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Victory Business Center
Str. Invingatorilor 24
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INDEPENDENT AUDITORS' REPORT

To the Shareholders of MOZIPO IFN S.A.

21 Calea Mosilor street, 3rd floor, 2nd District, Bucharest, Romania
Registration code: 33651838

Opinion

We have audited the financial statements of MOZIPO IFN S.A. (The Company), which include the statement of financial position as of December 31, 2024, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the financial year ended, as well as a summary of significant accounting policies and explanatory notes.

The financial statements as at and for the year ended 31 December 2024 are identified as follows:

Total assets:	27,664,873 RON
Net profit for the year:	885,643 RON

In our opinion, the accompanying financial statements provide a true and fair view of the Company's financial position as at 31 December 2024 and of its financial performance and its cash flows for the financial year ended, in accordance with the Order of the National Bank of Romania no. 27/2010 for the approval of the accounting regulations compliant with the International Financial Reporting Standards ("Order 27/2010").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs), UE Regulation no. 537/2014 of the European Parliament and of the Council („The Regulation”) and Law no. 162/2017 („The Law”). Our responsibilities under those standards and regulations are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with International Ethics Standards Board of Accountants Code of Ethics for Professional Accountants (“IESBA Code”) together with the ethical requirements that are relevant to our audit of the financial statements in Romania, including the Regulation and the Law, and we have fulfilled out other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of 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 provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter:
Expected losses related to loans to customers Please see Note 14 Loans and related receivables The policy for recognizing impairment allowances is presented in Note 3.4 "Accounting policies and methods - Financial assets and liabilities". Impairment allowances represent management's best estimate of expected credit losses ("ECL") for loans and advances to customers measured at amortized cost at the reporting date. Expected credit losses are determined by modelling techniques based on key parameters: probability of default (PD), exposure at default (EAD) and loss given default (LGD), taking into account historical experience, identifying exposures with a significant increase in credit risk ("SICR"), forward-looking information and management judgement. Due to the significant weight of the Loans granted and the related receivables in the company's statement of financial position, as well as the complexity related to determining the impairment allowances, we consider that this is a key audit matter.	Our audit procedures included, but were not limited to: - Evaluation of the degree of adequacy of accounting policies related to expected credit losses, risk modeling techniques and methodologies in relation to the requirements of the relevant financial reporting framework, our understanding of the Company and the practices specific to the activity sector. - Evaluation of the consistent application of the definition of default, the criteria related to the significant increase in credit risk and the allocation criteria in stages of depreciation, as well as their degree of adequacy in accordance with the requirements of the IFRS 9 standard "Financial instruments" . - Testing on a sample basis the accuracy and relevance of the data used in the calculation process of the key parameters (PD, EAD, LGD), by referring to the supporting documents such as: loan schedules, the recoveries following the entry into default.

	- Reconciliation of the database related to the loans granted and related impairment allowances with the trial balance as of December 31, 2024, testing on a sample basis the allocation to the stages and verification of the calculations made regarding the expected losses. - Evaluation of the accuracy, completeness and relevance of the information presented in the financial statements regarding the expected losses from loans, in accordance with the requirements of the relevant financial reporting standards.
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Other information - Administrators' Report

Administrators are responsible for the preparation and presentation of Other information. The Other information comprise the Administrator's report, including the non-financial representation, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements for the year ended 31 December 2024, our responsibility is to read the Other information and, in doing so, consider whether the Other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

With respect to the Administrator's report, we read and report whether the Administrators' report is prepared, in all material respects, in accordance with the Order 27/2010, points 12-17.

Based solely on the work required to be undertaken in the course of the audit of the separate financial statements, in our opinion:

- a) The information given in the Administrators' for the financial year for which the financial statements are prepared, is consistent, in all material respects, with the financial statements;
- b) The administrators' Report has been prepared, in all material respects, in accordance with Order 27/2010, points 12-17.

In addition, based on our knowledge and understanding of the entity and its environment obtained in the course of the audit concluded on 31 December 2024, we are required to report

if we have identified material misstatements in the Administrators' report. We have nothing to report in this regard.

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

Management is responsible for preparing and presenting financial statements that provide a true and fair view in accordance with the Order of the National Bank of Romania no. 27/2010 for the approval of the accounting regulations compliant with the International Financial Reporting Standards and for that internal control that management deems necessary to enable the preparation of financial statements free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

We were appointed by the General Meeting of Shareholders on June 7th, 2023 to audit the financial statements of MOZIPO IFN S.A. for the financial year 2024. The total uninterrupted duration of our engagement is five years, covering the financial years ended between December 31, 2020 and December 31, 2024.

We confirm that:

- Our audit opinion is consistent with the additional report presented to the Audit Committee of the Company, which is issued with the same date as the current report. Also, in conducting our audit, we maintained our independence from the audited entity.
- We have not provided to the Company the prohibited non-audit services referred to in article 5 (1) of EU Regulation no 537/2014.



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Other matters

This report of the Independent Auditor is addressed exclusively to the Company's shareholders, as a body. Our audit was undertaken in order to report to the Company's shareholders all those aspects that we are required to state to them in a financial audit report and for no other purposes whatsoever. To the extent permitted by law, we do not accept or take responsibility to anyone other than the Company and its shareholders, as a body, for our audit work, for the report on the financial statements, or for the opinion we have formed.

For and behalf of BDO Audit SRL

Registered in the Public Electronic Report of financial auditors and audit firms with no. FA18

Partner's name: Vasile Bulata

Registered in the Public Electronic Report of financial auditors and audit firms with no. AF1480

Bucharest, Romania

Autoritatea pentru Supravegherea Publică
a Activității de Audit Statutar (ASPAAS)

Firma de Audit: BDO AUDIT SRL
Registrul Public Electronic: FA18

Autoritatea pentru Supravegherea Publică
a Activității de Audit Statutar (ASPAAS)

Auditor financiar: VASILE BULATA
Registrul Public Electronic: AF1480

22 May 2025

Note: This is the English translation of the Romanian version of the auditor's report. In case of any discrepancies the Romanian version will prevail.

MOZIPO IFN S.A.

FINANCIAL REPORTS

**PREPARED IN ACCORDANCE WITH
INTERNATIONAL FINANCIAL REPORTING
STANDARDS ADOPTED BY THE EUROPEAN
UNION**

**FOR THE FINANCIAL YEAR ENDED
DECEMBER 31, 2024**

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INFORMATION ABOUT THE COMPANY

Company name	Mozipo IFN SA
Form of organization	Societate pe actiuni
Registration number in the trade register /ANAF	J40/11461/02.10.2014 / CUI 33651838
Address	Strada Calea Mosilor Nr. 21, Sector 3, BUCHAREST
Majority shareholder	Mozipo Holding LTD, Cyprus
Financial year	from 2024.01.01 to 2024.12.31
Information about workplaces	Does not own
Main object of activity	Providing fast financial services

Statement of profit or loss and other comprehensive income

		As at 31 December 2024	As at 31 December 2023
Interest income	4	12.119.920	11.638.170
Interest expenses	5	- 1.936.965	- 1.728.149
Net interest income		10.182.955	9.910.021
(Adjustments) of interest-bearing assets	6	- 1.490.144	- 1.482.884
Net loss from assignment	7	23.960	33.370
Other incomes		57.646	69.095
Total net operating income		8.774.417	8.462.862
Net foreign exchange gains (losses)		- 49.598	- 95.048
Expenses with salaries and bonuses	8	- 3.494.490	- 2.950.379
taxes and commissions expenses	9	- 584.312	- 519.200
Protocol, promotion and advertising expenses	10	- 1.072.721	- 1.000.809
Rental expenses, repairs, maintenance costs		- 96.014	- 83.173
Amortization/depreciation expenses		- 187.666	- 178.311
Other expenditure	11	- 2.116.687	- 1.645.770
Operating expenses - total		- 7.601.488	- 6.472.690
Profit (loss) before income tax		1.172.929	1.990.172
Profit tax	12	- 287.286	- 290.681
Profit (loss) net		885.643	1.699.491
Other comprehensive result items		-	-
Total comprehensive result for the financial year		885.643	1.699.491

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

The Financial Statements were approved on 09.05.2025.

Administrator: Basmaluta Lorena *Digital signature*

Lorena-Cristina Basmaluta
Digitally signed by Lorena-Cristina Basmaluta
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Prepared by: CDI Accounting Solutions SRL

Dorin-Ionut Chirea
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Digital signature

MOZIPO IFN S.A.
notes to the financial statements
FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2024
(all amounts are presented in Ron except as otherwise specified)

Statement of financial position

	Note	As at 31 December 2024	As at 31 December 2023
Cash and cash equivalents	13	1.972.861	1.332.985
loans granted and receivables attached	14	23.451.496	23.336.038
loans to affiliated parties	15	1.740.935	1.707.150
Other current assets and receivables	16	155.241	127.165
Intangible assets	24	6.958	
Tangible assets	17	163.651	163.646
Asset usage rights	18	34.421	16.284
Cash and cash equivalents	20	139.310	123.806
TOTAL ASSETS		27.664.873	26.807.074
LIABILITIES			
Liabilities			
Financial liabilities	21	15.115.302	14.812.900
Leasing	22	143.836	122.876
Suppliers	23	601.420	522.480
Corporate income tax	24	0	341.986
Other liabilities	25	287.950	376.110
Deferred corporate income tax (liability)	26	0	0
Total liabilities		16.148.508	16.176.352
Capital			
Share capital	27	1.040.000	1.040.000
Share premiums	27	3.924.392	3.924.392
Legal reserves	27	208.000	202.886
Retained earnings Retained earnings		5.463.444	3.865.396
Current result profit (loss)		885.643	1.699.491
Appropriation of profit		-5.114	-101.443
Total equity		11.516.365	10.630.722
TOTAL LIABILITIES		27.664.873	26.807.074

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

The Financial Statements were approved on 09.05.2025

Prepared by: CDI Accounting Solutions SRL

Dorin-Ionut Chirea
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CASH FLOWS STATEMENT

CASH FLOWS STATEMENT

	31.12.2024	31.12.2023
Cash flow from current activity		
Profit (loss) net	885.643	1.699.491
Adjustments for non-cash items:		
Expenses related to financial assets value depreciation	1.490.144	1.482.884
Amortization/depreciation expenses	187.666	178.311
Interest expenses	1.936.965	1.728.149
Interest income	-12.119.920	-11.638.170
Tax effect	287.286	219.717
	-7.332.216	-6.258.654
Working capital variation:		
(Increase) decrease in loans granted and debts attached	-521.581	-5.182.363
Increase in other current assets	-28.076	281.580
Increase trade liabilities and other liabilities	11.740	234.320
Net cash flow from operating activities	-7.870.133	-10.925.117
Paid interest	-1.919.795	-1.709.783
Collected interest	-11.002.114	11.190.985
Paid profit tax	-636.230	-114.559
Cash flow from current activity	575.956	-1.558.474
Cash- flow from investing activities		
Acquisition of tangible and intangible fixed assets	-47.292	-20.542
Net cash flow from investment activity	-47.292	-20.542
Cash flow from financing activity		
Leasing payments	-174.020	-169.501
Loans received (net)	285.232	2.811.774
Net cash flow from financing activity	111.212	2.642.273
Net cash flow increase (decrease)	639.877	1.063.257
Cash and equivalent at the beginning of the year	1.332.985	269.727
Cash and equivalent at the end of the year	1.972.861	1.332.984

