Credit contract providers	382.139	772.434
- Other miscellaneous creditors	2.869	6.060
Staff-related liabilities	236.077	229.359
Debts to the state budget and similar (iii)	1.924.961	2.314.420
Other amounts due	71.390	15.197
Total	12.401.782	6.578.682

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10. OTHER PAYABLES (cont'd)

(i) In September 2018, the Company entered into a loan agreement with external financier SIA Mintos Finance. It provides the Company with the funds to finance and develop its core business, and the Company undertakes to use it for this purpose and to repay the loan amount and interest according to the agreed terms. The loan is made available in the form of a line of credit which will not exceed the limit of EUR 2,500,000 (31 December 2021: EUR 7,000,000). The due date for repayment of the total amount of the loan is 1 October 2023. The average nominal interest rate applied to the loan in the year 2022 was 5.9% per annum, considering a year consisting of 360 days.

At the end of 2021, the total outstanding loan is EUR 1,893,286 (RON 9,368,169 equivalent) with a total annual accrued interest of EUR 134,495 (RON 663,042 equivalent). The available balance of credit facilities (undrawn availability) as at 31 December 2021 is EUR 5,106,714 (RON 25,268,531 equivalent).

At the end of 2022, the total outstanding loan is EUR 524,431 (RON 2,594,568 equivalent) with a total annual accrued interest of EUR 57,478 (RON 284,253 equivalent). The available balance of the credit facility (undrawn availability) at 31 December 2022 is EUR 1,975,569 (RON 9,773,932 equivalent).

As at 31 December 2022, no financial conditions have been breached under the contract with the external financier SIA Mintos Finance.

(ii) The sundry creditors accounts comprise the Company's liabilities to suppliers of goods and services purchased for the purpose of carrying out its economic activity and amounts payable to suppliers of credit agreements, representing the value of credit agreements financed by the Company in partnership with various consumer goods stores, as well as the value of brokerage fees due to credit brokers and other partners.

(iii) The balance of payables to the state budget includes income tax due in the amount of RON 2,051,027 (31 December 2021: RON 1,670,706) and contributions payable, other taxes, duties and similar payments in the amount of RON 263,393 (31 December 2021: RON 254,255).

11. ACCRUED INCOME AND ACCRUED LIABILITIES

	Sold 31 December 2021	laSold la 31 December 2022
Deferred income, of which:	4.384.487	3.539.752
- administration fee	560.173	366.476
- review commission	3.824.314	3.173.276
Expenses to be paid, of which:	648.604	529.051
- supplier debts	464.201	295.991
- commissions and gift vouchers to suppliers and brokers	184.403	233.060
Debts related to loans Total	<u>31.852</u>	<u>9.619</u>
	<u>5.064.943</u>	<u>4.078.422</u>

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12. PROVISIONS FOR RISKS AND CHARGES

As at 31 December 2022, the Company has recorded provisions for risks and charges of RON 1,199,154 (31 December 2021: RON 1,513,992).

Name of provision	Sold to	Transfers		end
	exercise	In account year	From account year	Balance at end
	financial 2021	2022	2022	financial 2022
Provision of unused holiday entitlements in an (a)	411.77g	411.664	357.972	465.450
Provision of awards Salaried employees (b)	2.531	222	600	2.153
Provisions for litigation and customer fraud (c)	658.868	481.285	658.868	481.285
	440.815	924.152	1.114.701	250.266
Total	1.513.992	1.817.303	2.132.141	1.199.154

(i) Provision of unused holiday entitlements

According to the applicable legal regulations, the employer is obliged to grant unused rest leave within a period of 18 months starting from the calendar year following the one in which the right to rest leave arose, for the payment of salary rights and related obligations.

(ii) Raw materials for employees

As at 31 December 2022, the Company has recorded a provision relating to bonuses granted to key management personnel. The payment of variable remuneration was made in February 2023 and related to the Company's financial performance as measured by cash distributions made to its shareholders during the 2022 financial year.

(iii) Provision for customer disputes and fraud

As at 31 December 2022, the Company is involved in 150 litigations as a parat (31 December 2021: 13B litigations) for which it has made a provision of RON 200,327 (31 December 2021: RON 376,380).

As at 31 December 2022, the Company has made a provision of RON 46,855 relating to 11 suspected external frauds (31 December 2021: RON 64,435, i.e. 8 suspected external frauds).

13. SUBSCRIBED AND PAID-UP SHARE CAPITAL

As at 31 December 2022 and 31 December 2021, the number and value of shares subscribed and paid up is as follows:

Action F	Country of origin	31 December 2021			31 December 2022		
		Number shares held	Value of shares RON	Share in capital social	Number shares held	Value of shares RON	Share in capital social
Lapworth Holdings Limited	Cyprus	35.892.936	35.892.936	99.989%	35.892.936	35.892.936	99.989%
O.C.N.I.C.S. Express Leasing & Microcredit SRL	Republic Moldova	3.918	3.918	0.011%	3.918	3.918	0.011%

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Total	(all amounts are in RON, unless otherwise specified)				
	35.896.854	35.896.854	100.00%	35.896.854	35.896.854 100.00%

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13. SUBSCRIBED SOCIAL CAPITAL SI VARSAT (continued)

During 2021 and 2022 there were no changes in the shareholding structure and no increases/(decreases) in share capital. As at 31 December 2022, the share capital, fully subscribed and paid in cash, amounts to RON 35,896,854 and consists of 35,896,854 shares, each with a nominal value of RON 1, with the above structure.

Capital management

According to the Law 93J2009 on non-bank financial institutions, the minimum share capital of a non-bank financial institution may not be less than the equivalent in Yei of EUR 200,000 or EUR 3,000,000 in the case of non-bank financial institutions granting mortgage loans. The NBR may establish by regulations minimum share capital levels higher than the above mentioned, differentiated according to the type of activity of the non-bank financial institution.

The share capital must be paid in full at the time of subscription, including in the case of an increase. In preparing the financial statements, the Company adopts the financial concept of capital. According to it, capital is synonymous with the net assets or equity of the entity.

