

BUSINESS MICROCREDIT IFN S.A

Financial Statements
for the year ended 31 December 2024
Prepared in accordance with
International Financial Reporting Standards

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BUSINESS MICROCREDIT IFN S.A
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the year ended 31 December 2024
all amounts are in US Dollars (USD), unless otherwise stated

	Note	Year ended 31 December 2024	Year ended 31 December 2023
Interest income		4,011,587	3,944,056
Interest expense		(376,397)	(221,865)
Net interest income	4	3,635,190	3,722,191
Other operating income		1,900	765
Total operating income		3,637,090	3,722,956
Personnel expenses	5	(1,151,301)	(901,926)
Depreciation and amortization of property, plant and equipment and intangible assets	11,12,13	(164,835)	(134,315)
Other operating expenses	6	(291,310)	(277,090)
Total operating expenses		(1,607,446)	(1,313,331)
Credit loss expense on financial assets	9, 23	(475,706)	(784,592)
Net loss on disposal of financial assets		(28,999)	(37,873)
Operating profit		1,524,939	1,587,160
Net realized and unrealized exchange gains/(losses)		693,256	(142,260)
Profit before tax		2,218,195	1,444,900
Income tax expense	7	(430,577)	(248,161)
Profit for the year after tax		1,787,618	1,196,739
Other comprehensive income:			
Exchange differences on translation to presentation currency:		(647,950)	308,044
Total comprehensive income for the year		1,139,668	1,504,783

The accompanying notes on pages 5 to 50 are an integral part of these financial statements.
The financial statements were authorized for issue on 23 June 2025:

SERGIU ROSCA
Executive Director

FLAVIUS ULICI
Deputy General Manager

BUSINESS MICROCREDIT IFN S.A
STATEMENT OF FINANCIAL POSITION
As at 31 December 2024
all amounts are in US Dollars (USD), unless otherwise stated

	Note	31 December 2024	31 December 2023
Assets			
Cash and cash equivalents	8	616,287	2,227,655
Loans and advances to customers	9	15,075,180	12,360,335
Trade receivables	14	362,777	297,558
Inventories		502	534
Current income tax receivable		-	32,239
Other current assets	15	23,741	18,238
Property, plant and equipment	11	72,732	80,352
Intangible assets	12	140,596	123,165
Right-of-Use Assets	13	86,751	136,850
Total assets		16,378,566	15,276,926
Liabilities			
Interest bearing loans and borrowings	16	5,326,910	4,343,871
Lease liability	17	82,606	132,445
Current income tax payable		57,240	
Provisions	18	20,883	18,747
Other current liabilities	19	261,965	223,147
Total liabilities		5,749,604	4,718,210
Equity			
Share capital		8,849,779	8,849,779
Legal reserves		374,889	263,979
Retained earnings		2,369,954	1,762,668
Foreign currency translation reserve		(965,660)	(317,710)
Total equity	20	10,628,962	10,558,716
Total liabilities and equity		16,378,566	15,276,926

The accompanying notes on pages 5 to 50 are an integral part of these financial statements.

The financial statements were authorized for issue on 23 June 2025:

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BUSINESS MICROCREDIT IFN S.A
STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2024
all amounts are in US Dollars (USD), unless otherwise stated

	Share capital	Legal reserves	Retained earnings	Foreign currency translation reserve	Total equity attributable to owners of the parent	Total Equity
Balance as at 1 January 2023:	8,849,779	191,158	1,207,143	(625,754)	9,622,326	9,622,326
Profit/(loss) for the year	-	-	1,196,739		1,196,739	1,196,739
Other comprehensive income						
Exchange differences on translation to presentation currency				308,044	308,044	308,044
Total comprehensive income	-	-	1,196,739	308,044	1,504,783	1,504,783
Transactions with shareholders						
Dividends granted	-	-	(568,393)	-	(568,393)	(568,393)
Total transactions with shareholders	-	-	(568,393)	-	(568,393)	(568,393)
Other transactions:						
Legal reserve	-	72,821	(72,821)	-	-	-
Total other transactions	-	72,821	(72,821)	-	-	-
Balance as at 31 December 2023:	8,849,779	263,979	1,762,668	(317,710)	10,558,716	10,558,716
Balance as at 31 December 2024:	8,849,779	263,979	1,762,668	(317,710)	10,558,716	10,558,716
Profit/(loss) for the year	-	-	1,787,618		1,787,618	1,787,618
Other comprehensive income					-	-
Exchange differences on translation to presentation currency				(647,950)	(647,950)	(647,950)
Total comprehensive income	-	-	1,787,618	(647,950)	1,139,668	1,139,668
Transactions with shareholders						
Dividends granted	-	-	(1,069,422)	-	(1,069,422)	(1,069,422)
Total transactions with shareholders	-	-	(1,069,422)	-	(1,069,422)	(1,069,422)
Other transactions:						
Legal reserve	-	110,910	(110,910)	-	-	-
Total other transactions	-	110,910	(110,910)	-	-	-
Balance as at 31 December 2024:	8,849,779	374,889	2,369,954	(965,660)	10,628,962	10,628,962

In accordance with the decision of the general meeting of shareholders dated 22 May 2024 and 18 September 2024, the Company distributed dividends in total amount of RON 4,917,632 (USD 1,069,422) from the retained profits of the years 2019-2023. These were paid in full during the year ended on 31 December 2024.

The accompanying notes on pages 5 to 50 are an integral part of these financial statements.

The financial statements were authorized for issue on 23 June 2025:

SERGIU ROSCA
Executive Director

FLAVIUS ULICI
Deputy General Manager

BUSINESS MICROCREDIT IFN S.A
CASH FLOW STATEMENT
for the year ended 31 December 2024
all amounts are in US Dollars (USD), unless otherwise stated

	Note	Year ended 31 December 2024	Year ended 31 December 2023
Cash flows from operating activities			
Profit/(loss) before tax		2,218,195	1,444,900
Adjustments for non-monetary items:			
Depreciation and amortization of tangible and intangible assets, Right-of-Use assets	11,12,13	164,835	134,315
Loss from sale of tangible assets			-
Allocation and reversal of impairment allowance for credit loss		475,706	784,592
Interest income (bank deposits)	14	(2,577)	(7,022)
Net loss from sale of borrowings		28,999	37,873
Other provisions		3,365	(3,102)
Interest expenses		376,397	221,865
Net foreign exchange losses differences		12,702	3,174
Change in assets & liabilities from operating activities, after adjustment for non-monetary items			
Increase in loans and advances to customers		(4,080,194)	(2,279,773)
(Increase)/Decrease in Other assets		(92,764)	605,663
Increase/(Decrease) in Other liabilities		53,961	44,640
Interest paid		(740)	(23,004)
Income tax paid		(339,597)	(337,305)
Net cash from operating activities		(1,181,712)	626,816
Cash flows from investment activities:			
Payments for tangible assets purchases		(32,311)	(17,035)
Payments for intangible assets purchases		(104,233)	(84,343)
Interest received (bank deposits)		2,579	7,024
Net cash from investing activities		(133,965)	(94,654)
Cash flows from finance activities:			
Loans received		3,834,141	2,921,873
Loans reimbursement		(2,933,019)	(1,327,878)
Finance lease liabilities payments		(53,778)	(40,274)
Dividends paid		(1,069,422)	(568,393)
Net cash from finance activities		(222,078)	985,328
Net decrease / increase in cash and cash equivalents		(1,537,755)	1,517,490
Translation differences		(73,613)	47,233
Cash and cash equivalents at the beginning of the period		2,227,655	662,932
Cash and cash equivalents at the end of the period		616,287	2,227,655

The accompanying notes on pages 5 to 50 are an integral part of these financial statements.

The financial statements were authorized for issue on 23 June 2025::

SERGIU ROSCA
Executive Director

FLAVIUS ULICI
Deputy General Manager

BUSINESS MICROCREDIT IFN S.A
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2024
all amounts are in US Dollars (USD), unless otherwise stated

1. General information

Business Microcredit IFN S.A. ("the Company") is part of the NCH group, present in Eastern and South-Eastern Europe through companies with various fields of activity. The Company parent is Lapworth Holding, an entity from Cyprus with domicile at no. 2-4, Makarios III Capital Center, floor 9, Nicosia, Cyprus. The final beneficiary of the Company is NCH Balkan Fund LP, a Cayman Islands entity, domiciled at Uglan House, South Church Street, George Town, Cayman Islands.

The Company is registered in Romania, at the trade register under no. J22 / 3213/2019, having the unique registration code no. 388761394, main CAEN code 6492. It was established in January 2018, as a joint stock company with private capital, in accordance with Romanian regulations in force, having its registered office at No. 76 Eternitate street, Axa Plus building, 3rd floor, Iasi, Iasi County.

The company is authorized by the National Bank of Romania ("BNR") to carry out lending activities with both individuals and legal entities, starting with 15 March 2019. The company is registered in the Special Register of non-banking financial institutions under no. RS-PJR-24-110123 / 11.02.2020 starting with February 2020.

The main object of activity of the Company consists in other lending activities (microcrediting) according to CAEN 6492: microcredit, financing of commercial transactions, granting real estate loans, including mortgage loans, granting consumer loans excluding issuing credit cards, factoring.

As of 31 December 2024, the Company has no subsidiaries (31 December 2023: has no subsidiaries). These financial statements are the individual financial statements of the Company as at 31 December 2024.

The financial statements for the year ended 31 December 2024 have been authorized to be issued in accordance with the decision of the Executive Management on 18 June 2025.

2. Summary of accounting policies

2.1 Basis of preparation

The individual financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations adopted by the International Accounting Standards Board (IASB), as adopted by the European Union.

Starting with 1 January 2024, the Company prepares statutory financial statements in accordance with IFRS, and expressed in RON (Romanian national currency).

The financial statements have been prepared on a historical cost basis.

The accounting policies defined below have been applied consistently for all periods presented in these financial statements.

These individual financial statements have been prepared on a going concern basis.

BUSINESS MICROCREDIT IFN S.A
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2024
all amounts are in US Dollars (USD), unless otherwise stated

2.1 Basis of preparation (continued)

The Company's functional currency is the Romanian Leu (RON). The Company determines the functional currency and items included in the financial statements of the Company are measured using that functional currency. For group information purposes management assessed that the USD would be the appropriate presentation currency. Thus the financial statements are presented in USD and all values are rounded to the nearest monetary unit, except where otherwise indicated.

The financial statements present comparative information on the previous period.

This version of the financial statements is a translation of the IFRS financial statements prepared for statutory purposes (submission with the National Bank of Romania) and approved by the Board of Directors on 12 May 2025. The translation was performed as follows:

- Currency: translation from Romanian Leu (RON) to US Dollars (USD). For more information on the translation, please refer above.
- Language: translated from Romanian to English

2.2 Summary of significant accounting policies

Foreign currency translation

Transactions are recorded in the functional currency RON at the exchange rate at the date of the transaction. Assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate ruling at the balance sheet date and all differences are included in the profit or loss.

The exchange rates applicable for year-end and average rates for the year were as follows (USD 1/RON):

	2024	2023
Year end	4.7768	4.4958
Average for the period	4.5984	4.5743

Translation to the presentation currency

For presentation purposes these financial statements are translated in USD, using the following method described in IAS 21 "The effect of changes in Foreign Exchange Rates":

- assets and liabilities in each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses in each statement presenting profit or loss and other comprehensive income are translated at average exchange rate of the year;
- share capital items are translated at historical exchange rates and other equity elements are translated at historical rates;
- all resulting exchange differences are recognized in translation reserve.