The accompanying notes are an integral part of the financial

statements. The Financial Statements were approved on

09.05.2025

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Statement of changes in equity

	Share capital	Share premium account	Reserves	Retained earnings	Total equity
balance as at 31.12.2022	1.040.000	3.924.392	101.443	3.865.396	8.931.231
Net profit for the financial year	-	-	-	1.699.491	1.699.491
Total comprehensive result for the period	-	-	-	1.699.491	1.699.491
Distribution to reserves	-	-	101.443	-101.443	-
Balance as at 31.12.2023	1.040.000	3.924.392	202.886	5.463.444	10.630.722
Net profit for the financial year	-	-	-	885.643	885.643
Total comprehensive result for the period	-	-	-	885.643	885.643
Distribution to reserves	-	-	5.114	-5.114	-
Balance as at 31.12.2024	1.040.000	3.924.392	208.000	6.343.973	11.516.365

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

The financial statements were approved on 09.05.2025

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EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

1 General Information

2

Mozipo IFN SA is a legal entity registered in Romania, headquartered in Bucharest, Strada Calea Mosilor Nr. 21, Floor 3, Sector 3.

The company's main object of activity is the granting of consumer loans. The company was established on October 2, 2014.

Shareholders of the company on December 31, 2024 and December 31, 2023

	December 2024		December 2023	
	Number of shares held	Shares owned	Number of shares held	Shares owned
MC Progressio UAB	29	0,27885%	29	0,27885%
Mr. Jurgis Petrosius	29	0,27885%	29	0,27885%
Mozipo Holding Limited	10.342	99,4423%	10.342	99,4423%
Total	10.400	100.00%	10.400	100.00%

The shareholder Mozipo Holding Limited is a company having its registered office at 41 Misaouli & Kavazoglou, 2nd Floor, Office 203, 3016 LIMASSOL, Republic of CYPRUS.

All shares of the company were issued, subscribed and paid up on December 31, 2024. The Company did not own any of its own shares as of December 31, 2024. The Company's shares are not publicly traded.

The Company has no other subsidiaries or representative offices.

As of December 31, 2024, the Company had 18 full-time employees in Romania, 1 part-time employee, 1 contract employee, 1 agency employee, 5 employees in Lithuania and 5 members of the Board of Directors. The average number of employees during 2024 was 20 compared to 19 in 2023

The Company's management has authorized these financial statements as of May 09, 2025. The Company's shareholders have equal rights in approving or disapproving the financial statements and may request management to prepare a new set of financial statements.

3 Bases of the presentation

a) Declaration of conformity

The financial statements have been prepared in accordance with the Order of the National Bank of Romania no. 27/2010, as amended and supplemented, which requires that these financial statements be prepared in accordance with International Financial Reporting Standards adopted by the European Union (hereinafter referred to as "IFRS"). The accounting records of the Company are maintained in RON, in accordance with the accounting legislation in Romania, as well as with the regulations in force issued by the National Bank of Romania.

As from 2023, the National Bank of Romania has issued regulations making IFRS the basis of accounting for non-bank financial institutions. Thus, the Company's accounting records are harmonized in all material respects with these standards.

b) Bases of the evaluation

These financial statements have been prepared under the historical cost convention.

c) Functional currency and presentation currency - "RON"

The company performs the accounting records in Romanian lei ("RON") in accordance with the financial accounting regulations issued by the National Bank of Romania and the Ministry of Public Finance.

d) Use of significant estimates and judgments

The preparation of financial statements in conformity with International Financial Reporting Standards requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosure of contingencies. Significant areas of estimation used in the preparation of the accompanying financial statements relate to depreciation, amortization, impairment, deferred income taxes, measurement of financial instruments, and impairment assessments. Future events may occur that will cause the assumptions used in making the estimates to change. The effect of any changes in estimates will be recognized in the financial statements when determinable.

Set out below are key assumptions about the future and other key sources of estimation uncertainty at the statement of financial position date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

The Company periodically reviews its receivables for impairment. The Company uses its experienced judgment to estimate the amount of any impairment loss in cases where a borrower is experiencing financial difficulties and historical data is available for similar borrowers. Similarly, the Company estimates changes in future cash flows based on observable data that indicates that there has been an adverse change in the payment status of borrowers in a group or national or local economic conditions that correlate to the group's asset default.

Management utilizes estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the receivables group when planning its future cash flows. The Company uses its experienced judgment to adjust observable inputs for a group of receivables to reflect current circumstances. The methodology and assumptions used to estimate both the amount and timing of future cash flows are reviewed periodically to minimize differences between loss estimates and actual loss experience. Financial asset adjustments are disclosed in Note 7.

e) Carrying out the activity according to the on a going concern basis principle

The company carries out its activity on a going concern basis.

4 Significant accounting methods and policies

The significant accounting methods and policies presented below have been consistently applied by the Company in each of the financial years presented.

4.1 Intangible assets

Intangible assets purchased separately are initially valued at acquisition cost. After initial recognition, intangible assets are measured at cost less accumulated amortization and any accumulated impairment losses. The useful life of intangible assets is assessed as either finite or indefinite. Intangible assets with a finite useful life are depreciated over the useful economic life of no more than 3 years and are valued for impairment whenever there is an indication that the intangible asset may be impaired. Depreciation periods for intangible assets with a finite useful life are reviewed at least at the end of each financial year.

Tangible assets

Real estate and equipment are accounted for at acquisition cost, less accumulated depreciation and any accumulated depreciation of value. Such a cost includes the cost of replacing part of such property and equipment when that cost is incurred if the recognition criteria are met.

Parts of some goods and equipment may need to be replaced at regular intervals. In accordance with the principles of recognition of property, plant and equipment, the company recognizes the cost of replacing the part as an item of property, plant and equipment when that cost is incurred if the recognition criteria are met.

The carrying amounts of fixed assets and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable.

Property, plant and equipment is written off when sold or when no future economic benefits are expected. Any gain or loss arising on the disposal of property, plant and equipment (calculated as the difference between net sales and the carrying amount of assets) is recognized in the statement of comprehensive income for the reporting year when the assets are derecognised.

Depreciation is calculated linearly over the following estimated useful periods:

Computers and communication equipment	2 ani,
Furniture	8 ani,
Vehicles	4 ani,
Other goods	5 ani.

The useful lives are periodically reviewed to ensure that the depreciation period is in line with the expected pattern of economic benefits from items of property, plant and equipment.

3.3 3.3 Accounting policies for leases as tenant

For the purpose of these financial statements, the Company has applied IFRS 16 for leases in cases where the Company is a lessee, by exempting them from the retrospective application permitted by IFRS 1. With respect to the exemption, the Company:

- i) measured the lease liability at the present value of the remaining lease payment, using the incremental loan rate at the date of transition to IFRS;

- ii) measured usage rights assets in an amount equal to the leasing debt adjusted by the amount of any accumulated or prepaid lease payments recognized in the statement of financial position immediately prior to the transition date; and
- iii) applied IAS 36 (impairment measurement) to the right-to-use assets at the date of transition to IFRS.

The Company leases office space. Leases are recognized as a right-of-use asset and a corresponding liability on the date the leased asset is available for use by the Company. Each lease payment is allocated between the principal and interest of the lease liability. The finance cost is charged to profit or loss over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is recognized at cost and amortized on a straight-line basis over the shorter of the useful life of the asset and the lease term.

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

- Fixed payments (including substantial fixed payments), less any lease incentives receivable;
- variable lease payment that is based on an index or rate;
- amounts anticipated to be payable by the lessee under the residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably
- certain that it will exercise that option, and
- penalty payments for lease termination if the lease term reflects the lessee exercising that option.

Lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the reference interest rate published by the NBR minus one percentage point is used.

Assets related to the right of use are valued at cost, comprising the following:

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

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

The lease term is reassessed if there is a significant event or a material change in circumstances affecting that assessment that is within the control of the lessee.

3.4 Financial assets and liabilities

The company recognizes the financial asset in its statement of financial position when and only when the company becomes a party to the contractual provisions of the instrument.

According to IFRS 9, financial assets fall into the following categories:

- Financial assets recognized at fair value through profit or loss ("FVTPL");
- Financial assets at fair value through other comprehensive income ('FVOCI'); and
- Financial assets measured at amortized cost ('AC').

The classification and subsequent measurement of financial assets depends on:

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

Business model

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

- solely to collect contractual cash flows from assets ("holding to collect contractual cash flows"), or

- to collect both contractual cash flows and cash flows resulting from the sale of assets ("holding for the collection of contractual cash flows and intended for sale"), or,

- if none of the above is applicable, the financial assets are classified as part of an 'other' business model and measured at fair value through profit or loss (FVTPL).

The business model is determined for a group of assets (at the portfolio level) based on all relevant evidence about the activities undertaken by the Company to achieve the objective set for the portfolio available at the measurement date. Factors considered by the Company in determining the business model include the scope and composition of the portfolio, past experience of how cash flows have been collected for the assets, how risks are assessed and managed, how asset performance is evaluated and how managers are compensated.

Under the business model applied by the Company, financial assets are consistent with the business model of "holding to collect contractual cash flows", with sales of financial assets being rare or immaterial, both individually and cumulatively.

Cash flow characteristics (SPPI test)

If the business model is "holding to collect contractual cash flows" or "holding to collect contractual cash flows and held for sale", the Company assesses whether the cash flows represent only principal and interest payments ("SPPI").

Based on the Company's analysis, the contractual cash flows of loans originated by the Company represent solely payments of principal and interest on the principal amount due, i.e., interest includes only consideration for credit risk, time value of money, other basic credit risks (e.g., liquidity risk) and profit margin.

As a result, the Company's financial assets are measured at amortized cost.

Loan amortization

The value of loans and other receivables recorded by the company is reviewed and revalued on an ongoing basis. Loan valuation is an ongoing process consisting of an initial determination of the loan amount and subsequent loan valuation(s) (at the end of the respective reporting period).

Loan impairments, including cases where there is no likelihood of recovery of loans and other receivables, are provisioned for loans in accordance with the procedure set out in this policy. The Risk Management Committee reviews the methodology for making provisions and other receivables and, if changes are made, addresses documentation for BOD approval. Such review shall be carried out annually at the beginning of the new financial year.