14. PROFIT SHARING

	Sold out 31 December 2022
Profit to be distributed	<u>14.755.731</u>
- Legal reserves	<u>(1.066.324)</u>
Retained earnings	<u>13.689.407</u>

The company has set up equal reserves from the profits for the financial year ending 31 December 2022, in accordance with the legal provisions in force. The accounting profit remaining after this distribution was carried forward for use/allocation to other purposes in subsequent years in accordance with the resolutions of the general meeting of shareholders and in compliance with the legal provisions in force.

15. INTEREST RECEIVABLE AND SIMILAR INCOME

	Financial year 2021	Financial year 2022
Interest on loans to customers (i) Interest on current accounts with credit institutions	68.228.079	57.076.043
Interest on term deposits	327	419
	<u>5.991</u>	
Total	<u>68.234.397</u>	<u>57.076.462</u>

(i) Interest from lending activity includes interest calculated according to the effective interest rate on loans for personal needs amounting to RON 44,595,310 (2021: RON 53,817,402), interest on loans for goods amounting to RON 11,127,131 (2021: RON 12,306,528) and interest on loans granted to legal entities amounting to RON 1,353,602 (2021: RON 2,104,149).

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15. INCOME RECEIVABLES AND SIMILAR INCOME (cont'd)

Also, the interest rates on customer lending are composed of the following elements:

	Financial year 2021	Financial year 2022
- Interest rate	61.329.465	51.456.176
- Administration fee	0966.999	1.434.832
- Analysis fee	5.614.537	5.180.267
- Transaction accounts	(2.111.677)	(2.199.098)
- Penalties	1.428.755	1.203.866
Total	68.228.079	57.076.043

16. INTEREST PAYABLE AND SIMILAR CHARGES

	Financial year 2021	Financial year 2022
Interest on term loans	919.057	400.094
Total	919.057	400.094

17. COMMISSION INCOME AND EXPENSES

	Financial year 2021	Financial year 2022
Commission income	16.128	18.684
Commission expenses, of which:	3.468.311	3.507.714
- bank charges	91.162	54.605
- early repayment discount	161.736	142.510
- financial services	3.215.413	3.310.599

Commission income is derived from compensation for early repayments received in the lending business, and commission expenses include bank fees related to current account operations carried out through credit institutions, fees related to various financial services related to the lending business (obtaining information on the creditworthiness or financial position of clients and their employers, payment processing services, debt recovery services) and subsidies granted to clients for early repayment of loans.

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18. NETADINOPERATIUNTMCNANCARE

	Financial year 2021	Financial year 2022
Income from exchange rate differences on foreign exchange transactions	90.125	591.835
Foreign exchange expenses on foreign currency transactions Net	163.392	539.365
loss on financial operations	(73.267)	52.470

19. OTHER OPERATING INCOME

	Financial year 2021	AnuMnanciar 2022
Income from software production (i)	314.891	127.324
Income from profit-sharing on assigned receivables (ii)	6.393.202	10.850.444
Positive net result (income) on disposal of fixed assets (ii)	484.050	
Other miscellaneous operating income	78.808	819.550
Total	7.270.951	11.797.318

- (i) The company has revenues from software production because it capitalizes the costs of salaries, depreciation and electricity used in the production of fixed assets internally and externally. Details are given in Note 5 "Intangible fixed assets" and Note 6 "Tangible fixed assets".
- (ii) Profit-sharing income represents amounts due to the Company resulting from the partnership agreement with Finopro IFN S.A., whereby the Company assigns non-performing loan contracts to the partner and shares with the partner the cash flows in excess of the assignment price.
- (iii) The net positive result (income) from the disposal of fixed assets represents the income recorded by the Company from the sale of a copy of the remote electronic identity verification module to the affiliated company Credimatic Network S.R.L. During 2022 there were no transactions of a similar nature.

20. GENERAL ADMINISTRATION

	Financial year 2021	Financial year 2022
Salaries	5.426.564	6.249.421
Expenditure on social security and social protection	308.635	359.836
Materials, fuel and other stocks	211.858	318.749
Protocol and publicity (i)	3.233.274	5.267.519
Postal charges and telecommunications charges	766.558	819.391
Audit and consultancy (ii)	282.004	355.052
Other staff expenditure - gift and meal vouchers	176.573	197.816
Other administrative expenditure (iii)	876.389	1.584.135
Total	11.281.855	15.151.919

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20. GENERAL ADMINISTRATIVE EXPENDITURE (cont'd)

(i) Protocol and advertising expenses amounted to RON 5,267,516 during the financial year 2022 (2021: RON 3,233,274). The increase in the amount of these expenses is explained by the running of a series of TV advertising campaigns during 2022 and the relaunch of lending activity in the post-Covid-19 period.

(ii) The audit of the statutory financial statements for the financial year ended 31 December 2021 was carried out by PricewaterhouseCoopers Audit S.R.L., in accordance with the audit contract between the two parties. For the audit of the statutory financial statements for the financial year ended 31 December 2022, the Company entered into a contract with the auditor Deloitte Audit S.R.L. The expenses recorded in 2022 for financial audit services amounted to EUR 66,640, equivalent to RON 327,987 (2021: EUR 29,531, equivalent to RON 144,683).

(iii) The amount of other administrative expenses amounted to RON 1,584,135 for the financial year ended 31 December 2022 (2021: RON 876,389). The dynamics of other administrative expenses were driven by the launch of new development projects and costs associated with the feasibility study and business opportunity assessment.

21. INFORMATION ON EMPLOYEES AND MEMBERS OF THE ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

Staff expenditure

	Financial year 2021	Financial year 2022
Remuneration expenses (i)	5.426.564	6.249.421
Expenditure on insurance and social protection, of which:	308.635	359.836
Meal voucher	137.273	160.516
Gift voucher	39.300	37.300
Total	5.911.772	6.807.073

(i) The total amount of gross remuneration paid to management staff during 2022 was RON 1,742,818 (2021: RON 924,540).

During 2022 the management of the company was represented as follows: Andrei

Buzgan, General Manager
-Adrian Golomoș, Chief Financial Officer

During the financial years 2021 and 2022, the Company did not grant any loans to directors or officers.