BUSINESS MICROCREDIT IFN S.A
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2024
all amounts are in US Dollars (USD), unless otherwise stated

2.2 Summary of significant accounting policies (continued)

Property, plant and equipment

Property, plant and equipment are valued at cost less accumulated depreciation and any accumulated impairment losses. Tangible fixed assets mainly include: buildings, special constructions, machines, transmission equipment and installations, measuring and adjusting equipment, calculation equipment, means of transport, household tools and inventory, other fixed assets.

The initial cost of property, plant and equipment consists of the purchase price, including irrecoverable import or acquisition taxes, transportation, handling, commissions, notary fees, authorizations and other non-recoverable expenses directly attributable to property, plant and equipment and any direct attributable costs. bringing the asset to the place and in the operating conditions.

The period of economic use is the period in which an asset is expected to be available for use by the Company.

The Company uses the following estimated life expectancies by types of property, plant and equipment:

Type	Depreciation period (years)
Buildings	60
Buildings arrangements	3-5
Computers and IT equipment	3
Office equipment	15
Transport vehicles	5

The residual values, the useful life and the depreciation method are periodically reviewed and adjusted (at the end of each reporting period) so that there is a concordance with the expectations regarding the economic benefits brought by the respective assets.

The maintenance and repairs of fixed assets are highlighted in the accounting as expenses when they occur, and the improvements made are capitalized. Improvements are capitalized if they extend the life of the asset or if it significantly increases its ability to generate economic benefits.

Gains and losses on the disposal of property, plant and equipment are determined by reference to their net book value and are taken into account in determining the profit from operations. Items of property, plant and equipment that are disposed of or disposed of are eliminated from the balance sheet together with the corresponding accumulated depreciation. The profit or loss resulting from such an operation is determined as the difference between the amount obtained from the sale and the net book value and are included in the operating profit for the period.

Intangible assets

Intangible assets are initially recorded at cost.

The cost of intangible assets in the case of business combinations is the fair value at the acquisition date. Subsequently, intangible assets are recognized at acquisition cost less accumulated depreciation and impairment losses.

Subsequent expenses associated with the development of IT applications are capitalized only if these expenses result in the improvement and diversification of the services brought by the respective fixed assets beyond the initial specifications and lifetimes. Other costs associated with the development of computer applications are reflected in expenses as they are incurred.

BUSINESS MICROCREDIT IFN S.A
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2024
all amounts are in US Dollars (USD), unless otherwise stated

2.2 Summary of significant accounting policies (continued)

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of each item in the category of intangible assets. Estimated lifespans for intangible assets are 1,2 or 3 years, as appropriate. Amortization periods and amortization methods for intangible assets with a finite life are reviewed at least at the end of each financial year. Expected useful life changes or pattern of expected consumption of future economic benefits incorporated in the asset is accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates.

Investment Property

Investment property is initially measured at acquisition value, which approximates fair value, including transaction costs. Such cost do not include start-up costs, abnormal waste, or initial operating losses incurred before the investment property achieves the planned level of occupancy.

Investment properties are properties held to earn rentals or for capital appreciation, or both, and are accounted for using the cost model. At the same time, the fair value of the investment property will be determined on each year (a market value can be calculated by comparing the values on the existing market at each period to determine the accurate fair value, or a revaluation by an expert evaluator at the end of each year) and the fair value differences will be not accounted in the statement of profit or loss, only presented in the notes to the financial statements.

After initial recognition, investment property is accounted for in accordance with the cost model as set out in IAS 16 Property, Plant and Equipment - cost less accumulated depreciation and less accumulated impairment losses.

Fair Value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the assumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or,
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A measure of the fair value of a non-financial asset takes into account the ability of a market participant to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant who would use the asset in its greatest and best use.

BUSINESS MICROCREDIT IFN S.A
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2024
all amounts are in US Dollars (USD), unless otherwise stated

2.2 Summary of significant accounting policies (continued)

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. All assets and liabilities for which fair value is measured or presented in the financial statements are classified in the fair value hierarchy, described as follows, based on the lowest entry level that is significant for measuring fair value as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

Financial instruments – initial recognition, subsequent measurement and derecognition

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. The Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortized cost or fair value through other comprehensive income, it must give rise to cash flows that are "principal and interest payments only (SPPI)" in the principal. This assessment is called the SPPI test and is performed at the instrument level.

The Company's business model for managing financial assets refers to the way it manages its financial assets to generate cash flows. The business model determines whether cash flows will result from the collection of contractual cash flows, the sale of financial assets or both.

Acquisitions or sales of financial assets that require the delivery of the assets within a time frame established by regulation or market convention (regular transactions) are recognized on the trading date, ie the date on which the Company undertakes to buy or sell the asset.

2.2 Summary of significant accounting policies (continued)

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortized cost

This category is the most relevant to the Company. The Company measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets to collect contractual cash flows, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Company's financial assets at amortized cost include trade receivables and loans receivables.

The EIR is used to recognize interest income and interest expense. Interest income is calculated as follows:

- EIR applied to the gross carrying amount of non-impaired financial assets (Stage 1 and Stage 2, see section "Impairment of financial assets");
- EIR applied to the amortized cost of impaired financial assets (Stage 3, see "Impairment of financial assets"); and
- EIR adjusted for credit risk applied to amortized cost for impaired financial assets acquired.

Financial assets at fair value through OCI (FVOCI)

The Company measures financial assets at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

The Company has no financial assets at fair value through OCI.

BUSINESS MICROCREDIT IFN S.A
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2024
all amounts are in US Dollars (USD), unless otherwise stated

2.2 Summary of significant accounting policies (continued)

Financial assets designated at fair value through OCI (equity instruments FVOCI)

Upon initial recognition, the Company may choose to irrevocably classify its equity investments as equity instruments designated at fair value through other comprehensive income when they are not held for trading and meet the definition of equity in accordance with IAS 32 Financial Instruments: Presentation. The classification is determined on the basis of the instrument.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the income statement when the right to pay has been established, unless the Company benefits from such receipts as the recovery of part of the cost of the financial asset, in which case such gains are recognized in other elements of the overall result. Equity instruments designated at fair value through other comprehensive income are not subject to impairment.

The Company does not have equity instruments in this category.

Financial assets at fair value through profit or loss (FVPL)

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

In this category of financial instruments are included the Debt packages receivable (for more information, please refer to Note 10), which were classified irrevocably as subsequently measured at fair value through profit or loss at contract inception.

Embedded derivatives

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss.

Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss

2.2 Summary of significant accounting policies (continued)

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

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

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

In Company case, default borrowings were transferred (assigned) to Finopro IFN SA (related party). The assignment price is 34% of nominal value.

Impairment of financial assets

The Company recognizes impairment losses on all financial assets held at amortized cost, other than those measured at fair value through profit or loss (FVPL). Impairment is based on expected credit losses (ECL).

The amount of the impairment loss is recognized as an adjustment for loss. In order to measure the value of expected credit losses and to recognize interest income, the Company distinguishes between the three stages of impairment.

According to IFRS 9, the following definitions of impairment loss are used:

- loss on impairment of loans over its lifetime: loss on impairment of loans that occurs as a result of all default events that may occur during the life of financial instruments
- the loss from the expected depreciation over the 12-month period: the period from the impairment of loans that represents the loss from the expected depreciation of a possible financial instrument to occur in the next 12 months from the reporting date

Stage 1: Refers to financial instruments for which there is no significant increase in credit risk recorded since initial recognition. The impairment is recognized in the loss from the impairment of loans expected over a period of 12 months. Interest income is recognized at the effective interest rate applied to the gross carrying amount of the financial asset.

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2.2 Summary of significant accounting policies (continued)

Stage 2: Stage 2 financial instruments are subject to a significant increase in credit risk from their initial recognition. Depreciation is measured in the amount of the expected loss on credit over its life. Interest income is calculated using the effective interest rate method applied to the gross carrying amount of the financial asset.

Stage 3: Stage 3 financial assets are impaired. Regarding the application of the impairment concept in IFRS 9, the Company has generally adopted the approach of alignment with the prudential concept of default, the Company measures the "default" status by the number of days of delay exceeding 90. Impairment for such financial assets is measured at the amount of the expected loss on the loan over the life. Interest income is recognized by applying the EIR to the amortized cost (i.e. net book value) of the financial asset.

Adjustments for losses diminish the value of assets, i.e. for financial assets measured at amortized cost, the net book value of the financial asset presented in the balance sheet is the difference between the gross book value and the cumulative depreciation that is recognized in the income statement.

In the profit or loss account, impairment losses and their reversal (gains) for all financial instruments are presented under "Credit loss expense on financial assets". Information regarding the impairment of financial assets is presented in Note 9 and Note 23

For financial instruments at fair value through OCI, the Company applies the low credit risk simplification. At every reporting date, the Company evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. Adjustments for losses on financial assets measured at fair value through other comprehensive income are recognized in other comprehensive income, especially in "Fair value reserves" in the event of changes in equity and do not reduce the carrying amount of the financial asset

For financial assets that are impaired at initial recognition (impaired financial assets acquired) anticipated credit losses for life are initially reflected in the effective interest rate adjusted for loans. As a result, no loss adjustment is recognized at the outset. The company applies the simplified method, and the impairment is measured over the life of the assets at each reporting date.

ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as:

- financial liabilities at fair value through profit or loss, or
- financial liabilities at amortized cost

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

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2.2 Summary of significant accounting policies (continued)

The Company's financial liabilities include trade payables, and interest-bearing borrowings.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied.

The Company has no financial liabilities held for trading, nor has it designated any financial liability at fair value through profit or loss.

Loans and borrowings

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortized cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category applies to interest-bearing borrowings.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.2 Summary of significant accounting policies (continued)

Loan portfolios acquired

Loan portfolios acquired consist of performing/not impaired non-performing/impaired loan portfolios purchased at prices below nominal value. Non-performing loan portfolios are purchased at values significantly lower than the nominal value (generally 20%), and performing loan portfolios are purchased at the nominal value of the capital / principal remaining to be repaid and of the current rates they contain (mainly, interest, commission). In the case of performing loans, the aim is to collect the cashflows according to the individual repayment schedules. These are recognized at amortized cost according to the effective interest method in accordance with the rules for amortized cost financial assets set out in IFRS 9. Purchased loan portfolios are classified and reported in the line Loans and advances from customers.

The effective interest method is a method of calculating the amortized cost of a financial asset and allocating interest income to the income statement for the relevant period. The effective interest rate is the rate that staggers the estimated future cash receipts over the expected life of the financial instrument or, as the case may be, over a shorter period, to the net carrying amount of the financial asset.

In the case of loan portfolios acquired, the effective interest rate is provisionally calculated based on the acquisition cost, at the credit level, including all estimated transaction costs and future cash flows that include principal, interest and fees, collection fees and overdue interest expected to be received from debtors.

Each loan is initially recorded in the statement of financial position at cost, including all transaction costs. Subsequent price adjustments for purchased portfolios are recorded as an adjustment to the statement of financial position. Interest income on loans acquired is accrued on a monthly basis in the income statement on the basis of the effective interest rate of each portfolio. Monthly cash flows in excess of projected cash flows for the same period are recorded as income in that period. Likewise, monthly cash flows that are lower than the projected monthly cash flow for the same period are recorded as a reduction in income during that period.

Impairment of loan portfolios acquired

For financial assets not impaired at initial recognition, the Company applies the requirements of IFRS 9 and the anticipated credit losses are calculated using the 3 Stages.

For financial assets that are impaired at initial recognition (impaired financial assets acquired) anticipated life losses are initially reflected in the effective interest rate adjusted for loans. As a result, no loss adjustment is recognized at the outset. The Company applies the simplified method, and the impairment is measured over the life of the assets at each reporting date.