Loan impairment and provisioning is based on a three-step model, taking into account identified changes in credit risk as described below. The Company assesses whether there is objective evidence of impairment. The loan impairment calculation is based on the expected credit loss method.

Considering the nature of the Company's business, which is based on the issuance of homogenous consumer loans (no purchase of loans from other lenders, no assumption of receivables, etc.), the Company does not record impaired financial assets/loans purchased or originated.

When performing consumer credit valuation, the Company applies a collective loan valuation defined by quantitative criteria (expected credit loss model is applied). Loans granted as a result of fraud or because the borrowers are dead are 100% impaired.

Individual impairment applies to significant loans granted to individuals (above EUR 10,000) that have at least one indication of impairment as defined in the company's internal procedures and to significant loans granted to corporate customers (above EUR 100,000)

Default values are considered to have been removed only when the loan no longer meets the default criteria, i.e., no exit period from default status applies.

Loan recognition

The company recognizes loans and receivables as financial assets and determines the initial amount when and only when the company becomes a party to (enters into) the loan agreement (or other debt instrument).

The Company's contractual cash flows under the credit agreement entered into by the Company include payments as follows: (i) repayment of loan principal, (ii) interest, and (iii) payments related to the closing of the credit agreement (contract analysis, servicing fees, hereafter referred to as "contractual fees").

The principal amount of the loan is measured at the fair value of the loan agreement (debt instrument) at initial recognition which may change over time if the loan is repaid or if the amount of the loan (credit contract) has changed.

Interest cash flows are consistent with the components of the standard form of credit agreement used in the Company's operations, including consideration for the time value of money, credit risk, liquidity risk and profit margin.

Fee-related cash flows are consistent with the components of the standard credit agreement forms, including administrative costs.

In order to disclose and update information about the fair value of loans, the company's management at the end of each reporting period makes a subsequent assessment and determines the change in the value of the company's loans and other receivables.

CHANGE (DECREASE) IN LOAN VALUE AND PRINCIPLES FOR LOSS PROVISIONS

When assessing collective impairment of loans, the company follows the requirements of the **expected credit loss (ECL)** model, which is also disclosed in IFRS 9. The basic principle of the expected credit loss model is to present a general trend of deterioration or improvement in the credit quality of financial instruments. The company evaluates the loan on a minimum quarterly basis, in accordance with the valuation principles approved by the company's Board of Directors.

When performing the subsequent determination of the loan amount, the company first determines whether there are obvious objectives of loan impairment. If it is determined that the value of the loans is not affected - the loans are valued at the present value.

Type of financial asset	Initial assessment	Subsequent evaluation
loans and receivables	Fair value	Amortized loan amount - the amount of the loan, less the expected loss

Stages of the impairment loss process

The expected impairment loss approach involves a 3-stage model, taking into account changes in credit risk of loans.

Stage 1. Stage 1 applies to all loans for which no significant increase in credit risk has been observed after the initial recognition of the asset - payments are less than 30 days late and have never been more than 30 days overdue in the last 6 months. Stage 1 exposures are subject to a 12-month probability of default. At the end of each reporting period, the company assesses whether the credit risk of the loan has increased significantly since the initial recognition based on the company's available customer data, taking into account the criteria in stages 2 and 3.

Stage 2. Stage 2 applies to loans whose credit risk has increased significantly. This is the stage of credit assessment, in which there is a significant decrease in the value of the loan - ie a significant change in the probability of default over a lifetime for a loan period. If the following conditions are met, a significant increase in credit risk is recognized, regardless of the results of the quantitative measurement:

- 1.3. Payments are delayed from 31 to 90 days; or
- 1.4. Payments are made in days up to 30 days, but have been placed in the bucket of 30+ DPD in the last 6 months (6 months > 30 DPD);

1.5. Financial assets that have been modified due to the debtor's financial difficulties, loan conditions are reviewed, and credit facilities have been facilitated (for example, payments have been deferred, restricted, etc.).

1.6. The financial asset (loan) is under supervision;

In the event of a significant increase in credit risk since initial recognition, the provisions for expected credit losses will be recognized and the financial instrument will be transferred to Stage 2. The method is symmetrical - which means that in subsequent reporting periods, if the credit quality of the financial instrument improves to a point where there is no significant increase in credit risk since initial recognition, the financial asset is reintroduced in stage 1.

Stage 3. Stage 3 applies to loans where the obligations are substantially high and, therefore, the company is exposed to credit losses over time and provisions are formed. Thus, if the quality of the loan from step 2 continues to deteriorate, the loan is transferred to step 3. The loan is transferred in step 3 if the following conditions are met:

- 1 Payments are delayed for more than 90 days; or
- 2 The credit agreement is terminated, regardless of the reasons; or
- 3 The debtor died; or
- 4 The loans were granted through fraudulent offenses; or
- 5 The debtor is declared bankrupt.

Loan quality from the moment of its recognition



Stage 1	Stage 2	Stage 3
Initial recognition	Significant change in the probability of default (credit risk)	loans amortization
Expected loss over the next 12 months (or for the duration of the loan if loan term is less than 12 months)	Expected loss of life	Expected loss of life

Exceptions In rare cases, the company applies the tolerance periods, ie the company concludes loan restructuring agreements in accordance with the approved internal procedure for restructuring loans granted to individuals, valid from 15.06.2018. Such a category of exposures represents (i) a significant increase in credit risk (i.e. step 2) when a Client is in financial difficulty and a short term grace period (less than 12 months) is granted when payments are deferred (rather than cancelled) and/or interest is calculated on unpaid deferred amounts; having the effect that there is no negative impact on the expected future cash flows of the Loan or

(ii) on those in default (i.e. step 3), if the Loan shows the default criteria described in Article o of this Policy.

VII PROBABILITY OF DEFAULT (PD). LOSS GIVEN DEFAULT (LGD); INFORMATION AND ADJUSTMENTS

Definition of default status

Default - non-fulfillment or delay of the company's monetary obligation towards the company and / or the occurrence of other circumstances, showing the client's improbability to make payments to the company under the credit agreement, regarding the following indicators:

Applicable

- 1.1. **90 days remaining (90 DPD) when making payments under the credit agreement;**
- 1.2. **Specific credit risk adjustments (SCRA) -significant** perceived decrease in credit quality in case of a credit obligation, as an indication of the improbability of payment, involving a write-off. The last indication is applicable by the company only in two scenarios: (i) when the client has died or (ii) the client is declared bankrupt, which leads to a 100% write-off of the loan.
- 1.3. **Restructuring in case of financial difficulty.** The concession was granted to a borrower experiencing significant financial difficulties, resulting in a reduced financial obligation; it has a negative effect on future estimated cash flows, for example, a significant part of interest or principal payments may be waived.
- 1.4. **Other indications of improbability of payment** which triggers non-payment, would be (i) the loan was issued as a result of the offense of fraud or (ii) the loan has been restructured several times over a period of 12 months;

Not Applicable

- 1.5. **Non-accumulation status** - the cases in which the interest resulting from the credit agreement is no longer recognized in the profit and loss account of the company due to the decrease of the credit quality of the obligation. The latter indication does not apply to the company, as there are no situations in which the company ceases to recognize the amounts of interest (however, in certain cases, the company may cease the recognition and write down the amounts of interest accrued as a result of a court decision, the sale of non-performing loans, which finds that the company refuses the accrued interest or the accrued interest cannot be recovered for legal reasons, etc.);
- 1.6. **Sale of receivables with material losses.** it does not apply to the company, as the company complies with the domestic policy that loans subject to sale are only those that exceed the threshold of 90 DPD. Therefore, the probability of default is identified at an earlier stage. Based on other triggering factors
- 1.7. **Other indications of improbability of payment** (e.g. identification of breach of other provisions of the contract, - The company obtains information that a customer has lost its source of income, etc.). This last indication does not apply to the company, as the company is considering the fulfillment of financial obligations under the credit agreement

For the purpose of managing and controlling credit risk, as well as for the purpose of assessing credit and ensuring access, the company assesses the components of credit risk: PD (probability of default), LGD (loss due to default) and EAD (exposure in case of default).

Calculation of the probability of non-repayment of the loan

Probability of default. The company constantly assesses the probability of default (PD) of the company's debtors, ie the probability that the debtors will not fulfill their obligations in the next 12 months or for the entire duration of the credit agreement. It is calculated on the basis of statistics on the performance of loans in the last 12 months for stage 1 and for the remaining duration of the stage 2 loan (percentage of non-performing loans in all ongoing credit agreements) based on historical data.

To determine the probability of default, the company does not use the rating / segmentation method.

The rules and basic principles of PD calculation are as follows:

- 1.1. PD calculations are made only for loans recognized as not performing, ie less than 90 DPD
- 1.2. 1.2. Exposures are segmented into DPD cups as follows:
 - 1.2.1. 0 DPD (current);
 - 1.2.2. 1 - 30 DPD;
 - 1.2.3. 0 DPD (current), however, have been entered in the range of 30+ DPD in the last 6 months (6 months > 30 DPD);
 - 1.2.4. 1 - 30 DPD (current), however, have been entered in the 30+ DPD range in the last 6 months (6 months > 30 DPD);
 - 1.2.5. 31 - 60 DPD;
 - 1.2.6. 61 - 90 DPD.
- 1.3. The exposure intervals established are tracked in order to identify how many clients are in default during the observation period (i.e. 12 months or average lifetime). In this way, the PD is calculated (as a percentage). This calculation is executed for each interval: 0 DPD (current); 1 - 30 DPD; etc.

Calculation for Loss Given Default (LGD)

Loss given default The LGD indicator shows the company's expected loss if the borrower defaults on its obligations, ; Loss given default indicates the amount of loss, assuming the borrower has defaulted (PD = 100%).

The updated cash flow model is used to calculate the LDG indicator.

The basic rules and principles for calculating the loss in case of non-reimbursement are as follows:

- 1.1. The LGD calculation is performed only for loans that are recognized as defaulted ('under observation');
- 1.2. Loans are classified into subgroups according to the number of days of delay (DPD)

- 1.1.1. 91 - 120 DPD;
- 1.1.2. 121 – 150 DPD;
- 1.1.3. 151 – 180 DPD
- 1.1.4.

Up to 6 years of number of days of delay, the division into subgroups is made monthly, according to the above provisions. As of this date, this division shall be executed annually.

- 1.1. Historical statistical data of the cash flows of all loan subgroups are obtained - ie the amount of cash flows recovered monthly / annually for each group in a period of 12 months. Based on these historical data, an expected cash flow is established for each subgroup of loans (ie expected cash flows in cases where a certain loan moves to another subgroup).
- 1.2. The indicated cash flows are updated.