The company does not operate any other pension plan outside the system provided by the Romanian State, does not grant benefits after retirement and has no other pension-related obligations. Furthermore, the Company is not obliged to provide additional benefits to employees after retirement.

	Financial year 2021	Financial year 2022
Number of employees at year-end	68	57
Average number of employees	61	53
Average number of employees, of which:	61	53
management staff	11	12
- executive staff	50	41

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21. OTHER OPERATING EXPENSES

	Financial year 2021	Financial year 2022
Expenditure on other taxes and duties	892	544
Rent expenses (i)	1.325.403	1.375.507
Expenditure on compensation and penalties	8.871	48.695
Other miscellaneous operating expenditure	25.635	167.868
Total	1.360.801	1.592.614

- (i) The company has concluded space rental contracts for the workstations where it operates. As at 31 December 2022, the Company had a network of 13 functional workplaces, including the head office (31 December 2021: 25 workplaces). In 2018, the Company entered into an operating lease and fleet management contract for the vehicles it uses in the conduct of its business activities. The average service life of the car fleet is 57 months.

22. RECONCILIATION OF THE ACCOUNTING RESULT FOR THE YEAR WITH THE TAX RESULT

	Financial year 2021	AnuMnaniar 2022
Net profit	15.353.521	14.755.731
Non-taxable income (-)	(2.195.720)	(2.873.517)
Non-deductible expenses (+)	<u>32.597.989</u>	
	<u>30.251.334</u>	
Tax profit	<u>5.755.790</u>	42.133.548
Legal reserve (constitution) (-)	(1.124.725)	(1.066.324)
Corporate tax base	44.631.065	41.067.224
Income tax recorded	<u>7.140.970</u>	6.570.756

Non-taxable income component:

	Financial year 2021	Financial year 2022
Refunds of compensation, fines and penalties	4.130	
Income from other provisions (competition, litigation, unused leave)	1.823.609	2.132.045
Income from adjustments for impairment of receivables	<u>367.981</u>	
	<u>2</u>	<u>7.444.7</u>
Total	2.195.720	2.873.517

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22. RECONCILIATION OF THE ACCOUNTING RESULT FOR THE FINANCIAL YEAR WITH THE TAX RESULT (continued)

The deductible or non-deductible component:

	Financial year 2021	Financial year 2022
Non-deductible provisions and impairment adjustments expenses	391.494	307.055
Non-deductible expenses with fines and penalties	309	48.420
Expenditure relating to motorised road vehicles subject to tax limitation	140.894	198.193
Losses on receivables not covered by impairment adjustments	22.845.213	21.123.745
Expenditure on other provisions (competition, litigation, unused leave)	1.975.807	1.817.208
Other non-deductible expenses	103.302	185.957
Income tax expenses	7.140.970	6.570.756
Total	32.597.989	30.251.334

23. RISK MANAGEMENT

The Board has overall responsibility for establishing and monitoring the general framework for risk management.

Reporting to it is the Risk Management Committee, a structure with an advisory role in setting strategy and objectives for each type of significant risk and in overseeing and optimising the core processes, regulations and associated procedures. The Company also has internal structures specialised in identifying, managing and monitoring all types of risks.

The main risks associated with the Company's activities are of a financial and operational nature, resulting from the performance of lending activities. The most important financial risks to which the Company is exposed are credit risk, currency risk and liquidity risk. The Company is not exposed to interest rate risk, as all financial assets and liabilities are fixed interest bearing.

a) Credit risk

The company is exposed to credit risk, i.e. the risk of recording losses or not realising expected profits as a result of the counterparty's failure to meet its contractual obligations. The source of credit risk is claims on credit institutions, claims on customers and other financial assets. At the end of the financial years ended 31 December 2022 and 31 December 2021, the Company has recorded the following gross credit risk exposures in relation to customers, credit institutions and other counterparties.

	31 December 2021	31 December 2022
Claims on credit institutions	7.828.721	2.020.099
Claims on clients	62.301.996	62.556.779
Other financial assets	13.775.367	10.518.215
Total	83.906.084	75.095.093

The credit risk management function analyses individual credit portfolios and exposures and defines policies and processes for identifying and controlling credit risk.

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23. RISK MANAGEMENT (continued)

The following general rules apply to credit risk management:

- The activity of analysing and granting loans to individuals is carried out on the basis of a well-procedured process, respecting the principles of separation of functions and dual control;
- The company takes into account the following aspects when basing the decision to approve or reject the credit application: the specific nature of the credit, the contractual clauses related to the credit, the exposure profile, the probability of non-compliance with the contractual obligations established, all the elements mentioned above being processed on the basis of an internal scoring system;
- Decisions on the approval of credit applications are taken according to a decision-making hierarchy. In exercising the authority to approve credit exposures, independence from the sales function is ensured;
- The due date of the loans is carefully monitored and amounts due after the due date are promptly followed up. The company continuously monitors the debt service of its clients and establishes, uses and regularises specific credit risk provisions on a monthly basis;
- Debt collection is done internally, by the collection department, but also externally, by collaborating with Integral Collection S.R.L., a company specialized in direct negotiation, analysis, phone-collection, notification and direct conciliation services with debtors and their guarantors, as well as monitoring the fulfillment of their payment obligations, according to the payment commitments assumed;
- For those non-performing loans for which the actions of the collection department did not yield results, specific actions were initiated by the legal and enforcement department until 2015. Subsequently, the foreclosure process was abandoned and bad debts were assigned to Integral Collection S.R.L. (a company specialized in debt collection services) or Finopro IFN S.A. (since December 2018).