Inventories

The main categories of inventories are consumables and spare parts that do not meet the recognition criterion as property, plant and equipment. These are recorded as inventories at the time of purchase and are recognized as expenses at the time of consumption.

Inventories are measured at the lower of purchase cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale. Outdated and slow-moving inventories are reduced to their estimated realizable value. When consumed / sold, inventories are measured using the weighted average cost method.

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2.2 Summary of significant accounting policies (continued)

Trade and other receivables

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less allowance for impairment. An impairment allowance is recorded in accordance with the IFRS 9 provisions (please refer to Note 2.2. f. for more details).

Trade and other payables

Trade payables and other payables are recorded at the amount to be paid for the goods or services received, and are shown under "Other payables".

Cash and cash equivalents

Cash and cash equivalents include current bank accounts and bank deposits with terms of up to 3 months. The overdrafts are included in the balance sheet in debts to financial institutions, due within 1 year.

Bank deposits for terms of 3 months at most are included in cash and cash equivalents only to the extent they are held to cover the short-term cash needs, and not for investment purposes.

Loans and borrowings

All loans and borrowings are initially recognized at cost, being the fair value of the consideration received less attributable transaction costs. After initial recognition, loans and borrowings are subsequently measured at amortized cost using the effective interest rate method.

Gains and losses are recognized in net profit or loss when the liabilities are derecognized, as well as through the amortization process.

Employee benefits

Short-term benefits to employees include salaries, premiums and social security contributions. Short-term benefits are recognized as expenses when the services are provided.

The Company in the normal course of its activity makes payments to the Romanian State budget on behalf of the Romanian employees, for the pension fund, health insurance and unemployment. All relevant contributions are recognized as an expense in the statement of comprehensive income at the time they occur.

The Company does not operate any independent pension plan, and, as a result, does not have pension related obligations.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made from the amount of the obligation.

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2.2 Summary of significant accounting policies (continued)

If the effect of the time value of money is significant, the value of the provision must be discounted using the current pre-tax rate that reflects, where applicable, the specific risk of the debt. When the discount is used, the increase in the provision due to the effect of the passage of time is recognized as a financing cost.

In accordance with IAS 37, the Company does not recognize contingent liabilities in the balance sheet because they are:

- probable obligations depending on whether uncertain future events will occur or
- present obligations, for which the payment is not probable or the amount cannot be estimated.

The same policy applies to contingent assets that are defined as probable assets arising from past events and whose existence will be confirmed only if future uncertain events occur that are not entirely under the control of the entity.

Contingent liabilities as well as contingent assets are continuously monitored and valued to ensure that events subsequent to initial recognition have been taken into account and that provisions have been recognized, if any.

Leases

As at 1 January 2019, the Company adopted IFRS 16 "Leases", issued by the IASB in January 2016. IFRS 16 replaced the existing requirements for the accounting for leases in IAS 17 "Leases", IFRIC 4 "Determining whether an agreement contains a lease", SIC-15 "Operating leasing - incentives" and SIC-27 "Evaluation of the substance of transactions involving the legal form of a leasing contract".

IFRS 16 introduced a single balance sheet leasing accounting model for lessees. A lessee recognizes a right of use that represents his right to use the underlying asset and a leasing debt representing his obligation to make lease payments. There are exemptions from recognition for short-term contracts (less than 12 months) and for contracts for which the underlying asset has a small value (less than EUR 5,000).

Lessor accounting remains similar to IAS 17, i.e. the lessor continues to classify the lease as a financial or operational lease. Compared to IAS 17, the disclosure requirements are more comprehensive in accordance with IFRS 16. Under IFRS 16, a lessor continues to classify a lease as either a finance lease or an operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the lease is classified as a finance lease. All other leases are classified as operating leases. When the Company is an intermediary lessor, it accounts for the main lease and the sublease as two separate contracts. Leasing is classified as financial or operational leasing in relation to the assets in the right of use arising from the lease, not in reference to the underlying asset.

The company has concluded only one leasing contract (rent of the office premises). It is for a period of 1 year, with an annual renewal option by both parties.

Revenue and expenses recognition

Interest income refers to income from financial assets measured at amortized cost and fair value through other comprehensive income. It is calculated using the effective interest rate method, as presented in Chapter 2.2.f "f) Financial instruments - initial recognition, subsequent measurement and derecognition".

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2.2 Summary of significant accounting policies (continued)

The effective interest method is a method of calculating the amortized cost of a financial asset and allocating interest income to the income statement for the relevant period. The effective interest rate is the rate that staggers the estimated future cash receipts over the expected life of the financial instrument or, as the case may be, over a shorter period, to the net carrying amount of the financial asset.

The effective interest rate for the loans granted includes the following components in the cash flows: the granting commission, the monthly management fees and the fees granted to the brokers. The effective interest rate for the acquired loans is the rate that staggers the future receipts according to the loan maturities.

Interest expense refers to those expenses related to financial liabilities measured at amortized cost using the effective interest rate method.

Use of estimates

The preparation of financial statements in accordance with IFRS requires management to make estimations and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reported period. Actual results could differ from these estimates. These estimates are reviewed periodically and, as adjustments become necessary, they are recognized in the income statement of the period in which they became known.

Tax

Current income tax:

Income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The Company uses the Romanian tax rates and tax laws used to compute the current income tax amount

Income tax relating to items recognised directly in other comprehensive income or equity is recognised in other comprehensive income or equity and not in the income statement.

The current income tax rate for 2024 was 16% (2023: 16%).

Deferred tax:

Differences between financial reporting under IFRS and tax regulations give rise to differences between the carrying value of certain assets and liabilities and their tax base. Deferred income tax is provided using the liability method, for all such temporary differences arising between the tax base of assets and liabilities and their carrying values for financial reporting purposes.

Deferred tax assets and liabilities are measured at tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date.

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2.2 Summary of significant accounting policies (continued)

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences and the carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax receivables and deferred tax liabilities are offset if there is a legal enforceable right to offset current tax increases with current tax liabilities and deferred taxes relate to the same taxable entity and the same tax authority.

Deferred income tax assets are recognized for all temporary deductible differences, carry forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilized.

Contingencies

Contingent liabilities are not recognized in the accompanying financial statements. Contingent liabilities are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

Contingent assets are not recognized in the accompanying financial statements but are disclosed when an inflow of economic benefits is probable.

Equity

The share capital is represented by the nominal value of the issued shares. Any transaction costs associated with the issue of shares are deducted from other paid-in capital, net of any income tax benefits.

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2.2 Summary of significant accounting policies (continued)

During the financial year ended 31 December 2024, the Company has set-up legal reserves in amount of USD 110,910 (financial year ended 31 December 2023: legal reserves set up in amount of USD 72,821), representing 5% of the annual statutory profit up to 20% of the share capital. The balance of legal reserves as at 31 December 2024 was of USD 374,889 (31 December 2023: USD 263,979).

Dividends

The Company recognises a liability to pay a dividend to owners of equity once it has been approved by the shareholders at the Shareholder's General Meeting. A corresponding amount is recognised directly in equity.

Balance sheet classification

Current assets and current liabilities include items due less than one year from the reporting date, and items tied to the operating cycle, if longer. The current portion of long-term debt is included as current liabilities. Other assets are classified as current assets.

Related parties

The parties are related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also related if they are subject to common control or common significant influence. All transactions between the related parties are based on the principle of 'arm's length' (estimated market value).

Subsequent events

Post period-end events that provide additional information about the Company's position at the balance sheet date or those that indicate the going concern assumption are not appropriate (adjusting events) and are reflected in the accompanying financial statements. Post period events that are not adjusting events are disclosed in the notes, when material.

2.3 Significant management judgement in applying accounting and estimation uncertainty

In the process of applying the Company's accounting policies, Management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

a) Analysis of the business model

For each financial asset that has passed the SPPI test, at initial recognition, the Company must assess whether it is part of a business model where the assets are held to collect contractual cash flows, held both to collect contractual cash flows and to sell assets, or are held in other business models.

Consequently, the critical aspect in differentiating business models is the frequency and significance of asset sales in that business model. Because the allocation of assets for business models is based on the initial valuation, it may happen that in subsequent periods cash flows will be made differently than initially expected and a different valuation method may seem appropriate.

2.3 Significant management judgement in applying accounting and estimation uncertainty (continued)

In accordance with IFRS 9, such subsequent changes generally do not lead to reclassifications or corrections of prior errors in respect of existing financial assets. However, new information on how cash flows are made may indicate that the business model and therefore the measurement method are changing for newly acquired or newly generated financial assets.

Within the Company, sales due to the increase of credit risk, sales close to the maturity of assets, less frequent sales triggered by a non-recurring event (such as regulatory or fiscal changes, major internal reorganization, severe liquidity crisis, etc.) are considered not to contradict the business model of cash flows held for collection.

Other types of sales made in the "held to collect" business model are evaluated retrospectively, and if they exceed certain quantitative thresholds or whenever it is considered necessary in terms of new expectations, the Company performs a prospective test.

If the result was that the carrying amount of the assets that are estimated to be sold over the expected life of the current portfolio of business models, for reasons other than the above, exceeds 10% of the carrying amount of the portfolio, then any new Acquisitions or issues of assets would be classified in a different business model.

b) Impairment losses on financial assets

The impairment loss model is a reasoning model because it requires assessing the significant increase in credit risk and measuring the expected credit losses without detailed instructions. Regarding the significant increase in credit risk, the Company has established specific valuation rules consisting of qualitative information and quantitative thresholds. Another area of complexity concerns the establishment of groups of similar assets when the deterioration of credit risk must be assessed collectively before specific information is available individually. The assessment of expected credit losses involves complex models based on statistical data of default probabilities and default rates in default, on extrapolation of information in case of insufficient observations, on individual estimates of future cash flows and probabilities of different scenarios, including information prospective. In addition, the lifespan of the instruments must be modelled in terms of the possibilities of early repayment and the behaviour of revolving credit facilities. Impairment losses on loans are presented in detail in Note 9 and Note 23.2.

c) The fair value of financial instruments

If the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be obtained from active markets, they are determined using a wide range of valuation techniques that include the use of mathematical models. The values entered in these models are taken from existing markets when possible, but when this is not possible, a certain type of reasoning is needed to establish fair values. The presentations regarding the valuation models, the fair value hierarchy, the fair value of financial assets and liabilities and the sensitivity analysis for level 3 financial instruments are described in Note 23.4 "Fair value of financial assets and liabilities".

d) Deferred tax assets

Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available for which deductible temporary differences can be used and tax losses carried forward. The extent to which deferred tax assets can be recognized is based on an assessment of the likelihood that future taxable income will be available for which deductible temporary differences can be used and tax losses carried forward.

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3. Issued standards, but not yet in force and not early adopted

Certain new standards and interpretations have been issued that are mandatory for annual periods beginning on or after 1 January 2024 and that the Company has not early adopted.

The management anticipates that all relevant pronouncements will be adopted for the first period from or after the actual date of pronouncement. The management also expects that new standards, changes and interpretations that are not adopted in advance will not have a significant impact on the Company's financial statements.

4. Net interest income

	Year ended 31 December 2024	Year ended 31 December 2023
Loans and advances to customers	4,009,009	3,788,687
Amortized cost adjustments in relation to debt packages (for more details, please refer to Note 10)	1	148,347
Deposits placed with banks	2,577	7,022
Total interest income	4,011,587	3,944,056
Interest expense	376,397	221,865
Total net interest income	3,635,190	3,722,191

The Company grants loans for equipment, working capital and acquisitions of goods / consumers loans to individuals and legal entities in Romania for periods between 1-6 years. The interest rates charged by the Company vary between 17% - 40%, the upfront commissions between 2% -16% of the provided amount, and the monthly management fees between 0.65% -0.75% of the loan balance. The effective interest rate (EIR) for loans to customers varies between 37% -60%.