Exposure to default risk

EAD (Risk Exposure). Default credit amount (EAD). The EAD indicator shows the probable size of the debtor's obligation to the Company at the time of late payment. Basically, the EAD is a balance sheet amount for which the Expected Credit Loss (ECL) is to be calculated. It consists of principal, accrued interest, commissions, penalties, etc. until the reporting date.

Expected credit loss

The PD, LGD and EAD measure the expected credit loss (EL or ECL), i.e. the average loss expected to be incurred by the Company in the event that the borrower defaults on its obligations to the Company..

$$\mathbf{PD \times LGD \times EAD = ECL}$$

Where:

PD - the probability of default, i.e. the likelihood that the borrower will not meet its financial obligation;

LGD - the implied given loss, i.e. the ratio of losses that the Company would incur as a result of the debtor's insolvency;

EAD – default risk exposure , i.e. the expected size of the exposure in the event of default.

Expected Credit Loss (ECL) - this is the average loss that the Company expects to incur from loans. The expected losses in terms of risk are considered to be commercial costs, which must be covered by interest on loans. To this end, the Company seeks to establish interest margins corresponding to the credit risk, ie the income generated by the credit margin would cover the expected credit loss, the operating costs related to the granting and administration of the credit, and the remaining income would ensure the required return on the capital requested by the shareholders.

The Company seeks to minimize expected losses by ensuring adequate internal control of the Company's business processes.

In calculating the ECL, the Company applies a contractual period during which it assumes risks. The term of the credit agreement will be taken into account to determine such a contractual period.

Early adjustment of indicators. Methodology for applying macroeconomic indicators for the calculation of PD and LGD

The probability of default includes the evaluation of forward-looking information. The company converts its historical data into a specific economic situation (certain moment), using models based on expected economic development scenarios.

The key economic variables analysed by the company are inflation and wage developments. The influence of economic variables on the probability of default is determined by statistical regression analysis. The process also uses expert evaluation. To incorporate the influence of economic variables, the Company uses 4 economic scenarios (main, optimistic, pessimistic, unfavourable) that end with the general scenario, in terms of probabilities and share of these scenarios. These probabilities are summarized according to the expert assessment of the company's management, but the aim is that the increase of the chosen economic variables generally corresponds to the forecasts published by institutions (eg National Commission for Strategy and Forecast, large commercial banks, etc.).

Methodology for applying macroeconomic indicators for the calculation of PD and LGD

Choosing the relevant macroeconomic indicator. The most relevant macroeconomic indicators are chosen from the list of main macroeconomic indicators. Considering the customer base of the Company are only individuals (without business loans), the most relevant indicator is the Average Salary. The average wage indicator is adjusted by the annual inflation indicator to obtain the actual average wage indicator:

$$\text{Effective Average wage (EAW)} = \text{Average wage} - \text{annual inflation}$$

The other macroeconomic indicators are not considered relevant, adjusting PD and LGD. For example, GDP growth is considered to affect only business customers.

Calculation of EAW indicator increment through different scenarios. The effective average wage indicator is set at different development scenarios to obtain a weighted average figure. The four scenarios are considered: Main, Optimistic, Pessimistic and The most unfavourable. The depth and weight of each scenario are determined by expert evaluation and approved by the company's Risk Management Committee, in terms of European economic trends.

The process of analysing historical data. To establish the relationship between macroeconomic indicators and historical data of PD and LGD are introduced in the regression analysis: a relationship between the EAW indicator and the depreciation coefficient is analysed based on the trend. The anticipated adjustment is calculated from the obtained relation.

Because the saturation in the regression between the average effective salary and the depreciation coefficient is anticipated, the absolute value of the average effective salary was chosen for the analysis. This would address the situation where the average effective growth will slow down, however, the depreciation coefficient remains almost unchanged.

It should be noted that the regression formula is revised and adjusted in relation to the new historical / statistical data obtained, choosing the best appropriate transformation regression

(Linear Regression, Logistic Regression, Polynomial Regression, Step Regression, etc.) according to the most high correlation results.

Data source and review. The data are obtained from several reliable sources - the National Commission for Strategy and Forecast, the main commercial banks, etc. The data are reviewed annually.

Early adjustment of LGD and PD indicators:

The EAW forecast is set for the next 12 months.

The forecast is set according to the chosen regression function.

The forecast is compared with the value of the last historical "point" of data.

The LGD and PD indicators, respectively, are adjusted.

The assumptions underlying ECL calculations are reviewed periodically (at least once a year) and back-testing of the models used in ECL calculations compared to actual data is performed. If necessary, the models are adjusted.

Formation of provisions. The Company does not apply for loan guarantees, therefore the Company's formed provisions are equal to the estimated calculated credit loss.

Expected credit losses on amortized cost loans are recorded in the provision accounts and form an integral part of the carrying amount of the asset in the statement of financial position. Provisions reduce the total carrying amount of the asset

Borrowed funds

Loans are initially recognized at the fair value of the proceeds received, less transaction costs.

After initial recognition, the debt issued is subsequently measured at amortized cost using the effective interest method. The amortized cost is calculated taking into account any reduction or premium on the issue and the costs that are an integral part of the effective interest rate.

Derecognition of financial assets and liabilities

Financial assets

A financial asset (or, where applicable, part of a financial asset or part of a group of similar financial assets) is derecognised when:

the rights to receive cash flows from the asset have expired; or

the company transferred its rights to receive cash flows from the asset or retained its right to receive cash flows from the asset, but undertook to pay them in full without significant delay to a third party on the basis of an arrangement "crossing"; and

the company has either (a) transferred substantially all the risks and rewards of the asset, or (b) has not transferred and retained substantially all the risks and rewards of the asset but has transferred control over the asset.

If the Company has transferred its rights to receive cash flows from an asset and has not transferred and retained substantially all the risks and rewards of the asset and has not transferred control over the asset, the asset is recognized to the extent in which the Company continues to be

actively involved. The continuing involvement in the form of a guarantee on the transferred asset is measured at the lower of the initial carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

If the continuing involvement takes the form of a written and / or vested option (including a cash-settled option or similar provision) on the transferred asset, the degree of continued involvement of the Company is the amount of the transferred asset that the Company may redeem, except the fact that, in

the case of a put option (including a cash-settled option or similar provision) on an asset measured at fair value, the Company's continuing involvement is limited to the lower of the fair value of the transferred asset and the exercise price. of the option.

Other financial liabilities

A financial liability is derecognised when the liability arising from the liability is fulfilled or canceled or expires.

If an existing financial debt is replaced by one from the same creditor under substantially different terms or the conditions of an existing debt are substantially changed, such exchange or change is treated as a derecognition of the original debt and recognition of a new debt.

Impairment of financial assets

If there is objective evidence that there has been an impairment loss on finance leases, loans issued and other receivables recognized at amortized cost, the amount of the loss is measured as the difference between the carrying amount of the asset and the present value of estimated future cash flows. Future cash flows consist of any amounts receivable, including, but not limited to, any payments receivable, collateral and other payments. The present value of future cash flows is estimated using the discount factor. The carrying amount of the asset is reduced by using an impairment account. The amount of the loss is recognized in the statement of comprehensive income.

The Company first assesses whether there is objective evidence of impairment individually for financial assets that are individually or collectively significant for financial assets that are not individually significant. If it is found that there is no objective evidence of impairment for an individually valued financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is measured. collectively for depreciation. Assets that are individually valued for impairment and for which an impairment loss is or continues to be recognized are not included in a collective impairment assessment.

If, at a later period, the amount of the impairment loss decreases and the decrease can be objectively related to an event that occurred after the recognition of the impairment, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in the statement of comprehensive income, to the extent that the carrying amount of the asset does not exceed its amortized cost at the date of reversal.

3.5 Impairment of other assets

The company assesses at each reporting date whether there is information that an asset may be impaired. If such information exists or when annual impairment testing is required for an asset, the

company makes an estimate of the recoverable amount of the asset. The recoverable amount of an asset is the higher of the fair value of an asset or cash-generating unit less costs to sell and its value in use and is determined for an individual asset unless the asset does not generate cash inflows that are largely independent of those in other assets or groups of assets. If the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is carried at recoverable amount. When valuing use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the specific risks of the asset. Impairment losses on continuing operations are recognized in the statement of comprehensive income in those categories of expenses in accordance with the function of the impaired asset.

At each reporting date, an assessment is made as to whether there is any indication that previously recognized impairment losses may no longer exist or have decreased. If such information exists, the amount recoverable is estimated. A previously recognized impairment loss is reversed only if there has

been a change in the estimates used to determine the recoverable amount of the asset since the last recognition of the impairment. In this case, the carrying amount of the asset is increased to its recoverable amount. This increased amount may not exceed the carrying amount that would have been determined, net of amortization (if any), if an impairment loss for the asset had not been recognized in prior years. Such a reversal is recognized in profit or loss, unless the asset is carried at revalued amount, in which case the reversal is treated as an increase in revaluation. Following such a reversal, the amortization charge (if any) is adjusted in future periods to allocate the revised carrying amount of the asset, less any residual value, on a systematic basis over the remaining useful life.

3.6. Cash and cash equivalents

Cash consists of cash in bank accounts. Cash equivalents are short-term, highly liquid investments that are readily convertible into known amounts of cash with initial maturities of three months or less and that are subject to an insignificant risk of change in value.

For the purposes of the cash flow statement, cash and cash equivalents include cash held in current accounts with banks.

3.7. Provisions

Provisions are recognized when the company has a present obligation (legal or constitutive) as a result of a past event, it is likely that an outflow of resources that includes economic benefits will be necessary to settle the obligation and a reliable estimate of the amount of the obligation can be made. . Provisions are reviewed in each statement of financial position and adjusted to present the most reasonable current estimate. If the effect of the time value of money is significant, the amount of the provision is equal to the present value of the expenses, which are expected to be incurred to settle the debt. If the discount is used, the increase in the provision due to the passage of time is recognized as a cost of the loan.

3.8. Profit tax

The profit tax is based on the profit of the year and takes into account the deferred tax. The profit tax is calculated based on the Romanian tax legislation. The standard rate of profit tax in Romania is 16%. Tax losses can be carried forward for a period of 7 years.

Deferred taxes are calculated using the liability method of the financial statement. Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for corporate tax purposes. Deferred tax assets and liabilities are measured using the tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be reversed on the basis of the tax rates adopted or substantially adopted at the date of the statement of financial position.

The deferred tax asset is recognized in the statement of financial position to the extent that the company's management believes that it will be realized in the near future, based on taxable profit forecasts. If it is believed that a portion of the deferred tax asset will not be realized, that portion of the deferred tax asset is not recognized in the financial statements.

3.9. Recognition of income

Revenue is recognized when the economic benefits associated with the transaction are likely to accrue to the company and the amount of revenue can be validly measured. Revenue is accounted for based on the effective interest rate.