As at 31 December 2021, the following credit risk provisions were recorded for loans to *individual* borrowers, other than loans to borrowers subject to foreign currency risk:

Classification category		Gross exposures from:		Specific provisions for credit risk for:		Number contracts	Weight in total number contracts
		Main	Interest rate	Main	Interest Rate		
Standard	0-15 days	41.673.062	1.708.801	-	-	13.474	77%
Under observation	16-30 days	2.944.338	323.248	147.217	16.163	880	5%
Substandard	31-60 days	4.226.122	754.215	842.549	150.750	1.166	7%
Indoielnic	61-90 days	2.657.857	719.647	1.322.695	359.481	718	4%
Losing	Minimum 91 of days/Afatein 4tigi	4.674.975	3.949.370	4.674.975	3.949.370	1.277	7%
Total		56.176.354	7.455.281	6.987.436	4.475.764	17.515	100%

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23. RISK MANAGEMENT (continued)

As at 31 December 2021, the following credit risk provisions were recorded for loans granted to *corporate borrowers* in RON:

Classification category		Gross exposures from:		Specific provisions for credit risk for:		Number	Weight in total contracts
		number	Principal	Interest	Principal		
		contracts					
Standard	0-15 days	2.248.387	33.136			65	62%
Under observation	16-30 days	114.632	2.365	5.732	118	4	4%
Substandard	31-60 days	129.147	3.799	25.829	760	5	5%
Indoielnic	61-90 days	477.628	48.571	219.211	23.467	13	12%
Losing	Minimum 91 of days /Aflate in litigiu	681.800	508.712	681.800	508.712	18	17%
Total		3.652.594	596.583	932.572	533.057	105	100g6

As at 31 December 2022, the following credit risk provisions were recorded for loans granted to *individual borrowers*, other than loans granted to borrowers subject to foreign currency risk:

Classification category		Gross exposures from:		Specific provisions for credit risk for:		Number	Weight in total contracts
		number	Principal	Interest	Principal		
		contracts					
Standard	0-15 days	45.328.303	1.754.777		-	12.994	76%
Under observation	16-30 days	4.342.428	411.118	217.122	20.557	1.129	7%
Substandard	31-60 days	5.327.009	826.994	1.065.402	165.399	1.335	8%
Indoielnic	61-90 days	3.167.484	851.181	1.583.747	425.596	873	5%
Losing	Minimum 91 of days /Aflate in litigiu	2.962.448	1.345.006	2.962.448	1.345.006	775	4%
Total		61.127.672	5.189.076	5.828.719	1.956.558	17.106	100%

As at 31 December 2022, the following credit risk provisions were recorded for loans granted to *corporate borrowers* in RON:

Classification category		Gross exposures from:		Specific provisions for credit risk for:		Number	Weight in total contracts
		number	Principal	Interest	Principal		
		contracts					
Standard	0-15 days	776.317	15.171			32	63%
Under observation	16-30 days	218.354	7.701	7.512	297	3	6%
Substandard	31-60 days	89.973	1.773	15.546	1.517	4	8%
Indoielnic	61-90 days	254.582	16.379	120.229	7.041	9	17%
Losing	Minimum 91 of days /Aflate in litigiu	89.880	6.218	89.880	6.218	3	6%

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Total	1.429.106	53.242	233.167	15.073	51	100%
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23. RISK MANAGEMENT (continued)

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23. RISK MANAGEMENT (continued)

As at 31 December 2021, the following credit risk provisions were recorded for loans granted to *legal entity* borrowers in EUR:

Classification category	Gross exposures from:		Specific provisions for credit risk for:		Number	Weight in total contracts	
	number	Principal	Interest	Principal			Interest
Standard	0-15 days	2.474.050	63.900		1	100%	
	Total	2.474.050	63.900	-	-	1	100%

As at 31 December 2022, there were no credit risk exposures and provisions for loans granted to borrowers. *legal entities* in EUR and to *legal entities* exposed to *foreign exchange risk*.

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23. RESOURCE MANAGEMENT (continued)

b) Currency risk

The Company is exposed to currency risk through fluctuations in the RON - USD, RON - EUR and RON - GBP exchange rates, given the open currency positions on these currencies.

The presentation below captures the size of these positions, expressed in equivalent fei, as at 31 December 2021:

Element	31 December 2021				Total
	READ	EUR	USD	GBP	
House and other valuables (010)	6.426	64	4.282		10.772
Claims on credit institutions (030)	7.466.657	310.081	21.868	30.115	7.828.721
Receivables from customers (040)	51.907.941	2.474.050			54.381.991
Other assets (120)	3.808.590				3.808.590
Prepaid expenses and accrued income (130)	3.509.557	70.511			3.580.068
Total assets	66.699.171	2.854.706	26.150	30.115	69.610.142
Customer debt (310)	3.061.733	68.673		1.369	3.131.775
Other liabilities (330)	3.031.418	9.370.364			12.401.782
Accrued income and accrued liabilities (340)	590.200	90.023		233	680.456
Provisions (350)	658.868				658.868
Total debts	7.342.219	9.529.060		1.602	16.872.881
Net foreign currency position (Assets - Liabilities)	59.356.952	(6.674.354)	26.150	28.513	52.737.261

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23. RISK MANAGEMENT (continued)

The presentation below captures the size of these positions, expressed in RON equivalent, as at 31 December 2022:

Element	31 December 2022				Total
	READ	EUR	USD	GBP	
House and other valuables (010)	13.104	64	4.541	-	17.709
Claims on credit institutions (030)	691.632	1.311.369	17.098	-	2.020.099
Receivables from customers (040)	56.494.892				56.494.892
Other assets (120)	3.861.686	102.107		-	3.963.793
Prepaid expenses and accrued income (130)	3.604.743	56.835	1.954		3.664.532
Total assets	64.666.057	1.470.375	24.593		66.161.025
Liabilities on loans (310)	3.115.554	77		1.296	3.116.927
Other liabilities (330)	3.983.708	2.594.974			6.578.682
Accrued income and accrued liabilities (340)	523.764	14.685		221	538.670
Provisions (350)	481.285				481.285
Total debts	8.104.311	2.609.736		1.517	10.715.564
Net asset position (Assets - Liabilities)	56.561.746	(1.139.361)	24.593	(1.517]	55.445.461

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23. RISK MANAGEMENT (continued)

c) Liquidity risk

Liquidity risk refers to the inability of the Company to meet its short-term payment obligations from realisable assets in the same period.