The Company recorded interest expenses in relation to the loan provided by, First Bank, EMF Microfinance Fund AGMVK and Credius IFN SA, related party (please refer to Note 16 "Loans and other financial liabilities").

5. Personnel expenses

	Year ended 31 December 2024	Year ended 31 December 2023
Wages, salaries and other benefits paid	1,024,185	791,413
Indemnities Board Members	98,586	94,619
Social security costs & payroll taxes	25,165	18,996
Untaken vacation provision	3,365	(3,102)
Total	1,151,301	901,926

The total headcount as of 31 December 2024 is of 40 employees (31 December 2023: 31 employees), representing 34 directly productive staff, 3 management staff, 3 members of the Board of Directors.

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6. Other operating expenses

	<u>Year ended 31 December 2024</u>	<u>Year ended 31 December 2023</u>
IT, telecommunications	100,130	74,767
Office equipment and supplies	42,528	35,151
Marketing & Protocol	18,435	15,812
Cost of office premises	5,468	12,073
Travel, vehicles, accommodation	16,315	8,387
Insurance premiums	10,570	7,699
Rent expenses	-	6,141
Other taxes	25,734	20,803
Bank charges	8,362	6,817
Other expenses	63,768	89,440
Total	291,310	277,090

Other third party expenses mainly represent debt collection services, various services performed by third parties such as medical services, recruitment services.

During the years ended 31 December 2024 and 2023, the audit fees were recognized based on the contract between the Company and Grant Thornton Audit SRL

7. Income tax

The main components of corporate income tax expense for the years ended 31 December 2024 and 2023 are:

	<u>Year ended 31 December 2024</u>	<u>Year ended 31 December 2023</u>
Income tax		
Current income tax	430,577	260,339
Deferred tax:		
Relating to origination and reversal of temporary differences		(12,178)
Total:	430,577	248,161

The reconciliation of the accounting result with the profit tax for the years ended 31 December 2023 and 2024 is as follows:

	<u>Year ended 31 December 2024</u>	<u>Year ended 31 December 2023</u>
Gross Profit before tax	2,218,195	1,444,900
At the Romanian tax rate: 16% (2023: 16%)	354,911	231,184
Legal reserves	(17,746)	(11,651)
Non-taxable income	(2,469)	(20,668)
Non-deductible expenses	95,881	100,021
Impact of IFRS remeasurements:		(50,725)
At the effective profit tax rate of 19% (2023 -17%)	430,577	248,161
The effective rate of profit tax	19%	17%

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7. Income tax (continued)

Deferred tax asset/(liability)

Deferred tax asset/(liability) refers to the following elements:

	Statement of financial position			Profit or loss		Translation differences	
	31 December 2024	31 December 2023	1 January 2023	Year ended 31 December 2024	Year ended 31 December 2023	Year ended 31 December 2024	Year ended 31 December 2023
Provisions			3,399		3,444		(45)
Debt packages receivables			(22,164)		(22,456)		292
Long term interest bearing loans and borrowings			(173)		(175)		2
Right-of-use assets			(3,383)		(3,428)		45
Lease liability			3,001		3,040		(39)
Loans and advances to customers			7,300		7,397		(97)
Total			(12,020)		(12,178)		158

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8. Cash and cash equivalents

The Company holds current accounts in RON, EUR, and USD at banks in Romania as at 31 December 2023 and 31 December 2024.

	<u>31 December 2024</u>	<u>31 December 2023</u>
Current accounts in RON	176,969	125,029
Current accounts in foreign currency	439,318	2,031,819
Bank deposits in RON	-	70,80
Total:	616,287	2,227,655

9. Loans and advances to customers

	<u>31 December 2024</u>	<u>31 December 2023</u>
Loans portfolio	16,065,976	13,559,530
Impairment allowance	(990,796)	(1,199,195)
Total:	15,075,180	12,360,335

The Loans and advances to customers detailed by maturity are as follows:

	<u>31 December 2024</u>	<u>31 December 2023</u>
Credit portfolios maturing in under 1 year	3,307,361	2,917,835
Credit portfolios maturing in over1 year	12,758,615	10,641,695
Total gross book value	16,065,976	13,559,530
Impairment allowance	(990,796)	(1,199,195)
Total:	15,075,180	12,360,335

Loans granted

The Company started the lending activity during 2019, after obtaining the authorization from the NBR. The Company grants loans for equipment, working capital and acquisitions of goods / consumers loans to individuals and legal entities in Romania for periods between 1-6 years. The interest rates charged by the Company vary between 17% - 40%.

Loans acquired

In 2019 and 2020, the Company acquired at cost portfolios of performing, unimpaired loans from Credius IFN SA (related party) with an acquisition value of RON 1,231,485 lei (2020) and 10,848,823 (2019) lei representing the nominal value of the loans: the unpaid principal and the current and outstanding instalments at the date of acquisition (principal, interest, fees).

Interest income related to the loan portfolio acquired is recognized in accordance with the effective interest rate, and impairment allowances are recognized in accordance with the Company's policy, as described in section 2.2.g.

Impairment allowance for expected credit loss

The Company calculates impairment allowance for the portfolio of loans granted and acquired in accordance with the Company's policy, as described in section 2.2.f

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9. Loans and advances to customers (continued)

The decrease in the 2024 impairment allowance of loans and advances to customers vs. 2023 comes as a result of an increase in share in secured borrowings in the mix in balance at year end, the impairment amount being influenced by the recoverable amount of the real estate secured as part of the borrowing agreement.

For more information concerning the loans' evolution or the impairment allowance, please refer to note 23.2.

The details of loans and advances granted to customers by product type, of related pledges types are as follows:

Breakdown by product type:

	31 December 2024	31 December 2023
Purchase of goods	8,877	157,603
Working capital	14,162,706	11,337,678
Equipment	74,078	234,223
Real Estate Loans	829,519	630,83
Total:	15,075,180	12,360,335

Breakdown by type of pledge:

	31 December 2024	31 December 2023
Real estate (land, buildings)	8,217,988	6,574,486
Movable assets (vehicles, equipment, inventories)	53,793	270,142
Unsecured borrowings	6,803,399	5,515,70
Total:	15,075,180	12,360,335

The movements in the loans and advances granted to customers impairment allowance for the years ended 31 December 2023 and 2024 are as follows:

	Year ended 31 December 2024	Year ended 31 December 2023
Balance on 1 st of January	1,199,195	1,138,707
Net impairment adjustments related to outstanding loans	1,378,814	1,540,950
Cancellation of impairment adjustments related to derecognized loans (through assignment or closing of contracts)	(903,108)	(756,358)
<i>Impairment allowance, total</i>	475,706	784,592
Translation differences	(65,196)	35,590
Disposal of debt packages	(618,909)	(759,694)
Balance on December 31st	990,796	1,199,195

Starting with the year ended on 31 December 2024, in accordance with local tax regulations, the Company did not cancel the impairment allowance related to the derecognized loans through the profit and loss account, but cancelled the impairment allowance against the gross book value of the assigned loans.

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10. Debt packages receivables

Regarding default loans granted to customers (more than 90 days overdue), the Company's policy is to assign these loans to Finopro IFN SA, a related party, specialized in debt collections.

Thus, the Company assigns the defaulted loans at a selling price of 34% of the nominal value. By virtue of the assignment contracts, the Company only transfers assets (defaulted loans granted to customers), not related liabilities.

Based of this profit sharing contract, upon the assignment of the portfolios, the Company recognized an asset with the portfolios of receivables assigned, corresponding to the Company's continued involvement.

During the financial year ended on 31 December 2023, the Company decided to settle the profit sharing right related to the assigned portfolios as follows:

- The assignment contracts of the portfolios concluded starting with 1 January 2024 do not include a profit-sharing right
- For the portfolios transferred before 31 December 2023, on 31 October 2024 the Company concluded a agreement with Finopro based on which the Company waived this right in exchange for the fair value of the respective portfolios at the date of the contract, fair value estimated at RON 1,101,135 (USD 240,722).

The 2023 movements in the assigned portfolios, as well as in the related assets (debt packages receivables), were the following:

	<u>Year ended 31 December 2024</u>	<u>Year ended 31 December 2023</u>
Loans assigned (cost):		1,534,196
Proceeds (sale price):		(802,337)
Recognized asset (corresponding to continued involvement)		-
Impairment allowance derecognized:		(756,359)
Net losses from disposal of financial assets		(24,500)
	<u>Year ended 31 December 2024</u>	<u>Year ended 31 December 2023</u>
Balance on 1 st of January		138,525
Assets recognized during the year		-
Accrued interest (effective interest rate method)		52,477
Fair value adjustment		148,346
Proceeds from collection		(100,452)
Settlement as at 31 October 2024:		(240,722)
Translation differences		1,826
Balance on 31st of December		-

In the profit and loss account, the accrued interest is recognized in the "Interest income" line.

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11. Property, plant and equipment

The movements in property, plant and equipment as at 31 December 2024 and 31 December 2023 are presented below:

	Equipment and vehicles	Other property, plant and equipment	Total
Gross book value:			
Balance as at 1 January 2023	103,538	65,908	169,446
Additions	10,112	6,923	17,035
Translation differences	3,373	2,156	5,529
Balance as at 31 December 2023	117,023	74,987	192,010
Additions	15,005	17,306	32,311
Translation differences	(7,445)	(5,058)	(12,503)
Balance as at 31 December 2024	124,583	87,235	211,818
Accumulated depreciation:			
Balance as at 1 January 2023	16,716	60,744	77,460
Depreciation charge	28,122	3,139	31,261
Translation differences	1,007	1,930	2,937
Balance as at 31 December 2023	45,845	65,813	111,658
Depreciation charge	30,166	5,150	35,316
Translation differences	(3,824)	(4,064)	(7,888)
Balance as at 31 December 2024	72,187	66,899	139,086
Net book value:			
Balance as at 1 January 2023	86,822	5,164	91,986
Balance as at 31 December 2023	71,178	9,174	80,352
Balance as at 31 December 2024	52,396	20,336	72,732

Property, plant and equipment is not pledged as at 31 December 2024 and 31 December 2023.

As at 31 December 2024, the Company had fully depreciated tangible fixed assets in use in amount of USD 63,446 (31 December 2023: USD 59,680)

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12. Intangible assets

The movements in intangible assets as at 31 December 2024 and 31 December 2023 are presented below:

	Software	Other intangible assets	Total
Gross book value			
Balance as at 1 January 2023	320,446	139	320,585
Additions	84,643	-	84,643
Translation differences	11,370	4	11,374
Balance as at 31 December 2023	416,459	143	416,602
Additions	104,233	-	104,233
Translation differences	(28,392)	(8)	(28,400)
Balance as at 31 December 2024	492,300	135	492,435
Accumulated amortization:			
Balance as at 1 January 2023	219,129	137	219,266
Amortization charge	66,243	2	66,245
Translation differences	7,922	4	7,926
Balance as at 31 December 2023	293,294	143	293,437
Amortization charge	78,599	-	78,599
Translation differences	(20,189)	(8)	(20,197)
Balance as at 31 December 2024	351,704	135	351,839
Net book value			
Balance as at 1 January 2023	101,317	2	101,319
Balance as at 31 December 2023	123,165	-	123,165
Balance as at 31 December 2024	140,596	-	140,596

As at 31 December 2024, the Company has fully amortized intangible assets that are still in use in amount of USD 257,015 (31 December 2023: USD 195,420).