When calculating the effective interest rate, the company measures cash flows taking into account all the terms of the credit agreement, but does not take into account future credit losses. The calculation includes all fees and other amounts that the contracting parties have paid (will pay) or have received (will receive) from each other, which are an integral part of the effective interest rate, as well as all commissions or commission reductions.

In case of late payment, the customer covers the losses incurred by the company due to uncovered income. This is recognized in the Statement of comprehensive income in the interest income chapter when it is paid by the customer.

Revenue from other services is recognized when the transaction is completed or when its degree of performance can be measured reliably before the date of the statement of financial position.

3.10. Recognition of expenses

Expenses are recognized on an accrual basis and in respect of income and expenses in the reporting period in which income related to those expenses was earned, regardless of the time in which the money was paid. In those cases where the costs incurred cannot be directly attributed to the specific revenues and will not bring revenues in future periods, they are spent as they have been incurred.

In cases where a long payment period is established and no interest is distinguished, the amount of the expenditure is estimated by reducing the amount of the payment using the market interest rate.

3.11. Currency transactions

Foreign currency transactions are recorded at the exchange rates existing at the date of the transactions. Gains and losses resulting from the settlement of these transactions and from the conversion of

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notes to the financial statements
FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2024
(all amounts are presented in Ron except as otherwise specified)

monetary assets and liabilities denominated in foreign currency at the date of the statement of financial position are recognized in the income statement. Such balances are translated at the exchange rate at the end of the period.

The exchange rates of the main currencies were the following:

Currency	December 31, 2024	December 31, 2023	% Increase/(Decrease)
Euro (EUR)	1: RON 4.9741	1: RON 4.9746	(0.01)%
US Dollar (USD)	1: RON 4.7768	1: RON 4.4958	6.25 %

3.12 Contingent

Contingent liabilities are not recognized in the financial statements. These are disclosed unless the possibility of an outflow of resources incorporating economic benefits is ruled out.

A contingent asset is not recognized in the financial statements, but is presented when there is likely to be an economic flow or benefit.

3.13 Subsequent events

Subsequent events that provide additional information about the company's position at the date of the statement of financial position (adjustment events) are reflected in the financial statements. Subsequent events that are not adjustment events are presented in the notes when they are significant.

3.14 Offsetting

In preparing financial statements, assets and liabilities and income and expenses are not offset unless certain IFRSs specifically require or permit such offsetting.

3.15 New Standards and Interpretations

a) Standards, interpretations and new amendments adopted on or after January 1, 2024

The following amendments shall apply for the period beginning on January 1, 2024:

Vendor Financing Arrangements (Amendments to IAS 7 and IFRS 7)

On May 25, 2023, the IASB issued Amendments to Vendor Financing Arrangements, amending IAS 7 Cash Flow Statements and IFRS 7 Financial Instruments: Presentation. The amendments require entities to provide specific notes (qualitative and quantitative) on these arrangements, including their characteristics.

Liabilities under Leases in Sale and Leaseback Transactions (Amendments to IFRS 16)

On September 22, 2022, the IASB issued amendments to IFRS 16 on Liabilities under Sale and Leaseback Transactions. Prior to these amendments, IFRS 16 did not include specific measurement requirements for lease liabilities with variable lease payments in such transactions. The amendments require the seller-lessor to determine 'lease payments' in such a way that it recognizes no gain or loss associated with the right of use retained by the seller-lessor.

Classification of Liabilities as Current or Non-current and Non-current Liabilities with Contractual Arrangements (Amendments to IAS 1)

The IASB issued in January 2020 amendments to IAS 1 on the classification of liabilities as current or non-current, followed by amendments in October 2022 on Non-current Liabilities with Contractual Arrangements. These amendments clarify that an entity's right to defer settlement of a liability must be substantial and exist at the end of the reporting period. If the right to defer is conditional on compliance with contractual covenants, those covenants affect the classification of the liability only if they are enforceable at the end of the reporting period.

b) Standards and amendments not yet effective

The following amendments become effective for future reporting periods:

Lack of Convertibility (Amendment to IAS 21 - The Effects of Changes in Foreign Exchange Rates).

This amendment to IAS 21 clarifies how entities shall measure and account for transactions in currencies that are not freely convertible in foreign exchange markets. The standard introduces new requirements for identifying and measuring the exchange rate applicable in situations where convertibility is restricted. The purpose of this amendment is to improve the consistency and comparability of financial reporting in economies with significant currency restrictions. Effective January 1, 2025.

Amendments to Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7).

These amendments clarify and improve the rules for classifying and measuring financial instruments, ensuring more consistent application of IFRS 9 and IFRS 7. The main amendments include:

- Clarifying criteria for classifying financial assets based on business model and cash flow characteristics.
- Improvements to the recognition and measurement of financial liabilities, including issues related to changes in contractual terms.
- New reporting requirements for entities using complex financial instruments to enhance transparency and comparability of financial information

Effective January 1, 2026.

Contracts relating to naturally-dependent electricity (Amendments to IFRS 9 and IFRS 7).

These amendments clarify the accounting treatment of contracts to purchase electricity whose supply is contingent on natural factors, such as wind, solar or hydroelectric power.

- Clarifying the applicability of IFRS 9 to electricity purchase contracts, determining whether they should be accounted for as financial instruments or as executed contracts.
- Amendments to IFRS 7 reporting requirements to improve transparency on the risks associated with these contracts and their impact on the financial statements.
- Impact on revenue recognition and financial risk measurement, in particular for entities entering into long-term renewable energy contracts.

Effective January 1, 2026.

IFRS 18 Presentation and Reporting in Financial Statements.

Issued by the IASB in April 2024, IFRS 18 replaces IAS 1 and results in significant changes to IFRS standards, including IAS 8. Although IFRS 18 does not affect the recognition and measurement of items in the financial statements, its impact on presentation and reporting is substantial. The main changes include the introduction of new categories and sub-totals in the income statement, aggregation/disaggregation rules and new requirements for reporting performance measures defined by management. The standard will be effective January 1, 2027, allowing for early adoption.

IFRS 19 Non-publicly Accountable Subsidiaries: Reporting.

Issued by the IASB in May 2024, IFRS 19 introduces a simplified reporting framework for subsidiaries that are not required to provide extensive public disclosures but apply IFRS in their financial reporting. This standard reduces reporting requirements for these entities while maintaining transparency and comparability of financial information. The main benefit of IFRS 19 is to reduce administrative and reporting costs without compromising the usefulness of the data for users of financial statements. The standard will become effective on January 1, 2027, allowing early adoption.

3.16. Related Parties

A **related party** is a person or entity related to the entity preparing its financial statements (referred to as a 'reporting entity') [IAS 24.9]

(a) A person or a close family member of that person is related to a reporting entity if that person:

1. has joint control or control over the reporting entity;
2. has significant influence over the reporting entity; or
3. is a member of the Reporting Entity's key management personnel or a parent of the Reporting Entity.

(b) An entity is related to a reporting entity if any of the following conditions apply:

1. The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
2. An entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which another entity is a member).
3. Both entities are joint ventures of the same third party.
4. One entity is a joint venture of a third entity and the other entity is associated with the third entity.
5. The entity is a defined post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also linked to the reporting entity.
6. The entity is jointly controlled or controlled by a person identified in point (a)
7. An individual identified at (a) (i) has significant influence over the entity or is a member of the entity's key management personnel (or a parent of the entity).
8. The entity, or any member of a group to which it belongs, provides key management personnel services to the reporting entity or parent of the reporting entity

The Company's financial statements contain all information relating to:

- Financial position and profit or loss, which are influenced by the existence of related parties; - Transactions and balances of related parties.

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged. [IAS 24.9]

The information must take into account:

- Relationships between the Parent and Subsidiaries
- Management compensation (short-term employee benefits; post-employment benefits; other long-term benefits; termination benefits; share-based payment benefits)

Key management personnel are those persons who have authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any directors (whether executive or otherwise) of the entity.

Related party transactions

If there have been transactions between related parties, it is necessary to present information about the nature of the relationship with the related parties, as well as information about the transactions and outstanding balances, in order to understand the potential effect of the relationship with the related parties on the financial statements. This presentation should be made separately for each category of related parties and should include:

Value of transactions

- Amount of outstanding balances, including terms and conditions and warranties
- provisions for liabilities related to the amount of outstanding balances
- expenses recognized during the period in respect of non-performing or doubtful liabilities due from related parties

4. Interest income

	31.12.2024	31.12.2023
Current interest on consumer loans and hire purchase	9.870.292	9.830.663
Interest on loan to affiliated companies	202.350	206.663
Income from penalty interest	1.234.144	833.732
Income from commissions	0	0
Income from commission analysis	1.231.575	1.148.523
Income from management fee	249.467	300.075
Cancellation of interest income and commissions related to stage 3 contracts	-667.908	-681.486
	12.119.920	11.638.170

5. Interest expenses

	31.12.2024	31.12.2023
Interest on credit received from Mintos	482.368	445.637
Interest on credit received from TBI Bank	1.192.492	1.206.725
TBI Bank lending fee	47.636	48.933
Interest on credit received from Kona	208.948	214.71

Interest related to IFRS 16 leasing contract	5.521	5.383
	1.936.965	1.728.150

6. Adjustments to interest-bearing assets

	31.12.2024	31.12.2023
Income from adjustments for loan impairment	5.305.866	4.903.228
Income from write-off of current interest rate provision	1.635.260	1.099.344
Income from write-off of penalty interest rate provision	1.823.797	537.125
Income from provision for analysis	207.399	78.959
Income from provision for administration	58.487	30.734
Income from provision for intermediation	43.457	
Expenses with provisions - capital	-6.689.529	-6.542.074
Expenses with provisions - current interest rate	-1.846.965	-1.107.744
Expenses with provisions - penalty interest rate	-1.730.698	-332.979
Expenses with provisions - analysis	-210.492	-55.438
Expenses with provisions - administration	-86.726	-20.434
Expenses with provisions - intermediation	0	-73.604
	-1.490.144	-1.482.884

7. Net loss from assignment

	31.12.2024	31.12.2023
Income from assignment of receivables	356.830	325.486
Expenses from assignment of receivables	-332.870	-358.856
	23.960	-33.370

8. Expenditure on salaries and bonuses

	31.12.2024	31.12.2023
Expenditure related to staff salaries	2.609.282	2.175.768
Expenditure related to staff salaries - external salaries	697.053	586.137
Unit's contribution to social security - external salaries	11.288	9.425
Unit's contribution to unemployment benefits	58.708	48.953
Expenditure related to meal vouchers	118.330	83.080
Other social protection expenditure	3.355	0
Expenditure related to provisions for pensions and similar obligations	-3.526	47.016

3.494.490 **2.950.379**

9. Cheltuieli cu taxele si comisioanele

	31.12.2024	31.12.2023
CNPADAS enquiries	643	547
Expenses with other taxes, duties and similar charges	3.356	3.297
VAT expenses - reverse charge	330.987	270.234
Bank charges	249.326	245.122
Total	584.312	519.200