The analysis by maturity of liquidity of monetary assets and liabilities, based on the remaining period to the contractual maturity date, is presented as follows as at 31 December 2021:

Element - 31 December 2021	Until 3 months	3-12 months	1-5 years	Plague Sani	Total
Code position balance Active sheet					
o1o House and other values	10.772				10.772
030 Claims on credit institutions	7.828.721				7.828.721
040 Due from customers (net)	6.806.904	16.442.387	31.093.581	59.119	54.381.991
120 Other <i>assets</i>	3.808.590				3.808.590
130 Prepaid expenses and accrued income	3.580.068				3.580.068
Total assets	22.035.055	16.442.387	31.093.581	39.119	69.610.142
Debts					
310 Customer-related debts	3.131.775				3.131.775
330 Other debts	4.426.377	7.713.642	261.763		12.401.782
340 Deferred income and accrued liabilities	680.456				680.456
350 Provisions	658.868				658.868
Total debts	8.897.476	7.713.642	261.763		16.872.881
Net liquidity position (Assets - Liabilities)	13.137.579	8.728.745	30.831.818	39.119	52.737.261

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23. RISK MANAGEMENT (continued)

The analysis by maturity of the liquidity of monetary assets and liabilities, based on the remaining period to the contractual maturity date, is as follows as at 31 December 2022:

Element - 31 December 2022	Until 3 months	3-12 months	1-5 years	Plague 5 years	Total
Code position					
bilant Active					
010 House and other values	17.709				17.709
030 Claims on credit institutions	2.020.099				2.020.099
040 Due from customers (net)	6.057.084	14.764.590	35.625.757	47.461	56.494.892
120 Other assets	3.963.793				3.963.793
130 Prepaid expenses and accrued income	3.664.532				3.664.532
Total assets	15.723.217	14.764.590	35.625.757	47.461	66.161.025
Debts					
310 Customer-related debts	3.116.927				3.116.927
330 Other debts	3.207.434	3.371.248			6.578.682
340 Accrued income and accrued liabilities	538.670				538.670
350 Provisions	481.285				481.285
Total debts	7.344.316	3.371.248			10.715.564
Net liquidity position (Assets - Liabilities)	8.378.901	11.393.342	35.625.757	47.461	55.445.461

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24. TRANSACTIONS WITH PARTIES IN SPECIAL RELATIONSHIPS

Credius has been part of the Lapworth Holdings Limited group since 12 May 2014. During the years ended 31 December 2022 and 31 December 2021, the Company had transactions with related parties highlighted below and show the following balances:

Elements	Financial year 2021			Financial year 2022		
	Society-mother and entities holding control joint	Entities associated if associations in participatio n	Staff-key in management entities or society-mom	Society-mother and entities holding control joint	Entities associated if associations in participatio n	Staff-key in management entity or of society-mom
Claims on credit institutions credit		6.626.836		-	1.466.361	-
Claims on clients		2.537.950	-			
Participations	-	3.075		-	3.075	
Intangible assets					1.161.189	
Other assets		1.860.599			1.548.228	
Total assets	-	11.028.460	-	-	4.178.853	-
Customer-related debts		120.593			664.604	
Other debts	-	253.068		-	666.348	
Total debts	-	373.661	-	-	1.330.952	-
Subscribed share capital	35.896.854	-	-	35.896.854	-	-
Interest receivable and income assimilated	-	187.890			120.318	
Other operating income - profit sharing		6.393.202			10.850.444	
Income from assignment of receivables		g.145.832		-	74BO955	
Income from disposal Immobilisations		484.050				
Other operating income	-	24.302		-	163.723	
Total income	-	15.235.276	-	-	18.615.440	-
Commission expenses	-	2.887.772		-	2.787.671	
Expenditure on remunerations			924.540	-	-	1.742.818
Interest payable and expenses assimilated		52,039				
Other operating expenditure	-	101.432			347.767	
Total expenditure	-	3.041.243	924.540	-	3.135.438	1.742.818

Transactions with key management personnel.

Mr Andrei Buzgan and Mr Adrian Golomoz, as General Manager and CFO respectively, have the authority and responsibility to plan, manage and control the Company's activity, and are therefore considered key personnel within the Company.

During 2021 and 2022, the Company did not incur any costs related to professional development of key personnel.

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25. CONTINGENT ASSETS AND LIABILITIES

As at 31 December 2022 and 31 December 2021 respectively, the Company has no assets and noconvincing liabilities.

26. INFORMATION ON GEOGRAPHICAL TRACKS

The company has been operating during 2022 in a single operational and geographical area, operating only on the consumer credit financing market in Romania, the company's customers being individuals and legal entities resident in Romania.

27. RUSSIAN-UKRAINIAN MILITARY CONFLICT

The crisis situation generated by the war in Ukraine

On 24 February 2022, Russia attacked Ukraine militarily. The conflict between the two countries may affect the economy of Romania and the European Union on all levels: GDP is expected to grow less than forecast, rising energy prices may continue to lead to spiralling prices, and new investments may be delayed or remain suspended for an indefinite period. Although this situation is still evolving at the time of publication of these financial statements and there has been no impact on the Company's operations, future effects cannot be predicted. The Company's management will continue to monitor the potential impact and will take the necessary measures to cover the risks.

Public moratorium on the suspension of payment obligations relating to credit agreements

In the context of the generalized increase in prices, including food and utilities, directly or indirectly caused by the energy crisis and the war between Russia and Ukraine, as well as the sharp increase in borrowing costs, the Romanian Government issued Emergency Ordinance no. 90 of 29 June 2022 on granting some facilities for loans granted to certain categories of borrowers. Thus, payment obligations due on loans granted until 30 April 2027 and which have not been in arrears in the last 6 months prior to the date of application may be suspended on request for a period of between 1 and 9 months.

The company has received requests to suspend overdue payment obligations from 67 customers. As a result of the eligibility analysis, the Company accepted and processed 7 requests for suspension of overdue installments for 5 eligible debtors. As the period for submission of applications for suspension of repayment of overdue credit instalments ended on 25 August 2022, the Company does not estimate a significant impact on its future financial results as a consequence of the implementation of the aforementioned facility programme.

