

FINOPRO IFN S.A

**Financial statements
for the financial year ending December 31, 2024**

Prepared in accordance with
International Financial Reporting Standards

FINOPRO IFN S.A
FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2024

CONTENTS

Page

INDEPENDENT AUDITOR'S REPORT

PROFIT OR LOSS STATEMENT

1

STATEMENT OF FINANCIAL POSITION

2

STATEMENT OF CHANGES IN EQUITY

3

CASH FLOW STATEMENT

4

NOTES TO THE FINANCIAL STATEMENTS

5 - 40

Independent Auditor's Report

To the Shareholders SC FINOPRO IFN SA
Str. Ciurchi 150 B, Iasi, Jud. Iasi, Romania
Cod Unic de Înregistrare (CUI): 30221216

Opinion

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

Net assets/Total equity: Net profit	58.500.418 lei
for the financial year:	28.652.495 lei

2. In our opinion, the financial statements give a true and fair view of the financial position of the Company as of December 31, 2024, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for opinion

3. We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under these standards are described in detail in the section *"Auditor's Responsibilities in an Audit of Financial Statements"* of our report. We are independent of the Company, in accordance with the Code of Ethics for Professional Accountants (IESBA Code) issued by the International Ethics Standards Board for Accountants, in accordance with the requirements of professional ethics relevant to the audit of financial statements in Romania, including the Law, and we have fulfilled our other ethical responsibilities in accordance with the requirements of the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit issues

4. The key audit matters are those matters that, based on our professional judgment, were the most significant to the audit of the financial statements of the current period. These matters have been considered in the context of the audit of the financial statements as a whole and in forming our opinion on those matters, and we do not express a separate opinion on these key matters.

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Key audit issues

Application of IFRS 9 in calculating impairment of impaired purchased loan portfolio

We have focused on this aspect, as the deduction makes significant subjective judgments about both the timing of recognition of expected losses from default risk and the estimation of the magnitude of those losses, which is a complex area of financial statements.

The impairment calculation under IFRS 9 requires the estimation of expected credit risk losses for all exposures from date a loan is originated, based on the deterioration in credit risk since initial recognition. If credit risk has not materially increased (Stage 1), IFRS 9 provides for impairments based on expected credit risk losses over the next 12 months. If credit risk has increased significantly (Stage 2) or the asset is impaired (Stage 3), the standard requires impairments based on the entire life of the asset.

Given that the entire portfolio acquired by the Company is impaired at initial recognition (Stage 3), the most appropriate treatment of these loans is to write them down to fair value through the income statement, rather than measuring them at amortized cost (given that the cash flow criteria of principal and interest receipts not met). Thus, subsequent measurement is at amortized cost (using the effective interest rate method), with a fair valuation adjustment based on the change in actual cash receipts from those expected.

Notes 2.2.f, 9 and 21 to the separate financial statements provide detailed information on the recognition and measurement of purchased impaired loans.

How our audit analyzed the key issue

We have assessed whether the calculation methodology implemented by the Company complies with the requirements of IFRS 9.

We checked the loan portfolio purchase contracts entered into by the Company during the year against the purchase amounts recorded in the operational and accounting system.

We have tested the statistical models used by the study to determine the hypotheses (annual contract-level collections and collection grades).

We independently recalculated the fair value valuation adjustment on the impaired purchased loan portfolios.

At the end of the procedures detailed above, we have not identified any significant differences that would lead to significant portfolio adjustments to be recorded by the Company.

Other issues

5. This report is addressed exclusively to the shareholders of the Company as a whole. Our audit was conducted for the purpose of reporting to the Company's shareholders those matters that are required to be reported within the scope of the financial audit report and for no other purpose. To the fullest extent permitted applicable law, we do not accept responsibility or assume responsibility to anyone other than the Company and Company's shareholders as a whole for our audit, for this report or for the opinion expressed in it.

Other information - Report of the Administrative Board

6. Directors are responsible for the preparation and presentation of other information. That other information flows the Directors' Report but does not comprise the financial statements and the auditor's report thereon. The Directors' Report is set out on pages 1 to 3 does not form part of the financial statements.

Our opinion on the financial statements does not extend to these other inform" si Except as explicitly stated our report, we do not express any kind of assurance conclusion on them.