10. Protocol, advertising and publicity expenses

	31.12.2024	31.12.2023
Marketing expenses	1.045.014	993.848
Protocol expenses	27.707	6.961
Advertising expenses	0	0
	1.072.721	1.000.809

11. Other expenses

	31.12.2024	31.12.2023
Postal and telecommunication expenses	263.361	247.811
Personnel transportation expenses	16.654	19.822
third party services expenses	481.862	260.661
Other expenses for services	347.714	186.752
Expenditure on registry services	134.866	164.746
Expenditure on the services of bailiffs	50.203	62.325
Expenditure on registry services	180.335	147.106
Expenditure on credit bureau services	185.080	188.261
Mintos Lending Services Expenses	235.029	187.357
Compensation and penalty expenses	2.498	10.232
Client Identity Services	9.168	157.868
Other operating expenses	106.373	87.105
fees and taxes expenses		-191.616
Expenditure on electronic signature	103.542	117.340
Total	2.116.687	1.645.770

12. Reconciliation of profit tax

Profit tax expenses

<i>RON</i>	2024	2023
Profit tax expenses	287.286	456.545
Deferred tax expense/(income)		165.864
Profit tax (expense)/income	287.286	290.681

Reconciliation of profit before tax with income tax expense

<i>RON</i>	2024	2023
Profit / (loss) before tax	1.731.502	1.990.172
Taxation according to statutory rate of 16%	277.040	318.428
<i>Tax effect on taxable or deductible items</i>		
Non-deductible expenses	42.813	48.494
The impact of other elements including:	-32.567	-76.241
Tax deductions.	-32.567	-80.733
Impact of other temporary differences		4.492
Expense/(income) for profit tax	287.286	290.681

13. Cash and cash equivalents

	31.12.2024	31.12.2023
Cash and cash equivalents	1.972.861	1.332.985
	1.972.861	1.332.985

14. Loans granted and receivables attached

The net loans granted were as follows:

	31.12.2024	31.12.2023
Loans granted and receivables	33.309.830	31.238.494
Impairment adjustment on receivables	-9.858.334	-7.902.456
	23.451.496	23.336.038

The loans granted are not classified into separate segments, as all the activity is carried out on the territory of Romania. Consumer loans are granted only to individuals, resident in Romania; Loans are granted in Ron.

The change in adjustments for impairment of loans and receivables is shown below:

	31.12.2024	31.12.2023
Balance as at the beginning of the period	7.902.456	7.219.836
Establishment/(reversal) during the year	2.637.516	1.160.062
Resumption of interest adjustments related to impaired receivables	-681.486	-477.442
Balance as at the end of the period	9.858.334	7.902.456

All company loans are valued collectively.

In the statement of comprehensive income, the structure of income(+)/expenses (-) from the depreciation of interest-bearing assets is found below:

	31.12.2024	31.12.2023
Expenses related to the impairment of loans granted to customers	(10.564.410)	(8.132.274)
Resumption of impairment on loans to customers	9.074.266	6.649.390
Total	(1.490.144)	(1.482.884)

The structure of the amounts of the consumer loan to be credited in accordance with the repayment terms set out in the Loan Agreements is as follows:

	31.12.2024	31.12.2022
Overdue	7.645.086	6.563.314
up to one year	5.413.996	5.347.992
more than one year	15.466.581	15.645.580

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Amount of credit receivable, gross	28.525.663	27.556.886
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The structure of the granted loans and receivables of the Company according to the expected repayment terms is as follows:

31 December 2024

	Up to a month	2-3 months	4-6 months	7 - 12 months	up to 60 months	Over 60 months	Total
Loans granted and attached receivables	5.255.834	787.241	1.193.767	2.382.726	13.831.928	0	23.451.496

31 December 2023

	Up to a month	2-3 months	4-6 months	7 - 12 months	up to 60 months	Over 60 months	Total
Loans granted and receivables attached	5.075.940	807.500	1.197.926	2.312.295	13.916.530	25.847	23.336.038

Credit quality by financial asset classes

The company manages the quality of financial assets by applying internal credit assessment rules.

In assessing the granting of credit to individuals, the Company has implemented internal customer solvency rules, taking into account each customer's sustainable monthly income, available historical data, credit history, debt level and other social and economic factors. After evaluating all the criteria, a decision is made whether credit granting and possible credit options are given to a particular customer.

The total loan portfolio is divided into risk groups according to the outstanding payment terms. Reliable transactions (loans) are considered to be low risk if customers are late with repayments of up to 60 days. In this case, the customer is only required to cover the instalments and penalties. Higher risk groups are considered when customers are late with refunds of 60 to 180 days. The high-risk group consists of customers, who are delayed with refunds of more than 180 days. Clients in this group are obliged to immediately repay the entire credit loan and all accrued penalties.

15. Loans to affiliated parties

On December 21, 2021, a loan was granted to Moment Credit in the amount of EUR 350,000 (Ron 1,731,835 at the exchange rate on December 31, 2021) for a period of 3 years with an annual interest of 12% per year for which interests of EUR 1,283 were calculated in 2021.

The amount of the loan granted was reduced by EUR 6826.67 in 2022 so that the balance at 31.12.2023 was EUR 343,173.33.

During 2024, the loan was paid in full, and another loan of 350,000 Euro was granted under the same conditions, so that at the end of 2024 it amounted to 350,000 Euro. During the year 2024 interest of 40.678 EURO was calculated and collected in full.

16. Other current assets and receivables

		31.12.2024	31.12.2023
Commercial advances paid		13.439	25.970
Prepaid expenses		10.326	24.940
Amounts to be received - sick leave		32.432	31.913
Guarantees granted		27.432	27.432
No cash advances		69.571	0
Other amounts to be received		2.041	16.870
		155.241	127.165

17. Intangible assets

Gross value:	
Balance as at 31.12.2023	176.937
Entries	0
Balance as at 31.12.2024	176.937
Accumulated depreciation:	
Balance as at 31.12.2023	13.286
Accrued during the year	0
Balance as at 31.12.2024	13.286
Net value as at 31.12.2023	163.651
Net value as at 31.12.2024	163.651

Amortization expenses of intangible assets are included in operating expenses in the statement of comprehensive income.

Within the intangible fixed assets of the company, with a purchase price of RON 8,305, there is an accounting software not used, but fully amortized since 2018. During 2022, advances in the amount of RON 163,651 were paid for the development of a software for operational activity that has not yet been received. In the year 2024 this advance was transferred to another contract for the development of another software program, the initial one was not developed.

18. Tangible assets

Expenses related to depreciation of tangible assets are included in operating expenses in the statement of comprehensive income.

A portion of the Company's office assets and telecommunications equipment, with an acquisition value of RON 178,739 at December 31, 2024, had been fully depreciated, but were still in active use at the end of 2024. In 2024, office equipment amounting to RON 35,560 was purchased. The value of office improvements amounting to RON 83,472 was fully depreciated.

Gross value	Office improvements	Computers and communication equipment	Total
Balance as at 31.12.2023	83.472	178.739	262.211
Entries in 2024	0	35.560	35.560
Balance as at 31.12.2024	83.472	214.299	297.771
Accrued amortization:			
Balance as at 31.12.2023	83.472	162.455	245.926
Accrued during the year	0	17.423	17.423
Balance as at 31.12.2024	83.472	179.878	245.926
Net value as at 31.12.2023	0	16.285	16.285
Net value as at 31.12.2024	0	34.421	34.421

19. Financial assets

During 2022 and 2023 respectively, there were no transactions with shares held in other companies, so the company does not hold financial assets.

20. Asset usage rights

The company has a lease contract for the head office for 1500 Euro per month plus VAT. Starting October 2021, the contract was adjusted by increasing the surface area and the rent increased to 2400 Euro plus VAT. In view of the application of IFRS 16 although the contract is for one year there are additional deeds extending the period so that the contract for the space was calculated for a remaining

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period of 21 months. And in the year 2023 the contract was extended the monthly value was 2856 EURO.

Gross value	Buildings	Total
Balance as at 31.12.2023	329.271	329.271
Recognition of new addendum	185.747	185.747
Derecognition of initial contract	-164.196	-164.196
Balance as at 31.12.2024	350.822	350.822
Accrued amortization:		
Balance as at 31.12.2023	205.465	205.465
Accrued during the year	170.243	170.243
Derecognition of initial contract amortization	-164.196	-164.196
Balance as at 31.12.2024	211.512	211.512
Net value as at 31.12.2023	123.806	123.806
Net value as at 31.12.2024	139.310	139.310

21. Financial debts

	31.12.2024	31.12.2023
Loan received from the MINTOS platform with maturity over one year	1.826.480	1.564.921
TBI loan with maturity over one year		1.492.380
Total amounts payable after more than one year	1.826.480	3.057.301
Loan received from the MINTOS platform with a maturity of less than one year	2.299.804	2.275.444
TBI credit with a maturity of less than one year	9.358.769	9.359.710
Loan received from Kona due in less than one year	1.492.230	
Accrued interest MINTOS platform	38.150	37.220
Accrued interest Kona loan	17.409	
Accrued interest on TBI loan	82.460	83.224
Total liabilities due within one year	13.288.822	11.755.598
Total	15.115.302	14.812.899

Loan movement

	Balance 31-12-2023	Input	Output	Balance 31-12-2024
Mintos Loan	3.840.365	18.831.737	18.545.820	4.126.282
TBI Bank Loan	9.359.710		941	9.358.769
Kona Loan	1.492.380		150	1.492.230

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Total	14.692.455	18.831.737	18.546.911	14.977.281
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During 2024, the company continued to execute the loan agreement concluded with MINTOS FINANCE SIA, based in Latvia, concluded in 2017. The credit limit is EUR 2,000,000 and the annual interest rate is 12% per annum.

This loan is guaranteed by UAB Moment Credit, Lithuania, Mozipo Aps, Denmark, Kalfo UAB, Lithuania, as well as by a first-rank mortgage on the company's receivables.

During 2024, the company continued to execute the loan agreement, repaying a large part of it, so that at the end of 2024 the loan balance was EUR 25,447 compared to EUR 74, 349 at the end of 2023, and the interest not yet due in the balance sheet as at December 31, 2024 was EUR 160.

During 2022, a new loan was accessed from Mintos FINANCE SIA. This new loan was continued in 2024, so that at the end of 2024 the loan amount was EUR 309,178, down from EUR 688,989 on December 31, 2023, and the interest not yet due on December 31, 2024 was EUR 2,895.

In 2024, another contract was signed, the value of which at the end of 2024 was EUR 487,586, and the interest not yet due at maturity was EUR 4,615.