28. EVENTS AFTER THE BALANCE SHEET DATE

Up to the date of approval of the financial statements, there have been no subsequent events requiring disclosure in the financial statements.

The financial statements were signed and approved today, August 31, 2023, by:

DIRECTOR GENERAL,
Buzgan Andrei

Signature



INTO ACCOUNT
Golomoz Adrian
Financial Director
Semnatura



REPORT OF THE ADMINISTRATORS

On the activity of CREDIUS IFN S.A. in the financial year 2022

The commercial company CREDIUS IFN S.A. (hereinafter referred to as "the Company") was registered with the Commercial Registry Office of the Ilfov Court on 19.04.2013, with the unique registration code 31534882 and the serial number in the Commercial Registry J23/1231/2013. The Company is incorporated and operates for an unlimited duration, in accordance with the legal provisions in force.

The abbreviated name of the Company is CREDIUS IFN S.A.

The non-banking financial institution carries out its activity through its head office, established in Voluntari, B-dul Pipera nr. 1/1, ADMAX CENTER Building, Office 6, 3rd Floor, Ilfov County.

As of 31 December 2022, the Company has 13 functional working points, of which 4 in Bucharest and the rest in the country.

The main activity of the Company is "Other financial intermediation, except insurance and pension funding activities" (CAEN group 649), the main activity of the Company being "other lending activities" (CAEN code 6492) - granting of consumer credit, without issuing credit cards.

The company is registered in the General Register kept by the National Bank of Romania ("NBR") under number RG-PJR-42-110277/01.08.2013 and in the Special Register kept by the NBR under number RS-PJR-42-110086/16.02.2018.

As of 31 December 2022, the Company's shareholding structure is as follows:

Shareholder	Country of origin	Number of shares held	Value actions	Weight in share capital
Lapworth Holdings L.T.D.	Cyprus	35.892.936	35.892.936	99.989%
O.C.N.I.C.S. Express Leasing & Microcredit SRL	Republic of Moldova	3.918	3.918	0.011%
Total		35.896.854	35.896.854	100.00%

The parent company is Lapworth Holdings LTD and the ultimate parent company is NCH Ball'an Fund

L.P. The number of employees of the Company as at 31 December 2022 is 57.

The accounting of the Company is organized and maintained in accordance with the provisions of the Accounting Law no. 82/1991 republished, with subsequent amendments and additions ("Law no. 82/1991"), with the help of a computerized data processing system that ensures compliance with all accounting rules and information processing and storage.

With regard to the organisation of analytical and synthetic accounting records we have the following remarks to make'

(i) The recognition, measurement, valuation and reporting of assets and liabilities shall be carried out in accordance with accounting policies that comply with the provisions of Law no. 82/1991 and the specific accounting rules and regulations issued by the NBR and the Ministry of Public Finance;

(i) An analysis of the recording of documents shows that they are recorded in systematic and chronological order;

(iii) The events and transactions relating to the financial year 2022 are accurately and completely reflected in the contents of the trial balance so that the financial statements prepared on this basis give a true and fair view of the Company's financial policy, financial performance and cash flows.

The financial statements for the financial year ended 31 December 2022 are the responsibility of the Company's management and have been prepared in accordance with:

- i. Law No 82/1991;
- ii. Law no. 93/2009 on non-bank financial institutions;
- iii. NBR Order no. 6/2015 approving the Accounting Regulations in compliance with the European Directives applicable to non-banking financial institutions, as amended and supplemented ("NBR Order 6/2015");
- iv. NBR Regulation no. 5/2012 on credit classification and the establishment, regularisation and use of specific credit risk provisions applicable to entities supervised by the National Bank of Romania, other than credit institutions ("NBR Regulation 5/2012").

BALANCE SHEET at 31 December 2022

(all amounts are in RON, unless otherwise specified)

ACTIV	Fine exercise nciar		Variation %A
	previous	closed	
	1	2	
House and other values	10.772	17.709	+64%
Claims on credit institutions	7.828.721	2.020.099	-74%
- <i>the sight</i>	<i>7.828.721</i>	<i>2.020.099</i>	
Claims on clients	54.381.991	56.494.892	+4%
Participations	3.075	3.075	
Intangible assets	2.828.617	3.634.332	+28%
Tangible fixed assets, of which:	1.269.643	1.251.884	-1%
- <i>land and buildings used for own activities</i>	<i>804.956</i>	<i>664.947</i>	<i>-17%</i>
Other assets	4.392.025	4.479.355	+2%
Prepaid expenses and accrued income	5.326.212	5.756.135	+8%
Total assets	76.041.056	73.657.481	-3%

DEBT AND EQUITY	Financial year		Variation %
	previous	closed	
	1	2	
Customer-related debts	3.131.775	3.116.927	-0,5%
- <i>the sight</i>	3.131.775	3.116.927	-0,5%
Other debts	12.401.782	6.578.682	-47%
Accrued income and accrued liabilities	5.064.943	4.078.422	-19%
Provisions:	1.513.992	1.199.154	-21%
- <i>other provisions</i>	1.513.992	1.199.154	
Subscribed share capital	35.896.854	35.896.854	
Book	3.103.891	4.170.216	+34%
- <i>legal reserves</i>	3.067.118	4.133.443	+35%
- <i>other reserves</i>	36.773	36.773	
Reported result			
Profit	699.023	4.927.819	+605%
Result for the financial year			
- Profit	15.353.521	14.755.731	-4%
Profit sharing	1.124.725	1.066.324	-5%
Total debt and equity	76.041.056	73.657.481	-3%

Analysis of the balance sheet structure and the evolution of the main elements of the financial policy