The additions in 2024 intangible assets refer mainly to developments carried out in the accounting system of the Company, in order to facilitate its functionalities when the Company volume of operations increases.

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13. Right-of-Use Assets

The movements in the right-of-use assets as at 31 December 2024 are presented below:

	Office space	Total
Gross book value		
Balance as at 1 January 2023	27,764	27,764
Initial recognition in accordance with IFRS 16 provisions	150,152	150,152
Right-of-use assets derecognition	(16,904)	(16,904)
Translation differences	3,183	3,183
Balance as at 31 December 2023	164,195	164,195
Initial recognition in accordance with IFRS 16 provisions	7,241	7,241
Translation differences	(9,930)	(9,930)
Balance as at 31 December 2024	161,506	161,506
Accumulated amortization		
Balance as at 1 January 2023	6,620	6,620
Amortization charge	36,809	36,809
Accumulated amortization for right-of-use assets derecognition	(16,640)	(16,640)
Translation differences	556	556
Balance as at 31 December 2023	27,345	27,345
Amortization charge	50,920	50,920
Translation differences	(3,510)	(3,510)
Balance as at 31 December 2024	74,755	74,755
Balance as at 1 January 2023	21,144	21,144
Balance as at 31 December 2023	136,850	136,850
Balance as at 31 December 2024	86,751	86,751

14. Receivables

	31 December 2024	31 December 2023
Receivables from affiliated parties (Note 19)	358,613	297,558
Trade receivables with third parties	4,164	
Total:	362,777	297,558

15. Other current assets

	31 December 2024	31 December 2023
Prepaid expenses	12,529	10,020
Other assets	11,212	8,218
Total:	23,741	18,238

Other current assets mainly represent social security receivables. The guarantees relate to office space rent

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16. Loans and other financial liabilities

The Company loans are as follows:

Creditor:	Contract date	Currency	Facility	Maturity	Interest	31-Dec-24	Current	Non-current
FirrstBank	27-Oct-23	EUR	1,250,000	27-Oct-26	EURIBOR 3M + 4%	945,504	474,835	470,669
FirrstBank	18-Jun-24	EUR	1,200,000	18-Jun-27	EURIBOR 3M + 3.5%	1,113,275	431,694	681,581
EMF Microfinance Fund AGMVK	23-Apr-22	EUR	1,750,000	10-Jun-25	7,44%	352,480	352,480	-
EMF Microfinance Fund AGMVK	10-Jun-23	EUR	1,000,000	18-Jun-26	8,93%	833,043	624,782	208,261
EMF Microfinance Fund AGMVK	10-Sep-24	EUR	1,000,000	16-Sep-27	7.37%	1,041,304	208,261	833,043
Helenos	27-Nov-24	EUR	1,000,000	25-Oct-28	EURIBOR 6M + 5.5%	1,041,304	-	1,041,304
Total received borrowings						5,326,910	2,092,052	3,234,858

Creditor:	Contract date	Currency	Facility	Maturity	Interest	31-Dec-23	Current	Non-current
FirrstBank	11-Nov-22	EUR	550,000	3-Nov-24	6,24%	474,214	474,214	-
FirrstBank	27-Oct-23	EUR	1,250,000	27-Oct-26	EURIBOR 3M + 4%	1,003,906	379,840	624,066
Lapworth Holding	30-Jun-22	USD	600,000	31-Mar-24	5%	600,000	600,000	-
EMF Microfinance Fund AGMVK	23-Apr-22	EUR	1,750,000	10-Jun-25	7,44%	1,161,825	774,549	387,276
EMF Microfinance Fund AGMVK	10-Jun-23	EUR	1,750,000	18-Jun-26	8,93%	1,103,926	440,028	663,898
Total received borrowings						4,343,871	2,668,631	1,675,240

The movements in financing liabilities for the years ended 31 December 2023 and 2024 were the following:

	<u>Year ended 31 December 2024</u>	<u>Year ended 31 December 2023</u>
Balance on January 1 st	4,343,871	2,442,390
Funding received	3,834,141	2,921,873
Interest accrual	372,801	197,281
Repayment	(2,933,019)	(1,327,878)
Exchange rate differences (profit or loss)	12,701	3,464
Translation differences	<u>(303,585)</u>	<u>106,741</u>
Balance on December 31st	5,326,910	4,343,871

During the year ended 31 December 2024, the Company contracted two bank loans with First Bank (credit facility in the amount of EUR 1,250,000 due on October 27, 2026) and with EMF Microfinance Fund AGMVK (loan in the amount of 1,000,000 EUR, due on June 18, 2026).

The loan contracts contain clauses that provide for the fulfillment of the following covenants:

Covenants with EMF Microfinance Fund AGMVK

- The share of non-performing loans (more than 90 days late) should not exceed 12% of the total
- The share of non-performing loans (over 90 days overdue) related to Tier 1 capital (Tier 1 Capital) should not exceed 15%
- Tier 1 capital ratio should not fall below 20%
- The return on assets for the last 12 months should not fall below 0

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16. Loans and other financial liabilities

- The ratio of net assets in foreign currency (assets in foreign currency minus liabilities in foreign currency) not to exceed compared to Tier 1 capital (Tier 1 Capital) not to exceed 150% (for long positions) and not to fall below 50% for short positions.
- The total capital should not fall below 8 million USD

First Bank covenants

- The share of non-performing loans (more than 90 days late) should not exceed 15% of the total
- The own capital ratio should not fall below 30%
- The liquidity rate should not fall below 2%
- The current ratio rate should not fall below 2
- Assets with debt service more than 30 days late should not exceed 25%
- The coverage of provisions for non-performing loans should be at least 50%
- The share of restructured loans should not exceed 10%

Helenos covenants

- The share of non-performing loans (more than 30 days late) should not exceed 15% of the total
- The own capital ratio should not fall below 25%
- The current ratio should not fall below 1
- The share of restructured loans should not exceed 10%
- Total equity should not fall below USD 9 million
- The FX ratio for every single foreign currency not greater than 150% for long position (meaning an excess of foreign-currency assets over foreign-currency liabilities) and not less than (-50%) for short position (meaning an excess of foreign-currency liabilities over foreign-currency assets)

As at 31 December 2024, the Company had no breaches of covenants (31 December 2023: no breaches of covenants).

17. Lease liabilities

The lease liabilities are related to the rights-of-use assets recognized in accordance with the Company office space lease contract..

Creditor:	Contract date	Currency	Facility	Maturity	Interest	31-Dec-24	Current	Non-current
Tipored Plus SRL	03.07.2024	EUR	N/A	03.07.2026	8%	82,606	49,983	32,623
Total datorii cu leasing-ul						82,606	49,983	32,623

Creditor:	Contract date	Currency	Facility	Maturity	Interest	31-Dec-23	Current	Non-current
Tipored Plus SRL	03.07.2024	EUR	N/A	03.07.2026	8%	132,445	50,191	82,254
Total datorii cu leasing-ul						132,445	50,191	82,254

The lease liability movements for the years ended 31 December 2023 and 2024 were the following:

	<u>Exercitiu incheiat la 31 decembrie 2024</u>	<u>Exercitiu incheiat la 31 decembrie 2023</u>
Balance as at 1 January	132,445	18,755
Right-of-use assets recognized in accordance with IFRS 16	7,259	150,152
Interest accrual	2,856	1,581
Lease payments	(53,778)	(40,274)
Foreign exchange differences (profit or loss)	(16)	(290)
Translation differences	(6,160)	2,521
Balance as at 31 December	82,606	132,445

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18. Provisions

As at 31 December 2023, the Company set up provisions for untaken vacations in the amount of USD 18,747 (31 December 2023: USD 21,247). The provisions movements were the following:

	<u>Year ended 31 December 2024</u>	<u>Year ended 31 December 2023</u>
Balance on 1 st of January	18,747	21,247
Increase	3,365	(3,102)
Translation differences	<u>(1,229)</u>	<u>60</u>
Balance on 31st of December	20,883	18,747

The provision is determined on the basis of vacation days not taken on December 31. There are no significant uncertainties or considerations in determining the value of provisions at the end of the year.

19. Other current liabilities

	<u>31 December 2024</u>	<u>31 December 2023</u>
Advances from customers	95,586	77,926
Payroll and other employee benefits	46,733	51,163
Payroll taxes	106,409	67,214
Other creditors	6,453	13,830
Other taxes	<u>6,784</u>	<u>13,01</u>
Total:	261,965	223,147

Advances received from customers represent the amounts received from customers on account of loans that have not yet been allocated for the payment of instalments.

20. Equity

Share capital

The share capital of the Company is fully paid up at the date of the present financial statements and consists of 37,848,539 ordinary shares (31 December 2023: 37,848,539 ordinary shares) with a nominal value of USD 0,24 per share (31 December 2023: USD 0,24 per share). The holders of ordinary shares are entitled to receive dividends periodically and have the right to vote in the General Shareholders Meeting.

The holding of shareholders in the share capital of the Company on 31 December 2024 and 31 December 2023 is as follows:

	<u>31 December 2024</u>			<u>31 December 2023</u>		
	<u>Number of shares</u>	<u>Percentage (%)</u>	<u>Total Nominal value</u>	<u>Number of shares</u>	<u>Percentage (%)</u>	<u>Total Nominal value</u>
Lapworth Holding	37,847,572	99.99%	8,849,529	37,847,572	99.99%	8,849,529
Credius IFN SA	967	0.01%	250	967	0.01%	250
Total:	37,848,539	100%	8,849,779	37,848,539	100%	8,849,779

Legal reserves

During the financial year ended 31 December 2024, the Company has set-up legal reserves in amount of USD 110,910 (financial year ended 31 December 2023: legal reserves set up in amount of USD 72,821), representing 5% of the annual statutory profit up to 20% of the share capital. The balance of legal reserves as at 31 December 2024 was of USD 374,889 (31 December 2023: USD 263,979).

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21. Related parties

The table below summarizes the transactions performed with related parties in 2024 and 2023, as well as the related balances as at 31 December 2024 and 31 December 2023.

		Sales to related parties	Acquisition of loan portfolios from related parties	Interest income from related parties	Interest expense with related parties	Other Expenses in relation to related parties	Trade receivables with related parties	Trade payables with related parties	Loans from related parties
Entity with significant influence over the Company									
Lapworth Holdings Limited	2023	-	-	-	-	-	-	-	600,000
	2024	-	-	-	-	-	-	-	-
Other related parties									
Credius	2023	-	-	-	-	-	-	-	-
	2024	-	-	-	-	-	-	-	-
Finopro	2023	902,788	-	-	-	-	297,558	-	-
	2024	898,057	-	-	-	-	358,613	-	-
Integral Collection	2023	-	-	-	-	-	-	-	-
	2024	-	-	-	-	-	-	-	-
Credimatic	2023	-	-	-	-	-	-	-	-
	2024	-	-	-	-	-	-	-	-
Key management personnel of the Company									
	2023	-	-	-	-	-	-	-	-
	2024	-	-	-	-	-	-	-	-

Compensation of Key management personnel

	<u>Year ended 31 December 2024</u>	<u>Year ended 31 December 2023</u>
Indemnities of Key management personnel	94,904	92,314

The Company did not grant any loans or other benefits to key management personnel during 2023 and 2024.

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22. General commitments and contingencies

Legal claims

As at 31 December 2023 and 31 December 2024, the Company is not involved in litigation.

Contingent assets

The Company did not record contingent assets as at 31 December 2023 and 31 December 2024.

Contingent liabilities

The Company did not record contingent liabilities as at 31 December 2023 and 31 December 2024.