The company has a credit agreement with a maximum ceiling of EUR 2,500,000 with TBI Bank, from which it had drawn EUR 2,000,000 as at 31 December 2022. During 2023, further withdrawals of EUR 33,000 were made and EUR 151,500 was repaid, resulting in a balance at the end of 2023 of EUR 1,881,500. In 2024, no further withdrawals or repayments were made, so the balance remained at EUR 1,881, 500. Interest on this loan was calculated at EUR 239,685 during 2024, of which the interest not due at the end of 2024 was EUR 18,144.

In 2023, a loan was taken out from Kona Capital Management SA in the amount of EUR 350,000 with an interest rate of 14% per annum and maturing in November 2025. Interest of EUR 14,139 was calculated for this loan, with interest not yet due at the end of 2024 amounting to EUR 4,615.

22. Leasing (IFRS16)

The company has a lease agreement for its registered office in the amount of EUR 2,400 per month plus VAT (EUR 2,856 including VAT). In view of the application of IFRS 16, although the contract is for one year, there are additional documents that extend the period so that the contract for the space was calculated for a period of 24 months.

For the year 2024 , 2023 respectively

	31.12.2024	31.12.2023
period	21-36 months	21-36 months
Interest rate	6% annual	3,7% annual
Interest expenses	5.490	5.383
Leasing debt	143.836	122.876

23. 23. Trade liabilities (Suppliers)

On December 31, 2024, trade payables increased by RON 78,940 compared to December 31, 2023, from RON 522,480 to RON 601,420. As of December 31, 2024, the balance of trade payables consisted mainly of payables for services rendered, with payment terms in January and February 2025.

24. 24. Current corporate tax

Year 2024	
Tax calculated	287.286
Income tax paid	294.244
Tax recoverable	6.958

On December 31, 2024, there was no current income tax due for 2023, when there was a tax payable in the amount of 341,986 lei.

25. Other debts

As of December 31, 2024 and 2023, other liabilities consist mainly of VAT payable, payroll taxes for the previous December, and other liabilities. All amounts payable were due in the short term. Their composition is as follows:

	2024	2023
Non-resident tax	4.424	10.961
Employee social contributions	118.050	197.706
Income tax	15.951	14.331
Advance payment	2.390	5.787
Other miscellaneous creditors	1.371	571
Salary guarantee fund	5.511	9.974
VAT payable	28.209	26.865
Current salaries payable	36.738	31.080
Unused vacation days and bonuses to be awarded	75.306	78.832
	287.950	376.107

26. Deferred profit tax

For the year 2023, the company does not record deferred tax. Nor did the company calculate deferred tax for the year 2024.

27. Equity and reserves

Following the decision of the Extraordinary General Meeting of Shareholders of April 23, 2019, it was decided to increase the share capital of the Company from Ron 940,000 to Ron 1,040,000 by issuing 1,000 shares with a nominal value of Ron 100 each and recording a share premium of Ron 375,8100 increasing the value of the share premium from Ron 9,584,436 to Ron 9,960,246.

As part of the equity management, the Company's management continuously monitors its total equity, which may not be less than EUR 200,000, as specified in the Romanian Laws.

In 2020, the share capital remains unchanged. Regarding the share premium, following the decision of the Extraordinary General Meeting of Shareholders of 26.10.2020, it was decided to cover the losses incurred in the fiscal years 2017 and 2018 using the registered share premium. The value of the share premium decreased from Ron 9,960,246 to Ron 3,924,391. In 2022 and 2023, respectively, there are no changes in the shareholding structure, the share capital or the share premiums.

	December 2024			December 2023		
	Number of shares	Shareholding percentage	Share capital	Number of shares	Shareholding percentage	Share capital
MC Progressio UAB	29	0,28%	2.900	29	0,28%	2.900
Mr. Jurgis Petrosius	29	0,28%	2.900	29	0,28%	2.900
Mozipo Holding Limited	10.342	99,44%	1.034.200	10.342	99,44%	1.034.200
Total	10.400	100.00%	1.040.000	10.400	100.00%	1.040.000

Legal reserves

A legal reserve is a mandatory reserve under Romanian law. Annual transfers of at least 5% of net profit are mandatory until the reserve reaches 20% of the share capital. From the 2020 profit, the amount of 67,572 lei was transferred to the legal reserve, and from the 2021 profit, the amount of 33,871 lei was transferred to the legal reserve. In 2022, no transfers were made to the legal reserve, and in 2023, the legal reserve was increased by 101,443 lei, so that its value at the end of 2023 is 202, In 2024, the amount of 5,114 lei was allocated to legal reserves, so that the level of the legal reserve reached 208,000 lei on 31 December 2024.

Share premium account

	31.12.2024	31.12.2023
Share premium account	3.924.392	3.924.392

28. Fair value of financial instruments

To determine the fair value of financial instruments, the Company uses the following methods and assumptions:

Loans and receivables When determining the fair value of loans and receivables, the valuation was performed by updating the future cash flows for each receivable over the entire period of the third level of the fair value hierarchy).

Loans and financial debts. Interests on financial loans reflect market interest rates, so their fair value approaches their carrying value at the third level of the fair value hierarchy).

As of December 31, 2024 and 2023, the Company did not measure any assets or liabilities at fair value in its financial statements. As of December 31, 2024 and 2023, based on management's assessment, the carrying amount of financial assets and liabilities approximates their fair value. As of December 31, 2024 and 2023, financial assets consist mainly of loans granted, cash and cash equivalents, while other financial liabilities consist of loans received.

29. Management of active and passive financial risks

The company's activities expose it to a variety of financial risks. Risk management is carried out by the management of the Company. The Company uses the following financial risk management procedures:

Credit risk

Credit risk is the risk that the parties to the transaction will not comply with their obligations that have been agreed in the agreement. There are procedures in place within the company on an ongoing basis to ensure that loans are given to trusted customers and do not exceed acceptable credit risk limits. Thus, credit risk is managed before the loan is issued.

The Company does not guarantee the obligations of other parties. Loans to customers are not guaranteed in any way.

Industry-Based Maximum Credit Risk

Industry risk is related to receivables from customers, whose economic activity is the same or closely related. As the Company provides loans to individuals and the maximum loan amount is up to 15 thousand Ron, the Company avoids the concentration of receivables.

Forecast information

An overview of the approach for estimating expected credit loss is presented in a dedicated note in the Significant Accounting Policies.

The assessment of the significant increase in credit risk and the calculation of expected credit losses includes forward-looking information. The Company has carried out a historical analysis to identify the key economic variables affecting credit risk and expected credit losses for the loan portfolio. The analysis resulted in the use of the evolution of the average salary as a variable, within three basic, optimistic and pessimistic scenarios. The levels used in the calculation*, as well as the weights

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assigned to each scenario are presented in the table below:

31.12.2024

The ECL scenario	Probabilities	2024	2025
Basic	70%		2,2%
Pessimistic	10%	-100%	0.0%
Optimistic	10%	25%	2,7%
Unfavourable	10%	-300%	-4,4%

31.12.2023

The ECL scenario	Probabilities	2023	2024
Basic	70%		3,4%
Pessimistic	10%	-100%	0.0%
Optimistic	10%	25%	4,3%
Unfavourable	10%	-300%	-6,8%

*) The revision of these variables is carried out at least annually or whenever changes occur that must be taken into account in their estimation.

Maximum Credit risk

The following table shows the maximum separation of credit risk by the statement of financial position notes. The maximum risk is presented without depreciation:

	Notes	31.12.2024	31.12.2023
Statement of financial position			

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Current bank accounts	9	1.972.861	1.332.984
loans and receivables	10	23.543.068	23.409.552
loans granted to group companies	11	1.740.935	1.707.150
Advance payments	12	(91.572)	(73.513)
Total		27.165.292	26.376.173

The structure of the Loans and advances portfolio granted to customers, by valuation method and type of customers.

31.12.2024			
	Gross book value	Depreciation	Net book value
Personal Need Loans			
Stage 1	18.591.906	1.048.673	17.543.233
Stage 2	2.548.177	949.138	1.599.039
Stage 3	12.169.747	7.860.522	4.309.224
Total	33.309.830	9.858.333	23.451.496

31.12.2023			
	Gross book value	Depreciation	Net book value
Personal Need Loans			
Stage 1	18.545.619	1.268.805	17.276.814
Stage 2	2.781.223	1.001.811	1.779.412
Stage 3	9.911.652	5.631.840	4.279.812
Total	31.238.494	7.902.456	23.336.038

Analiza zilelor de intarziere pentru creditele si avansurile din punct de vedere al serviciului datoriei este prezentata in tabelul de mai jos:

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	31 December 2024					
<i>RON</i>	Not overdue	1-30 days late	31-60 days of delay	61-90 days of delay	over 90 days	Total
Individuals	2597	551	179	133	2273	5733
Legal entities	1					1
TOTAL	2598	551	179	133	2273	5734

	31 December 2023					
<i>RON</i>	Not overdue	1-30 days late	31-60 days of delay	61-90 days of delay	over 90 days	Total
Individuals	2743	576	251	172	2015	5757
Legal entities	1					1
TOTAL	2744	576	251	172	2016	5758

Detailing the movements of impairment adjustments during 2024 and 2023 by the 3 stages of loans.

	12.2023	Incorporated	Cancelled	12.2024
stage 1	1.268.805	4.708.147	4.928.279	1.048.673
stage 2	1.001.811	4.923.997	4.976.671	949.137
stage 3	5.631.840	11.330.266	9.101.583	7.860.523
	7.902.456	20.962.410	19.006.533	9.858.333

	12.2022	Incorporated	Cancelled	12.2023
stage 1	1.188.622	4.677.065	4.596.882	1.268.805
stage 2	848.005	4.879.696	4.725.890	1.001.811
stage 3	5.183.209	8.650.094	8.201.463	5.631.840
	7.219.836	18.206.855	17.524.235	7.902.456

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Industry-Based Maximum Credit Risk

Industry risk is related to receivables from customers, whose economic activity is the same or closely related. As the Company provides loans to individuals and the maximum loan amount is up to 15 thousand Ron, the Company avoids the concentration of receivables.

Liquidity Risk

Liquidity risk is the risk that the Company may not be able to cover its current liabilities or cover them in adverse circumstances by attracting additional funding or using its assets. It is the policy of the Company to maintain a sufficient amount of cash or cash equivalents or to secure external financing through the use of bills and loans.