- Lending activity (origination of new loans and claims on customers.** During the financial year ended 31 December 2022, the Company granted new loans amounting to RON 72,086,002, an increase of 4% compared to the previous financial year. The value of the loan portfolio (after adjustments for impairment) was RON 56,494,892 as at 31 December 2022, up 4% from the portfolio value recorded at the end of the previous financial year. The dynamics of the loan portfolio is explained by the increase in the volume of new loans granted during the financial year ended 31 December 2022, which exceeded the value of organic portfolio amortisation and bad debts written off.
- /mo6i/intangible assets.** The value of intangible fixed assets is RON 3,634,332 at the end of the financial year ending 31 December 2022, an increase of 28% compared to the previous financial year. The increase in the value of intangible fixed assets is explained by the investments made by the Company in the development and functional improvement of software and digital applications used in the lending process.
- Imo6i/body image.** In 2022, the Company did not record significant changes in the balance of tangible fixed assets, the value of fixed assets at the end of 2022 being RON 1,251,884.
- Other assets.** The balance of this balance sheet item increased by 2% during the financial year ending 31 December 2022, reaching RON 4,479,355 at the end of the year. The increase compared to the previous financial year is attributable to (i) the dynamics of receivables relating to the proceeds from the assignment of non-performing loans and profit-sharing, recorded in respect of related parties and (ii) the change in the balance of receivables from payment intermediaries relating to credit instalments paid by the Company's customers.

5. *Debts relating to customers.* The amount of liabilities to customers (on demand) amounted to RON 3,116,927 at the end of the financial year ended 31 December 2022, an insignificant decrease compared to the balance recorded at the end of the previous financial year.
6. *A/te debt.* At the end of the financial year ended 31 December 2022, the balance of the balance sheet policy "Other payables" amounted to RON 6,578,682, a decrease of 47% compared to the end of the previous financial year. This dynamic is mainly explained by the decrease in the exposure related to the credit line granted by SIA Mintos Finance from RON 9,368,169 at the end of the previous financial year to RON 2,594,568 as at 31 December 2022.
7. *Retained earnings (profit).* During the financial year ended 31 December 2022, the Company distributed from retained earnings (representing profit) dividends to shareholders in the amount of RON 10,000,000. The undistributed profit remaining at the end of the financial year ended is RON 4,927,819.
8. *Indicators of indebtedness.* The Company has recorded the following values for the main solvency indicators at the end of the financial years ending 31 December 2022 and 31 December 2021. With reference to the minimum (maximum) reference values regulated by the rules in force and contained in the Company's long-term capital structure strategy, the rapporteurs conclude that the Company has sufficient permanent capital to cover its long-term financing needs in a sustainable manner.

Indicators	31 December 2021	31 December 2021	Reference value
Borrowed capital / Equity	0,174	0,044	0,500
Borrowed capital / Claims on customers	0,172	0,046	0,533
Equity / Due from customers	0,992	1,039	0,667
Financial leverage	1,410	1,255	2,09G
Equity / Total assets	0,709	0,797	0,47Z

As at 31 December 2022, the total value of the Company's assets is RON 73,657,484, and total liabilities amount to 14.973.185 RON. Under these conditions, the value of net assets, calculated as the difference between total assets and total liabilities is

58.684.296 RON, which represents 163% of the subscribed and paid-up share capital. At this capitalization threshold, no further action is required at the level of the Board of Directors or the General Meeting of Shareholders.

PROFIT AND LOSS ACCOUNT for the financial year ending 31 December 2022 (all amounts are expressed in RON, unless otherwise stated)

Indicator name	Financial year		Variation %
	Previous	Closed	
	1	2	
Interest receivable and similar income	68.234.397	57.076.462	-16%
Interest payable and similar charges	919.057	400.094	-56%
Commission income	16.128	18.684	+16%
Commission expenses	3.468.311	3.507.714	+1%
Net profit or loss on financial operations	(73.267)	52.470	+172%
Other operating income	7.270.951	11.797.318	+62%
General administrative expenditure	11.281.855	15.151.919	+34%
- Staff expenditure, of which:	5.911.772	6.807.073	+15%
- Salaries	5.426.564	6.249.421	+15%
- Social security expenditure	308.635	359.836	+17%
- Other administrative expenditure	5.370.083	8.344.846	+55%
Adjustments to the value of intangible and tangible fixed assets	642.507	1.209.005	+88%
Other operating expenditure	1.360.801	1.592.614	+17%
Adjustments to the value of receivables and provisions for contingent liabilities and commitments	76.807.012	77.176.499	0.5%
Reversals of value adjustments on receivables and provisions for contingent liabilities and accruals	41.525.825	51.419.398	+24%
Result of current activity			
- Profit	22.494.491	21.326.487	-5%
Total income	116.974.034	120.364.332	+3%
Total expenditure	94.479.543	99.037.845	+5%
Gross result			
- Profit	22.494.491	21.326.487	-5%
Corporate income tax	7.140.970	6.570.756	-8%
Net result for the financial year			
- Profit	15.353.521	14.755.731	-4%

Analysis of the structure of the profit and loss account and of changes in the main items of income and expenditure

1. *Interest receivable and similar income.* The income from the Company's main (lending) activity during the financial year ended 31 December 2022 is represented by income from interest, commissions and penalties in the total amount of 57,076,462 RON, down 16% compared to the previous financial year. The decrease in interest income is explained by the Company's policy on declaring the early repayment of credit contracts and recording income related to future interest and commission items. During the financial year ended 31 December 2022, the Company did not recognise any income from the declaration of early repayment of loans. During the previous financial year, the amount of such income amounted to RON 8,995,964. At the same time, the evolution of interest income was determined by the dynamics of the loan portfolio (receivables from customers), which recorded a relative increase compared to the previous financial year, as well as by the change in interest rates related to the portfolio of newly originated loans.