In connection with the audit of the financial statements for the year ended December 31, 2024, our responsibility is to read that other information and, in doing so, to assess whether that other information is materially inconsistent with the financial statements, or our knowledge acquired during the audit, or if it appears to be materially misstated.

As regards the Report of Board of Directors, we have read and report that it has been prepared, in all material respects, in accordance with the Order of the National Bank of Romania No. 8 of 2019.

Based solely on the audit evidence that, in our opinion, is required to be disclosed during the audit of the financial statements:

- The information presented in the Report of the Board of Directors for the financial year for which the financial statements have been prepared is consistent, in all material respects, with the financial statements;
- The Directors' Report has been prepared, in all material respects, in accordance with the Order of the National Bank of Romania No. 8 of 2019.

In addition, based on our knowledge and understanding of the Company and its environment obtained during our audit of the financial statements for the year ended December 31, 2024, we required to report whether we have identified any material misstatements in the Report of the Board of Directors. We have nothing to report on this matter.

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

7. The Company's management is responsible for the preparation of financial statements that give a true and fair view in with International Financial Reporting Standards 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 fraud or error.
8. In preparing the financial statements, management is responsible for the Company's assessment of going , for disclosing, if applicable, concern matters and for using basic going concern accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
9. The persons charged with governance are responsible for the oversight of the Society's financial reporting process.

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The auditor's responsibilities in an audit of financial statements

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

11. As part of an audit in accordance with ISA, we exercise professional judgment and maintain professional skepticism throughout the audit. Also:

- We identify and evaluate the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures in response to those risks, and obtain sufficient appropriate audit evidence to provide a basis for our opinion. The risk of detecting a material misstatement due to fraud is higher than the risk of not detecting a material misstatement due to error, as fraud may involve secret dealings, forgery, intentional omissions, intentional misstatements, misrepresentation and the avoidance of internal control.
- We understand internal control relevant to the audit, in order to design procedures that are appropriate in the circumstances, but without expressing an opinion on the effectiveness of the Company's internal control.

We assess the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- We conclude on the appropriateness of the use of accounting based on the continuity of the business and determine, on the basis of the audit evidence obtained, whether there is a material uncertainty about events or circumstances that could raise significant doubts about the Company's ability to continue as a going concern. In cases in which we conclude that there is a material uncertainty, we must draw attention in the auditor's report to the related disclosures in the financial statements or, such disclosures are not appropriate, modify our opinion. Our conclusions are based on audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Company to cease operating as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and the extent to which the financial statements reflect underlying transactions and events in a manner that presents a true and fair view.

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

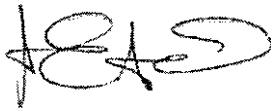
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Auditor's responsibilities in an audit of financial statements

13. We have been appointed by the General Meeting of Shareholders on March 10, 2025 to audit the financial statements of Business Microcredit IFN SA for the year ended December 31, 2024. The total duration of our is 1 year, covering the financial year ending December 31, 2024.

We confirm that:

- Our audit opinion is in accordance with the supplementary report presented to the Company's Audit Committee, which we issued on the same date we issued this report. Furthermore, in carrying out our audit, we have maintained our independence from the audited entity
- I have not smoked for the Company the prohibited non-audit services mentioned in Article 51) of EU Regulation 537/2014



Autoritatea pentru Supravegherea Publică a
Activității de Audit Statutar (ASPAAS)
Auditor Financiar: EMMANOULIDIS
ALEXANDROS

Alexandros Emmanouilidis

Registered with the Authority for Public Oversight Statutory Audit Activity in the
Electronic Public Register of Financial Auditors and Audit Firms
with registration number FA 1594/2005

On behalf of:

Grant Thornton Audi* CRL

Registered with the Authority for Public Supervision of Statutory Auditing Activities in
the Public Electoral Register of Financial Auditors and Audit Firms
with registration number FA 1015/2010

Bucharest, Romania

May 12, 2025

Autoritatea pentru Supravegherea Publică a
Activității de Audit Statutar (ASPAAS)
Auditor Financiar: GRANT THORNTON
AUDIT S.R.L.
Registrul Public Electronic: FA 1015