The table below shows the summary of the company's undiscountable financial liabilities, grouped by contractual maturity dates:

<i>31.dec.24</i>	<u>Up to 3 months</u>	<u>3 – 6 months</u>	<u>6 – 12 months</u>	<u>1 – 3 years</u>	<u>3 – 5 years</u>	<u>Over 5 years</u>	<u>Total</u>
Financial assets							
Placements with banks	1.972.861						1.972.861
advances granted to customers	6.043.075	1.193.767	2.382.726	8.850.901	4.981.027	0	23.451.496
loans granted to affiliated entities	0			1.740.935			1.740.935
Other financial assets	121.050						121.050
Total financial assets	8.136.986	1.193.767	2.382.726	10.591.836	4.981.027	0	27.286.342
Other financial liabilities							
OTHER LOANS	10.238.388	586.533	2.463.899	1.741.483	84.996		15.115.299
Leasing liabilities	47.945	47.945	47.945				143.836
Other financial liabilities	601.420						601.420
Total financial liabilities	10.887.753	634.478	2.511.845	1.741.483	84.997	0	15.860.555
Net balance sheet position	(2.750.767)	559.289	(129.118)	8.850.353	4.896.031	0	11.425.787

<i>31.dec.23</i>	<u>Up to 3 months</u>	<u>3 – 6 months</u>	<u>6 – 12 months</u>	<u>1 – 3 years</u>	<u>3 – 5 years</u>	<u>Over 5 years</u>	<u>Total</u>
Financial assets							
Placements with banks	1.332.984						1.332.984
Loans and advances to customers	5.075.941	807.500	1.197.926	2.312.295	13.916.530	25.846	23.336.038

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loans granted to affiliated entities	0			1.707.150			1.707.150
Other financial assets	95.248						95.248
Total financial assets	6.504.173	807.500	1.197.926	4.019.445	13.916.530	25.846	26.471.420
Financial liabilities							
Other loans raised	10.218.919	585.557	951.122	3.049.053	8.248		14.812.899
Leasing liabilities	41.573	40.956	40.347				122.876
Other financial liabilities	638.754						638.754
Total financial liabilities	10.899.246	626.513	991.469	3.049.053	8.248	0	15.574.529
Net balance sheet position	(4.395.073)	180.987	206.457	970.392	13.908.282	25.846	10.896.891

Interest rate risk

Interest rate risk is the current or future risk that profits and capital will be adversely affected by adverse changes in interest rates.

As of December 31, 2024 and 2023, all loans and financial liabilities issued by the Company consisted of fixed interest rate loans.

Foreign exchange risk

Currency risk is the risk that the company will incur losses due to exchange rate fluctuation. Loss of profit) from currency fluctuation may occur when the company's assets converted into foreign currency do not correspond to the liabilities converted into the same currency, i.e. when there is an open position in foreign currency).

The Company's monetary assets and liabilities denominated in Ron and foreign currency as at December 31, 2024 and 2023 are presented below:

<i>31.dec.24</i>	EUR	RON	Total
Assets			
Cash and cash equivalents	272.490	1.700.371	1.972.861
Receivables from customers		23.451.496	23.451.496
Loans to affiliated parties	1.740.935		1.740.935
Other assets	155.251		155.241
Total assets	2.168.666	25.151.867	27.320.533
Debts			
Loans	15.115.302		15.115.302

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Other debts	406.573	482.797	889.370
Leasing debts	143.836		143.836
Total debts	15.665.711	482.797	16.148.508
Net balance sheet position	(13.497.045)	24.669.070	11.172.025

<i>31.dec.23</i>	EUR	RON	Total
Assets			
Cash and cash equivalents	201.670	1.131.314	1.332.984
Receivables from customers		23.336.038	23.336.038
Loans to affiliated parties	1.707.150		1.707.150
Other assets	8.472	118.684	127.156
Total assets	1.917.292	24.586.036	26.503.328
Debts			
Loans	14.812.899		14.812.899
Other debts	383.961	856.612	1.240.573
Leasing liabilities	122.876		122.876
Total debts	15.319.736	856.612	16.176.348
Net balance sheet position	-13.402.444	23.729.424	10.326.980

The situation of capital adequacy of the Company as at December 31, 2024 and 2023 was as follows:

<i>RON</i>	31 December 2024	31 December 2023
Equity	11.352.713	10.467.070
Share capital	1.040.000	1.040.000
Share premiums	3.924.391	3.924.391
Legal reserves	208.000	202.886
Profit or loss transferred	5.463.444	3.865.396
The current result	885.643	1.699.491
Profit distribution	-5.114	-101.443
Undepreciated value of other fixed assets	-163.651	-163.651
Subordinated loan		-

According to the National Securities Commission Regulation no. 20/2009 of the NBR, the value of own funds may not fall below the equivalent of EUR 200,000, the minimum mandatory value for the share capital.

Tax risk

Romanian tax legislation provides detailed and complex rules and has undergone various changes in recent years. The interpretation of the textual procedures and the implementation of the tax legislation could vary, and there is a risk that certain transactions, could be interpreted differently by the tax authorities, compared to the treatment of the Company.

The Romanian Government has a number of agencies that are authorized to carry out audits of companies operating in Romania. These audits are similar in nature to tax audits carried out by tax authorities in many countries, but can extend not only to tax issues, but also to other legal and regulatory issues that agencies may be interested in. It is likely that the Company will continue to be subject to regular checks on new laws and regulations issued.

The Romanian tax legislation includes the "market value" principle. According to which transactions between affiliated parties must be carried out at market value. Local taxpayers carrying out transactions with affiliated parties must prepare and make available to the Romanian tax authorities, at their written request, the transfer pricing documentation file.

Failure to submit the transfer pricing documentation file or the submission of an incomplete file may result in penalties for non-compliance; in addition to the content of the transfer pricing documentation file, the tax authorities may interpret the transactions and circumstances differently from the management's interpretation and, as a result, may impose additional tax obligations resulting from the adjustment of transfer prices.

The management of the Company believes that it will not suffer any losses in the case of a fiscal control to check the transfer prices. However, the impact of different interpretations of tax authorities can not be estimated reliably. It may be significant for the Company's financial position and/or operations.

30. 30. Transactions with affiliated entities

According to IAS 24 "Presentation of Related Party Transactions", parties are considered to be related when one party can unilaterally or jointly control the other party or has significant influence over the other party in making financial or operational decisions or operational matters or when the parties are jointly controlled and if the members of the management, their relatives or close persons who can unilaterally or jointly control the company or have influence over it. In determining whether the parties are related, the valuation is based on the nature of the relationship rather than the form.

The Company's related parties and related party transactions during 2022 were as follows:

Shareholder of the company Nota 1) Mozipo Holding LTD, Cyprus;

Group companies: Mozipo ApS (Danemarca), Mozipo Sp.z.o.o (Poland), Kalfo UAB (Lithuania)

Other companies linked by shareholders): Moment Credit UAB (Lithuania)

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The Company's related party transactions and balances were as follows:

2024 (EUR)	Purchases	Income from interest	Loan granted and attached receivables	Trade debts
Majority shareholder Mozipo Holding	174.097	-	-	27.952
Other Group Companies	-	-	-	-
UAB Moment Credit	2.310	40.678	350.000	2.310
	176.407	40.678	350.000	30.262

2023 (EUR)	Purchases	Income from interest	Loan granted and attached receivables	Trade debts
Majority shareholder Mozipo Holding	181.927	-	-	12.415
Other Group Companies	-	-	-	-
UAB Moment Credit	2.520	41.797	343.173	4.046
	164.786	41.797	350.045	1.260

Debts consist of trade debts for services rendered.

During 2024, Mozipo IFN SA also had commercial transactions with the following companies in the group:

- IT and credit negotiation/brokerage services (credit application) were purchased from Mozipo Holding LTD during 2024. The total value of the services was EUR 174, 097 EUR, of which the value of IT services was 6,000 EUR and that of credit negotiation services was 168,097 EUR, of which 146,145 EUR was paid, with 27,952 EUR remaining to be paid as of 31.12.2024
- On December 21, 2021, a new loan was granted to Moment Credit in the amount of 350,000 for a period of 3 years with an annual interest rate of 12% per annum. At the beginning of 2024, the loan amount was 343,173.33 euros. In 2024, the loan was repaid in full and a new loan of EUR 350,000 was granted under the same interest conditions for a period of 3 years. Interest of EUR 40,678 was calculated for the loans granted in 2024 and collected in full.
- UAB - Moment Credit - rental costs amounting to EUR 2,310 during 2024 were not paid, so the balance in euros remained payable in the amount of EUR 2,310 at the end of 2024.

During 2023, Mozipo IFN SA also had commercial transactions with the following companies in the group:

- IT and credit negotiation/brokerage services (credit application) were purchased from Mozipo Holding LTD during 2023. The total value of the services was EUR 181, 927 EUR, of which the value of IT services was 6,000 EUR and that of credit negotiation services was 175,927 EUR (54,300 EUR in total), of which 169,512 EUR was paid, with 12,415 EUR remaining to be paid on 31.12.2023
- On 21 December 2021, a new loan was granted to Moment Credit in the amount of EUR 350,000 for a period of three years with an annual interest rate of 12% per annum, of which EUR 6,826.67 was repaid in 2022, leaving EUR 343 173.33 EUR remaining in 2023, for which interest of EUR 41,752.71 was calculated in 2023.
- UAB - Moment Credit - rental costs amounting to 2,520 euros during 2023, of which were not paid, so that the balance in euros remained payable in the amount of 4,046 euros at the end of 2023.

Remunerarea conducerii și a alte plăți:

	As at 31 December 2024	As at 31 December 2023
Number of managers	1	1
Employment-related accounts:	-	-
Gross base salary	337.613	328.212
Bonuses	-	-
Other Payments	-	-

31. Subsequent Events

In May 2025, the National Bank of Romania sent Mozipo IFN SA a plan of measures to be implemented following the audit carried out in September 2024, when an inspection was conducted on the prudential supervision program and on the prevention and combating of money laundering and terrorist financing, as well as the implementation of international sanctions at the level of credit institutions, non-bank financial institutions, payment institutions, and electronic money institutions for the year 2024. This inspection resulted in a report and an action plan that the company has committed to implementing in order to eliminate the deficiencies identified during the inspection. In addition to the actions to be taken by Mozipo IFN SA, the internal auditor will carry out an internal audit mission focusing on: evaluating the internal management framework at the level of the non-bank financial institution for lending, internal control, internal audit, and significant risk management activities, in order to identify the causes that led to the deficiencies identified in the supervisory report and to adopt measures to prevent the violation of legal provisions (mainly, compliance with Law 93/2009, NBR Regulation 20/2009).

In March 2025, TBI Bank extended the credit facility granted to the company, without changing the contractual conditions from when this facility was granted in 2022.

<u>Administrator</u>	<u>Basmaluta Lorena</u>	Lorena-Cristina Basmaluta Digitally signed by Lorena-Cristina Basmaluta Date: 2025.06.18 14:51:16 +03'00' <i>Digital signature</i>
<u>Drawn up by</u>	<u>CDI Accountig Solutions SRL</u>	Dorin-Ionut Chirea Digitally signed by Dorin-Ionut Chirea Date: 2025.06.18 17:42:39 +03'00' <i>Digital signature</i>