23. Risk management

The risk management is an integral part of the daily operations of the Company, starting with the definition of the strategy and capital projections, up to the operational planning activity and the related processes. Based on this approach, the Company ensures transparency and an efficient self-government process for stakeholders. At the same time, risk management supports the Company in resource planning, in setting priorities, in identifying opportunities, in establishing a relevant internal control and audit program, and ensures that there is a clear responsibility for the management of each type of risk.

The Company is exposed to credit risk, market risk and liquidity risk. The Company's management supervises the management of these risks. In this regard, the Company's Management designs and implements the appropriate policies and procedures that ensure the identification, measurement and management of financial risks in accordance with the Company's risk policies and objectives. There were no changes concerning the policies and methods used to determine risks.

23.1 Financial assets and liabilities

	<u>31 December 2024</u>	<u>31 December 2023</u>
Assets		
Cash and cash equivalents	616,287	2,227,655
Financial assets valued at fair value		
Debt packages receivables		-
Financial assets measured at amortized cost		
Loans and advances granted to clients	15,075,180	12,360,335
Trade receivables	362,777	297,558
Guarantees (included in Other current assets)		-
Total financial assets at amortized costs	<u>15,437,957</u>	<u>12,657,893</u>
Total financial assets	16,054,244	14,885,548
Liabilities		
Financial liabilities measured at amortized cost		
Loans and other financial debts	5,326,910	4,343,871
Leasing liabilities	82,606	132,445
Sundry creditors (included in Other current liabilities)	6,453	13,830
Total financial liabilities at amortized cost	5,415,969	4,490,146
Total financial liabilities	<u>5,415,969</u>	<u>4,490,146</u>
Net financial assets	10,638,275	10,395,402

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23. Risk management (continued)

23.2 Market risk

The market risk is the risk of recording losses that may occur due to unfavourable changes in market prices and the parameters derived from them. These changes in market value could occur in the income statement or in the statement of comprehensive income.

Market risk is divided into interest rate risk, currency risk, risk related to the evolution of the share price and the risk related to the evolution of the price of goods.

The sensitivity analysis in the following sections refer to the position as at 31 December 2023 and 2024.

The company assumed, in calculating the sensitivity analysis, that the sensitivity of the relevant position of the profit or loss situation is the effect of changes in those market risks. It is based on financial assets and liabilities held as at 31 December 2023 and 2024.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. This type of risk arises when there are discrepancies between assets and liabilities, including derivative instruments, in terms of their maturity or the timing of interest rate adjustments. In order to identify the interest rate risk, all financial instruments are grouped by maturity bands, taking into account the remaining period to maturity or the period until an interest rate adjustment (revaluation).

The table below summarizes the Company's exposure to interest rate risk as at 31 December 2024 and 2023. Included in the table below are the Company's financial assets and liabilities at carrying amounts, classified according to the interest rate adjustment date or contractual maturity.

	31 December 2024	Fixed interest rate	Variable interest rate	Non carrying interest rate
Financial assets				
Cash and cash equivalents	616,287			616,287
Loans and advances to customers	15,075,180	15,075,180		
Trade receivables	362,777	-		362,777
Total financial assets:	16,054,244	15,075,180	-	979,064
Financial liabilities:				
Interest bearing loans and borrowings	5,326,910	2,226,827	3,100,083	-
Lease liabilities	82,606	82,606	-	-
Sundry creditors (other current liabilities)	6,453	-	-	6,453
Total financial liabilities	5,415,969	2,309,433	3,100,083	6,453
Net position	10,638,275	12,765,747	(3,100,083)	972,611

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23. Risk management (continued)

	31 December 2023	Fixed interest rate	Variable interest rate	Non carrying interest rate
Financial assets				
Cash and cash equivalents	2,227,655	-	-	2,227,655
Loans and advances to customers	12,360,335	12,360,335	-	-
Trade receivables	297,558	-	-	297,558
Total financial assets:	14,885,548	12,360,335	-	2,525,213
Financial liabilities:				
Interest bearing loans and borrowings	4,343,871	3,339,965	1,003,906	-
Lease liabilities	132,445	132,445	-	-
Sundry creditors (other current liabilities)	13,830	-	-	13,830
Total financial liabilities	4,490,146	3,472,410	1,003,906	13,830
Net position	10,395,402	8,887,925	(1,003,906)	2,511,383

The below table indicates the sensitivity to a possible reasonable change in the variable interest rate, all other variables being kept constant. The impact on the Company's pre-tax profit is due to changes in the fair value of financial assets and liabilities and represents the change in equity before tax.

	Change in variable interest rate	Effect upon profit before tax	Effect upon equity before tax
Year ended 31 December 2024	1%	(31,001)	(31,001)
	-1%	31,001	31,001
Year ended 31 December 2023	1%	(10,039)	(10,039)
	-1%	10,039	10,039

Currency risk

Currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate due to changes in exchange rates. The Company's exposure to the risk of changes in foreign exchange rates mainly relates to the Company's treasury and financing activities. The most significant part of the portfolio of loans and advances granted to customers is expressed in USD.

The table below summarizes the Company exposures to the currency risk as at 31 December 2023 and 31 December 2024. In the table are included the book values of the Company financial assets and liabilities, disclosed based on currency.

31 December 2024	Total:	RON	USD	EUR
Financial assets				
Cash and cash equivalents	616,287	176,969	428,123	11,195
Loans and advances to customers	15,075,180	108,952	9,211,573	5,754,655
Trade receivables	362,777	362,777	-	-
Total financial assets	16,054,244	648,698	9,639,696	5,765,850

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23. Risk management (continued)

31 December 2024	Total:	RON	USD	EUR
Financial liabilities:				
Interest bearing loans and borrowings	5,326,910	-	-	5,326,910
Lease Liability	82,606	-	-	82,606
Sundry creditors (other current liabilities)	6,453	6,453	-	-
Total financial liabilities	5,415,969	6,453	-	5,409,516
Net position:	10,638,275	642,245	9,639,696	356,334
31 December 2023				
Financial assets				
Cash and cash equivalents	2,227,655	195,837	1,504,949	526,869
Loans and advances to customers	12,360,335	459,984	8,949,355	2,950,996
Trade receivables	297,558	297,558	-	-
Total financial assets	14,885,548	953,379	10,454,304	3,477,865
Financial liabilities:				
Interest bearing loans and borrowings	4,343,871	-	600,000	3,743,871
Lease Liability	132,445	-	-	132,445
Sundry creditors (other current liabilities)	13,830	13,830	-	-
Total financial liabilities	4,490,146	13,830	600,000	3,876,316
Net position:	10,395,402	939,549	9,854,304	(398,451)

The table below summarizes the sensitivity to a possible reasonable change in the USD exchange rate, all other variables being kept constant. The impact on the Company's profit before tax is due to changes in the fair value of financial assets and liabilities and represents a change in equity before tax.

	Change in USD	Effect upon profit before tax	Effect upon equity before tax
Year ended 31 December 2024	1%	96,397	96,397
	-1%	(96,397)	(96,397)
Year ended 31 December 2023	1%	98,543	98,543
	-1%	(98,543)	(98,543)
	Change in EUR	Effect upon profit before tax	Effect upon equity before tax
Year ended 31 December 2024	1%	3,563	3,563
	-1%	(3,563)	(3,563)
Year ended 31 December 2023	1%	(3,985)	(3,985)
	-1%	3,985	3,985

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23. Risk management (continued)

23.2 Credit risk

Credit risk represents the partial or complete risk of non-fulfilment of an agreed obligation as a result of concluding a contract. Credit risk refers to the negative consequences associated with the non-fulfilment of the obligation or the non-fulfilment of the contracts concluded for banking operations due to the deterioration of the credit quality granted to a counterparty.

Credit risk is characteristic of the following types of assets:

- Cash and cash equivalents
- Loans and advances to customers
- Other current assets (sundry debtors, guarantees)

The reconciliation between gross book value and net book value of credit risk exposure components is detailed below:

	31 December 2024			31 December 2023		
	Gross carrying amount	Impairment allowance	Net carrying amount	Gross carrying amount	Impairment allowance	Net carrying amount
Cash and cash equivalents	616,287	-	616,287	2,227,655	-	2,227,655
Debt packages receivable	-	-	-	-	-	-
Loans and advances to customers	16,065,976	(990,796)	15,075,180	13,559,530	(1,199,195)	12,360,335
Trade receivables	362,777	-	362,777	297,558	-	297,558
Guarantees (other current assets)	-	-	-	-	-	-
Total:	17,045,040	(990,796)	16,054,244	16,084,743	(1,199,195)	14,885,548

The maximum exposures to credit risk are the following:

	31 December 2024	31 December 2023
Cash and cash equivalents	616,287	2,227,655
Debt packages receivable	-	-
Loans and advances to customers	15,075,180	12,360,335
Trade receivables	362,777	297,558
Guarantees (Other current assets)	-	-
Total:	16,054,244	14,885,548

Cash and cash equivalent

The company deposits cash only with reputable financial institutions with high credibility.

Other current assets

Other current assets arise from sales made by the Company outside the current activity (i.e. providing borrowings), as well as a result of the various guarantees deposited (in general, related to the headquarters lease), and, consequently have low values. Customer credit risk is managed by the Company in accordance with established policies, procedures and controls relating to customer credit risk management. The Company evaluates the credit quality of its customers based on a scoring process, the Company also establishing individual credit limits in this regard.

The company regularly monitors and evaluates customers' outstanding receivables.

23. Risk management (continued)

Loans and advances to customers

This category has the highest importance in terms of credit risk.

The credit risk related to loans and advances granted to customers is monitored in accordance with the Company's policy. The main criterion taken into account, in this sense, is the delay of the debtors in making the contractual payments.

The expected credit losses represent a weighted average of expected losses that reflect the time value of money. The credit risk loss is the difference between the contractual cash flows expected to be received by the Company and the cash flows discounted at the effective interest rate of the same instrument, or at the EIR adjusted for credit risk in the case of impaired assets acquired. In order to determine the expected credit losses, the Company estimates the expected loss, which includes the expected cash flows from all possible sources including collateral and other sources that are part of the contractual terms.

In the case of collateralized financial instruments, the expected collateral cash flows reflect the value and the period until the capitalization of the collateral minus the discounted costs of obtaining and selling the collateral.

Expected credit losses are calculated for the residual period in which the Company is exposed to credit risk. The residual period is defined taking into account the contractual terms including the Company's right to request a refund or cancellation and the client's right to request an extension.

For non-default exposures (Stage 1 and Stage 2), but also for default exposures (Stage 3), collective adjustments are calculated based on a rules-based approach, regardless of whether the borrower is considered significant or not. The calculation of collective adjustments requires the grouping of the respective exposures into homogeneous groups that take into account the characteristics of the common risks.

The calculation of the adjustments for expected losses takes place at the end of the exposure reporting period, in the contractual currency. The adjustments for expected losses are determined as a product between the non-repayable exposure ("EAD") taking into account the credit conversion factor in case of off-balance sheet exposures, between the non-repayment probability ("PD") and the loss in case of non-repayment. "LGD"), defined below:

- The probability of default ("PD") represents the probability that a debtor will not comply with its financial obligations (the default status is defined below), either in the next 12 months, or during the remaining life of the loan;
- The non-repayment exposure ("EAD") represents the value due by the debtor to the Company if it would go into default, either in the next 12 months, or until the end of the loan term. The estimate includes current exposures, expected reimbursements and possible uses of off-balance sheet items, but not more than the contractual limit, at the time of default if it occurs.
- The loss in case of non-repayment ("LGD") represents the Company's expectation on the level of loss in case of non-reimbursement. The loss in case of non-repayment is different depending on the type of counterparty, the type and degree of seniority of the debt, as well as depending on the type of guarantee or other method of coverage. The loss in default is expressed as a percentage of the exposure in case of default.