2. *Interest payable and similar expenses.* In order to achieve its own growth and development objectives, during 2022, the Company has borrowed from other creditors which generated total interest expenses of 400,094 RON, down 56% compared to the previous financial year. The decrease in interest expenses was determined by (i) the 72% decrease in the value of financial debts and (ii) the maintenance of borrowing costs at the level applicable to the period of quantitative easing policies promoted by the main central banks until the beginning of 2022.
3. *Fee income*, totalling RON 18,684, comes from compensation charged to customers in the case of early repayments, while *fee expenses*, amounting to RON 3,507,714, reflect the cost of financial services and fees charged by credit institutions for current account operations. Both items recorded insignificant variations compared to the previous financial year.
4. *Other operating income* includes income from profit sharing on assigned receivables, net income from the disposal of fixed assets, income from software production and other operating income. These amount to RON 11,797,318 during the financial year ending 31 December 2022, an increase of 62% compared to the previous financial year, mainly due to the evolution of income from profit sharing on assigned receivables (up by RON 4,457,242 compared to the previous financial year) and to the recording as income of surplus amounts from the closure of credit contracts amounting to RON 638,193.
5. *General administrative expenses* amount to RON 15,151,919 for the financial year ending 31 December 2022, an increase of 34% compared to the previous financial year, mainly due to increases in marketing, advertising and publicity expenses and salary expenses.
6. **Net adjustments to the value of receivables and provisions for contingent liabilities and accrued liabilities** amount to RON 25,757,101 for the financial year ending 31 December 2022, down 27% on the previous financial year. The change in impairment adjustments was driven by the improvement in the performance rate of the customer loan portfolio during the past financial year.
7. **The net profit/(loss)** for the financial year ending 31 December 2022 is RON 14,755,731, a decrease of 4% compared to the previous financial year. The evolution of operational variables and performance indicators monitored by the Company's management in the context of the execution of the income and expenditure budget for the financial year ended 31 December 2022 has led to a decrease in the net result of RON 597,790 compared to the previous financial year.
8. **Return on assets and equity.** The company recorded the following average values for total assets and equity and generated the following net results (representing profit) in the two financial years. As a result of the analyses carried out, there was a slight decrease in the Company's financial performance (compared to 2021) measured by the indicators (i) Return on Assets ("ROA") and (i) Return on Equity ("ROE"), which reached 20% and 26% respectively at the end of the financial year ended 31 December 2022.

Indicators	31 December 2021	31 December 2022
Total assets (average values during the period)	72,301,415	74.849.269
Equity (average values in the period)	52.327.671	56.306.430
Net profit	15.353.521	14.755.731
(i) ROA (%)	21%	20%
(ii) ROE (%)	29%	26%

Risk management

The Board has overall responsibility for establishing and monitoring the general framework for risk management.

Reporting to it is the Risk Management Committee, a structure with an advisory role in setting strategy and objectives for each type of significant risk as well as in overseeing and optimising the core processes, regulations and associated procedures.

The Company also has internal structures specialised in identifying, managing and monitoring all types of risks.

The main risks associated with the Company's activities are of a financial and operational nature, resulting from the performance of lending activities.

The most important financial risks to which the Company is exposed are credit risk, currency risk, liquidity risk, interest rate risk and, separately, other identified risks are: tax risk, operational risk and reputational risk.

The Company's internal control is an ongoing process involving directors, officers and employees through which reasonable assurance is provided regarding the achievement of performance, information and reporting objectives:

- to carry out activities efficiently and effectively;
- providing credible, relevant, complete and timely data and information to the decision-making structures of the Company as well as to external users of information; and
- ensuring compliance of the Company's activities with the framework, with the requirements imposed by the Group and with its own internal rules and regulations.

The internal control system consists of the following elements between which there is a close correlation;

- the role and responsibilities of the Board of Directors and the Leaders and the control environment;
- identification and assessment of significant risks incident to the company's activity;
- control activities and separation of duties and responsibilities;
- Information and communication within the company; and
- monitoring and deficiency correction activities.

The effective implementation of these elements is a prerequisite for the company to achieve its objectives.

Adequacy of own funds

The company has consistently complied with the limits on exposures to counterparties (a single borrower, persons in special relationships with the institution, and aggregate exposure) under the provisions of NBR Regulation No 20/2009 on non-bank financial institutions (in particular Articles 70 and 71 of the act). At present and in view of the regulations and by-laws in force, the Company does not anticipate any events of non-compliance with the applicable limits on credit exposures under the NBR Regulation no. 20/2009 on non-bank financial institutions.

Liquidity analysis

The Company has implemented measures to maximise the value of organic cash flows by (i) more rigorous filtering of loan applications, (ii) lowering operating costs and (iii) using the surplus generated to repay loans/loans to reduce the cost of borrowed capital. As at 31 December 2022, the Company had unused balances (off-balance sheet) of outstanding loans/loans from SIA Mintos Finance - EUR 1,975,569 (RON 9,773,932 equivalent). In conclusion, the Company is able to meet its payment obligations to suppliers and creditors as required by the contracts with them.

Russian-Ukrainian military conflict

The crisis situation generated by the war in Ukraine

On 24 February 2022, Russia attacked Ukraine militarily. The conflict between the two countries may affect the economy of Romania and the European Union on all levels: GDP growth is expected to be lower than forecast, rising energy prices may lead to a chain of price increases, and new investments may be delayed or remain suspended for an indefinite period. Although this situation is still evolving at the time of publication of these financial statements and there has been no impact on the Company's operations, future effects cannot be predicted. The Company's management will continue to monitor the potential impact and will take the necessary measures to cover the risks.

Public moratorium on the suspension of payment obligations relating to credit agreements

In the context of the generalized increase in prices, including food and utilities, directly or indirectly caused by the energy crisis and the war between Russia and Ukraine, as well as the sharp increase in borrowing costs, the Romanian Government issued Emergency Ordinance no. 90 of 29 June 2022 on granting some facilities for loans granted to certain categories of borrowers. Thus, payment obligations due on loans granted until 30 April 2022 and which have not been in arrears in the last 6 months prior to the date of application may be suspended on request for a period of between 1 and 9 months.

The company has received requests to suspend overdue payment obligations from 67 customers. As a result of the eligibility analysis, the Company accepted and processed 7 requests for suspension of overdue installments for 5 eligible debtors. As the period for submission of requests for suspension of repayment of overdue credit instalments ended on 25 August 2022, the Company does not estimate a significant impact on its future financial results as a consequence of the implementation of the above-mentioned facility programme.

Events after the balance sheet date

Between 31 December 2022 and the date of approval of these financial statements, no events occurred after the balance sheet date that would have a material impact on the data presented **in the annual financial statements** prepared for the financial year 2022.

Chairman of the Board of Directors of the Company:

31 August 2023

Sergiu Rosca