The classification of debtors in stages is performed as follows:

- Debtors without delays in payment are included in Stage 1. This category includes two categories of debtors:
 - o 0DPD (0 days late): debtors without payment delays
 - o 30DPD (1-30 days late): debtors with payment delays of up to 30 days

23. Risk management (continued)

- Debtors with delays of up to 90 days are included in Stage 2. This category includes two categories of debtors:
 - o 60DPD (31-60 days late): debtors with late payments between 31 and 60 days
 - o 30DPD (61-90 days late): debtors with late payments between 61 and 90 days
- Debtors with delays of over 90 days are included in Stage 3. This category includes two categories of debtors:
 - o Debtors with delays of more than 90 days,
 - o Restructured debtors

The company considers that the credit risk for a financial asset has increased significantly since the initial recognition when contractual payments are overdue by more than 30 days. As can be seen above, the Company considers that debtors enter the default stage when it exceeds 90 days of delay, or the debt is rescheduled.

The calculation of the probability of default was made by statistically by analysing the evolution of the share of defaulted loans in the period 2019-2024

For the year ending 31 December 2024, the calculation of the loss defaulted (LGD). is detailed below::

1. For loans secured by real estate assets (mostly buildings/land). the default loss was estimated at 25%, if the recoverable value of the real estate assets is 30% higher than the default exposure. For recoverable values lower than 130% of the exposure in default, the default loss is adjusted accordingly.
The company has an annual internal evaluation process of the recoverable value of the real estate properties obtained as a pledge as part of the lending process.
2. For loans secured by movable assets (mostly vehicles), or unsecured ones, the default loss was set at 66%. The company has a policy of ceding defaulted portfolios to Finopro IFN SA at 34% of the nominal value)

For the year ending 31 December 2023, the calculation of the loss defaulted (LGD). is detailed below:

1. For loans secured by real estate assets (mostly buildings/land). the default loss was estimated at 25%, if the recoverable value of the real estate assets is 30% higher than the default exposure. For recoverable values lower than 130% of the exposure in default, the default loss is adjusted accordingly.
The company has an annual internal evaluation process of the recoverable value of the real estate properties obtained as a pledge as part of the lending process.
2. For loans secured by movable assets (mostly vehicles), or unsecured ones, the default loss was set at 80. The company has a policy of ceding defaulted portfolios to Finopro IFN SA at 20% of the nominal value)

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23. Risk management (continued)

The breakdown on components of the loan portfolios and the impairment allowance as of 31 December 2023 and 2024 is as follows:

	Stage 1	Stage 2	Stage 3	31 December 2024
Gross book value				
0 days overdue	10,391,838	-	-	10,391,838
1-30 days overdue	4,909,077	-	-	4,909,077
31-60 days overdue	-	396,840	-	396,840
61-90 days overdue	-	144,080	-	144,080
Default	-	-	224,141	224,141
Total:	15,300,915	540,920	224,141	16,065,976
Impairment allowance				
0 days overdue	(575,366)	-	-	(575,366)
1-30 days overdue	(253,548)	-	-	(253,548)
31-60 days overdue	-	(19,117)	-	(19,117)
61-90 days overdue	-	(13,700)	-	(13,700)
Default	-	-	(129,065)	(129,065)
Total:	(828,914)	(32,817)	(129,065)	(990,796)
Net carrying amount				
0 days overdue	9,816,472	-	-	9,816,472
1-30 days overdue	4,655,529	-	-	4,655,529
31-60 days overdue	-	377,723	-	377,723
61-90 days overdue	-	130,380	-	130,380
Default	-	-	95,076	95,076
Total:	14,472,001	508,103	95,076	15,075,180

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23. Risk management (continued)

	Stage 1	Stage 2	Stage 3	31 December 2023
Gross book value				
0 days overdue	8,195,044	-	-	8,195,044
1-30 days overdue	4,518,066	-	-	4,518,066
31-60 days overdue	-	534,094	-	534,094
61-90 days overdue	-	77,388	-	77,388
Default	-	-	234,938	234,938
Total:	12,713,110	611,482	234,938	13,559,530
Impairment allowance				
0 days overdue	(661,194)	-	-	(661,194)
1-30 days overdue	(294,473)	-	-	(294,473)
31-60 days overdue	-	(51,998)	-	(51,998)
61-90 days overdue	-	(11,801)	-	(11,801)
Default	-	-	(179,729)	(179,729)
Total:	(955,667)	(63,799)	(179,729)	(1,199,195)
Net carrying amount				
0 days overdue	7,533,850	-	-	7,533,850
1-30 days overdue	4,223,593	-	-	4,223,593
31-60 days overdue	-	482,096	-	482,096
61-90 days overdue	-	65,587	-	65,587
Default	-	-	55,209	55,209
Total:	11,757,443	547,683	55,209	12,360,335

The credit risk information based on ageing is disclosed below:

31 December 2024	Total:	0 DPD	1-30 DPD	31-60 DPD	61-90 DPD	Default
Gross carrying amount	16,065,976	10,391,838	4,909,077	396,840	144,080	224,141
Expected credit loss	(990,796)	(575,366)	(253,548)	(19,117)	(13,700)	(129,065)
Expected credit loss rate (%)	-6.2%	-5.5%	-5.2%	-4.8%	-9.5%	-57.6%
31 December 2023	Total:	0 DPD	1-30 DPD	31-60 DPD	61-90 DPD	Default
Gross carrying amount	13,559,530	8,195,044	4,518,066	534,094	77,388	234,938
Expected credit loss	(1,199,195)	(661,194)	(294,473)	(51,998)	(11,801)	(179,729)
Expected credit loss rate (%)	-8.8%	-8.1%	-6.5%	-9.7%	-15.2%	-76.5%

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23. Risk management (continued)

The evolution by components of loan portfolios and impairment allowance for the years ended 31 December 2023 is as follows:

	Gross	Stage 1	Stage 2	Stage 3
Gross carrying amount as at 1 January 2024 under IFRS 9	13,559,530	12,713,110	611,482	234,938
New assets originated or purchased	8,241,705	8,241,705	-	-
<i>Increases in stages</i>				
increase in stage 1	(1,193,826)	(1,193,826)	-	-
increase in stage 2	(39,957)	-	(39,957)	-
increase in stage 3	(33,575)	-	-	(33,575)
<i>Transfers between stages</i>				
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	(393,874)	393,874	-
Transfers to Stage 3	-	(153,405)	(26,004)	179,409
Settled	(3,542,062)	(3,035,523)	(363,846)	(142,693)
Derecognition	-	-	-	-
Translation differences	(925,769)	(877,202)	(34,629)	(13,938)
Total gross carrying amount as at 31 December 2024	16,065,976	15,300,915	540,920	224,141
	Impairment allowance	Stage 1	Stage 2	Stage 3
Impairment allowance as at 1 January 2024 under IFRS 9	1,199,195	955,667	63,799	179,729
New assets originated or purchased	429,097	429,097	-	-
<i>Increases in stages</i>				
increase in stage 1	(255,990)	(255,990)	-	-
increase in stage 2	(13,292)	-	(13,292)	-
increase in stage 3	39,002	-	-	39,002
<i>Transfers between stages</i>				
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	(32,598)	32,598	-
Transfers to Stage 3	-	(20,246)	(3,265)	23,511
Settled	(342,020)	(193,535)	(44,326)	(104,159)
Derecognition	-	-	-	-
Translation differences	(65,196)	(53,481)	(2,696)	(9,018)
Total impairment allowance as at 31 December 2024	990,796	828,914	32,818	129,065

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23. Risk management (continued)

The evolution by components of loan portfolios and impairment allowance for the years ended 31 December 2024 is as follows:

	Gross	Stage 1	Stage 2	Stage 3
Gross carrying amount as at 1 January 2023 under IFRS 9	11,690,519	10,259,366	575,688	855,465
New assets originated or purchased	6,247,073	6,247,073	-	-
<i>Increases in stages</i>	-	-	-	-
increase in stage 1	(1,299,231)	(1,299,231)	-	-
increase in stage 2	(72,030)	-	(72,030)	-
increase in stage 3	(32,791)	-	-	(32,791)
<i>Transfers between stages</i>	-	-	-	-
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	(408,227)	408,227	-
Transfers to Stage 3	-	(98,867)	(51,184)	150,051
Settled	(2,607,718)	(2,340,416)	(267,302)	-
Derecognition	(753,096)	-	-	(753,096)
Translation differences	386,804	353,412	18,083	15,309
Total gross carrying amount as at 31 December 2023	13,559,530	12,713,110	611,482	234,938
	Impairment allowance	Stage 1	Stage 2	Stage 3
Impairment allowance as at 1 January 2023 under IFRS 9	1,138,707	706,493	59,270	372,944
New assets originated or purchased	492,893	492,893	-	-
<i>Increases in stages</i>	-	-	-	-
increase in stage 1	(100,625)	(100,625)	-	-
increase in stage 2	14,705	-	14,705	-
increase in stage 3	87,490	-	-	87,490
<i>Transfers between stages</i>	-	-	-	-
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	(27,806)	27,806	-
Transfers to Stage 3	-	(11,662)	(10,755)	22,417
Settled	(158,442)	(129,340)	(29,102)	-
Derecognition	(311,122)	-	-	(311,122)
Translation differences	35,589	25,714	1,875	8,000
Total impairment allowance as at 31 December 2023	1,199,195	955,667	63,799	179,729

The breakdown of loans by type of collateral held is below:

	31-Dec-24	31-Dec-24	31-Dec-23	31-Dec-23
	Gross	Recoverable value of pledges	Gross	Recoverable value of pledges
Hard collateral	8,569,275	23,279,298	7,133,070	20,717,287
Guarantor	7,496,701	-	6,426,460	-
Unsecured	-	-	-	-
Total:	16,065,976	23,279,298	13,559,530	20,717,287

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23. Risk management (continued)

The breakdown of loans and pledges by stages is detailed below:

	31-Dec-24	31-Dec-24	31-Dec-23	31-Dec-23
	Gross	Recoverable	Gross	Recoverable
		value of pledges		value of pledges
Stage 1	15,300,915	22,414,685	12,713,110	19,640,753
Stage 2	540,920	640,006	611,482	932,258
Stage 3	224,141	224,605	234,938	144,276
Total:	16,065,976	23,279,296	13,559,530	20,717,287

The breakdown of over and undercollateralized loans and related pledges is as follows:

	Overcollateralized		Undercollateralized	
	Gross book	Collaterals	Gross	Collaterals
	value	recoverable amount	book value	recoverable amount
31 December 2024				
Stage 1	8,121,362	22,373,555	143,228	41,132
Stage 2	237,831	640,006	-	-
Stage 3	66,854	224,605	-	-
Total:	8,426,047	23,238,166	143,228	41,132

	Overcollateralized		Undercollateralized	
	Gross book	Collaterals	Gross	Collaterals
	value	recoverable amount	book value	recoverable amount
31 December 2023				
Stage 1	6,526,526	19,640,754	231,083	-
Stage 2	295,372	932,258	17,065	-
Stage 3	58,859	144,275	4,865	-
Total:	6,880,757	20,717,287	252,313	-

23.3 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its payment obligations when they are due under normal and stressful conditions. The Company manages its liquidity needs by monitoring scheduled debt service payments for long-term financial liabilities, as well as cash inflows and outflows provided for in day-to-day operations. The data used to analyse these cash flows are consistent with those used in the contractual maturity analysis below.

Net cash requirements are compared to the loan facilities available to determine the margin or any deficiencies.

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23. Risk management (continued)

The tables below summarize the maturity profile of the Company's financial liabilities as at 31 December 2024 and 2023 based on contractual cash flows. Refunds that are subject to notification are treated as if the notification were given immediately. Non-current contractual cash flows may differ from the carrying amounts of liabilities at the reporting date.

	Balances as at 31 December 2024	Contractual cash flows	<3 months	3-12 months	1-5 years	over 5 years
Financial assets	-	-	-	-	-	-
Cash and cash equivalents	616,287	616,287	616,287	-	-	-
Loans and advances to customers	15,075,180	26,513,839	1,631,396	5,020,115	18,527,798	1,334,530
Trade receivables	362,777	362,777	362,777	-	-	-
Total financial assets	16,054,244	27,492,903	2,610,460	5,020,115	18,527,798	1,334,530
Financial liabilities:						
Interest bearing loans and borrowings	5,326,910	6,017,250	343,152	2,080,535	3,593,563	-
Lease liability	82,606	86,220	12,808	38,424	34,988	-
Sundry creditors (Other current liabilities)	6,453	6,453	6,453	-	-	-
Total financial liabilities	5,415,969	6,109,923	362,413	2,118,959	3,628,551	-
Net assets/(liabilities) (Refinancing gap).	10,638,275	21,382,980	2,248,047	2,901,156	14,899,247	1,334,530

	Balances as at 31 December 2023	Contractual cash flows	<3 months	3-12 months	1-5 years	over 5 years
Financial assets	-	-	-	-	-	-
Cash and cash equivalents	2,227,655	2,227,655	2,227,655	-	-	-
Loans and advances to customers	12,360,335	22,530,241	1,442,176	4,456,498	15,711,850	919,717
Trade receivables	297,558	297,558	297,558	-	-	-
Total financial assets	14,885,548	25,055,454	3,967,389	4,456,498	15,711,850	919,717
Financial liabilities:						
Interest bearing loans and borrowings	4,343,871	4,674,812	804,099	2,238,410	1,632,303	-
Lease liability	132,445	137,206	13,929	39,183	84,094	-
Sundry creditors (Other current liabilities)	13,830	13,830	13,830	-	-	-
Total financial liabilities	4,490,146	4,825,848	831,858	2,277,593	1,716,397	-
Net assets/(liabilities) (Refinancing gap).	10,395,402	20,229,606	3,135,531	2,178,905	13,995,453	919,717

23.4 Fair value of financial assets and liabilities

Fair value is the price that would have been collected for the sale of an asset or paid for the transfer of a debt in a regulated transaction between market participants at the valuation date. The fair value is best highlighted by a price dictated by the market, if it exists.

23. Risk management (continued)

Level 1 in the fair value hierarchy

The fair value of financial instruments allocated on level 1 of the fair value hierarchy is determined on the basis of the prices quoted on the active markets related to identical financial assets and liabilities. In particular, the measured fair value can be classified as entry level 1 if the transactions take place with a high frequency, volume and consistency of pricing continuously.

This will be used as a fair value and in this case no valuation model is needed.

These include derivative financial instruments traded on the stock exchange (futures contracts, options), shares, government securities, as well as other bonds and funds, which are traded on highly liquid and active markets.

Level 2 in the fair value hierarchy

If a market quotation is used for valuation, but due to limited liquidity, the market does not qualify as active (information derived from available market liquidity indicators), the instrument is classified as level 2. If there are no prices available market value, fair value is measured using valuation models based on observable market data.

If all significant input data in the valuation model are observable, the instrument is classified as level 2 in the fair value hierarchy. For valuations for level 2, yield curves, credit margins and default volatilities are usually used as market parameters. Level 2 includes financial instruments on the OTC market, shares, bonds and less liquid funds, as well as own issues.

Level 3 in the fair value hierarchy

In some cases, fair value cannot be determined either on the basis of quoted market prices with sufficient frequency or on the basis of valuation models that take into account only observable market data. In these cases the individual evaluation parameters, unobservable on the market, are estimated based on reasonable assumptions. If significant input data are not observable or the price quotation used is not frequently updated, the instrument is ranked level 3 in the fair value hierarchy. For level 3, the assessments take into account, in addition to observable parameters, credit margins derived from internal historical estimates for the probability of default (PD) and loss in case of default (LGD) which are used as unobservable parameters.

The company has only one financial instrument valued at fair value: the debt packages receivable.

They are measured at amortized cost based on the effective interest method. The determination of the fair value is carried out by analysing the degree of collection of receivables compared to the forecast. If the degree of collection falls within the limits of 75-125% of the forecast, no valuation adjustments to the fair value are recorded. If variations over the interval are recorded, corresponding adjustments are recorded in the profit or loss in the Interest Income line.

During the financial year ended on 31 December 2024, no valuation adjustments to the fair value were recorded (year ended on 31 December 2023: no fair value valuation adjustments were recorded), since the collections made did not exceed the 75%/125 % thresholds

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23. Risk management (continued)

The following table shows the fair value and the fair value hierarchy for financial assets and liabilities whose fair value is disclosed in the notes to the financial statements.

	31 December 2024		31 December 2023	
	Net carrying amount	Fair value	Net carrying amount	Fair value
Cash and cash equivalents	616,287	616,287	2,227,655	2,227,655
Financial assets measured at amortized cost				
Loans and advances to customers	15,075,180	15,075,180	12,360,335	12,360,335
Trade receivables	362,777	362,777	297,558	297,558
Total financial assets	16,054,244	16,054,244	14,885,548	14,885,548
Financial liabilities measured at amortized cost				
Interest bearing loans and borrowings	5,326,910	5,326,910	4,343,871	4,343,871
Lease liability	82,606	82,606	132,445	132,445
Sundry creditors (Other current liabilities)	6,453	6,453	13,830	13,830
Total financial liabilities	5,415,969	5,415,969	4,490,146	4,490,146

There were no transfers between Level 3 financial assets and liabilities. All of the Company's financial instruments are included in Level 3 of the fair value categories.

The fair value of financial assets and liabilities approximate their carrying amount.

24. Own funds and capital requirements

Prudential requirements

The Company calculates the capital requirements in accordance with regulation 20/2009 issued by the NBR and regulation 1/2017 issued by the NBR which states that the aggregate exposure recorded by a non-banking financial institution may not exceed 1,500% of the value of its own funds.

The Company reports quarterly the level and breakdown of its own funds to NBR.

The table below shows the situation and the rate of own funds as at 31 December 2023.

	31 December 2024	31 December 2023
Aggregate exposure	15,155,084	13,828,762
Own funds	10,488,365	10,435,551
Own funds rate	144%	133%

The own funds include the Company's statutory equity (including retained earnings and loss for the year) and additional capital representing the subordinated loans.

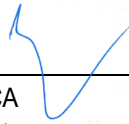
The aggregate exposure represents the net exposure from risk-weighted balance sheet assets. Loans and advances granted to customers are weighted with risk factors according to the credit risk categories in which they fall, in accordance with the NBR regulation. During 2023 and 2024, the Company fully complied with the limits imposed by the above regulations.

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25. Events after the end of the reporting period

Between the reporting date and the date of signing the financial statements, there were no significant subsequent events that should be presented in the notes to the financial statements or that would determine the adjustment of the financial statements.

The accompanying notes on pages 5 to 50 are an integral part of these financial statements.
The financial statements were authorized for issue on 23 June 2025.:



SERGIU ROSCA
Executive Director



FLAVIUS ULICI
Deputy General Manager

Independent auditor's report on Financial Statements

To: Shareholders of SC BUSINESS MICROCREDIT IFN SA

Opinion

1. We have audited the accompanying financial statements ("Financial Statements") of SC BUSINESS MICROCREDIT IFN SA ("the Company") which comprise the statement of financial position as at 31 December 2024, the statement of profit or loss and other comprehensive income, the statement of cash flows and the statement of changes in equity for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory notes.

The financial statements refer to:

- Net assets/Total equity:	10,628,962 USD
- Net profit for the year:	1,787,618 USD

2. In our opinion, the accompanying Financial Statements of the Company give a true and fair view of the financial position of the Company as at 31 December 2024 and its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standard (IFRSs)

Basis of opinion

3. We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the auditor's responsibility for the audit of Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA CODE) together with the ethical requirements that are relevant to our audit of the Financial Statement in Romania, including the law and we have fulfilled our 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

4. The key audit matters are those matters that, based on our professional judgement, have had the greatest importance for the audit of the financial statements of the current year. These matters have been analyzed in the context of the audit of the financial statements as a whole and in forming our opinion on them and we do not issue a separate opinion on these key matters.

Key audit matter	How our audit addressed the key audit matter
<p>Application of IFRS 9 in calculating the impairment of loans and advances granted to customers</p>	
<p>We focused on this matter, as the management makes significant subjective judgments both on the moment of recognition of the expected credit risk losses, as well as on the estimation of their size, which represents a complex area of the financial statements.</p>	<p>We assessed whether the calculation methodology implemented by the Company complies with the IFRS 9 requirements.</p>
<p>The calculation of impairment in accordance with IFRS 9 requires estimating the expected credit risk losses for all exposures from the date a loan originates, based on a significant increase in credit risk from the initial recognition. If the credit risk has not increased significantly (Stage 1), IFRS 9 provides that impairment losses be determined based on expected credit risk losses over the next 12 months (12 months expected credit losses). If the credit risk has increased significantly (Stage 2) or the credit is impaired (Stage 3) the standard provides impairment losses be determined based on the entire life (lifetime expected credit losses).</p>	<p>We tested on a sample basis the controls that address the critical input data in the calculation of the loans' impairment.</p>
<p>An assessment of the credit risk losses for the loans included Stage 1, Stage 2 and Stage 3 loans is made collectively, with the key assumptions being the probability of a loan to record delays in payment and subsequent non-repayment, the definition of an increase significant in credit risk, exposure at the time of default and estimated recoveries from non-repayable loans. Statistical models are used to determine key assumptions, including various future macroeconomic scenarios.</p>	<p>We tested the statistical models used by the management to determine the key assumptions (probability of default, loss of default and exposure to default).</p>
<p>Notes 2 and 21 to the individual financial statements provide detailed information on the expected credit losses for loans and advances granted to customers.</p>	<p>We recalculated independently the impairment allowances based on the model implemented by the management.</p> <p>After completing the procedures detailed above, we did not identify any differences that would lead to adjustments in the impairment allowances recorded by the Company.</p>

Emphasis of matters: basis of preparation

5. We draw attention to Note 2.1 – Basis of Preparation, which explains that the accompanying financial statements set is a translation of the IFRS financial statements prepared for statutory purposes (submission with the National Bank of Romania) and approved by the Board of Directors on 12 May 2025, which was originally prepared in Romanian and in RON (Romania national currency). The translation implied currency translation: from Romanian Leu (RON) to US Dollars (USD) and language translation: from Romanian to English. Our opinion is not modified in respect of this matter.

Other matters

6. This report is made solely to the Company's shareholders. Our audit work has been undertaken so that we might state to the Company's shareholders those matters we are required to state in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders, for our audit work, for this report, or for the opinion we have formed.

Responsibilities of management for the Financial Statements

7. Management is responsible for the Preparation and fair presentation of these Financial Statements in accordance with the IFRSs and for such internal control as management determines is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.
8. In preparing the Financial Statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating 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.
9. Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of Financial Statements

10. The objectives of our audit 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. Misstatement 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.
11. As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the planning and performance of the audit. We also:
 - Identify and assess the risk 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 entity'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 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.
12. 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.

Grant Thornton

23 June 2025

Grant Thornton Audit SRL

Bucharest, Romania