FINOPRO IFN S.A
STATEMENT OF PROFIT AND LOSS AND COMPREHENSIVE INCOME
for the financial year ended December 31, 2024
all amounts are expressed in RON (lei), unless otherwise specified

	Note	Financial year ended December 31, 2024 December	Financial year ended December 31, December 31, 2023
Income from acquired portfolios	4.9	38,179,210	51,132,078
Expenses related to acquired portfolios	4		(30,386,854)
Other interest income	4		-
Interest expenses	4	(5,260)	(439,066)
Net financial income	4	38,173,950	20,306,158
Gains/(Losses) from exchange rate differences		412,858	151,314
Other operating income		8,872	
Total operating income		38,595,680	20,457,472
Personnel expenses	5	(2,216,846)	(2,168,052)
Expenses related to depreciation of tangible and intangible assets, rights of use	10	(329,684)	(256,913)
Other operating expenses	6	(1,950,438)	(1,394,565)
Total operating expenses		(4,496,968)	(3,819,530)
Profit before tax		34,098,712	16,637,942
Tax expenses	7	(5,446,217)	(2,571,951)
Net profit for the year		28,652,495	14,065,991
Other comprehensive income:			-
Total comprehensive income for the year, net of tax		28,652,495	14,065,991

The notes on pages 5 to 40 are an integral part of these financial statements. The financial statements were authorized for issue on May 12, 2025.

 MIHAELA GEORGIANA ULINIUC
 General Manager

 DIANA GEORGIANA IRIMIA
 Chief Accountant

FINOPRO IFN S.A
FINANCIAL POSITION
as of December 31, 2024
all amounts are expressed in RON (lei), unless otherwise specified

	Notes	December 31 December	December 2023
Assets			
Impairment losses on loans and advances	9	73,032,722	62,842,707
Intangible assets	10	611,027	322,800
Tangible fixed assets	11	40,431	35,389
Right of use	12	160,012	124,463
Trade receivables and other receivables	13	83,766	23,583
Other current assets	9		49,881
Cash and cash equivalents	8	422,899	3,750,253
Total assets		74,449,778	67,149,076
Liabilities			
Liabilities with impaired loan portfolios	9		-
Loans and borrowings	14		-
Leasing liabilities (rights of use)	14	160,012	124,463
Deferred tax liabilities	7		-
Trade payables	16	13,671	29,736,680
Income tax liabilities		1,464,366	2,892,897
Provisions	15	89,887	327,556
Other current liabilities	17	563,359	319,557
Total liabilities		15,949,360	33,401,153
Equity			
Share capital		2,120,000	2,120,000
Legal reserves		424,000	424,000
Retained earnings		55,956,418	31,203,923
Total equity	18	58,500,418	33,747,923
Total liabilities and equity		74,449,778	67,149,076

The notes on pages 5 to 40 are an integral part of these financial statements. The financial statements were authorized for issue on May 12, 2025.

MIHAELA GEORGIANA ULINIUC
General Manager

DIANA GEORGIANA IRIMIA
Chief Accountant

FINOPRO IFN S.A
STATEMENT OF CHANGES IN EQUITY
for the financial year ended December 31, 2024
all amounts are expressed in RON (lei), unless otherwise specified

	Share capital	Legal reserv e	Retained earnings	Total equity
Balance as of January 1, 2023:	2,120,000	424,000	17,137,932	19,681,932
Profit for the year	-	-	14,065,991	14,065,991
Other comprehensive income			-	-
Total comprehensive income	-	-	14,065,991	14,065,991
Transactions with shareholders and other transactions				
Total transactions with shareholders		-	-	-
Balance as at December 31, 2023:	2,120,000	424,000	31,203,923	33,747,923
Balance as of January 1, 2024:	2,120,000	424,000	31,203,923	33,747,923
Profit for the year	-	-	28,652,495	28,652,495
Other comprehensive income	-	-		
Total comprehensive income	-	-	28,652,495	28,652,495
Transactions with shareholders and other transactions				
Dividends distributed	-	-	(3,900,000)	(3,900,000)
Total transactions with shareholders and other transactions	-	-	(3,900,000)	(3,900,000)
Balance as of December 31, 2024:	2,120,000	424,000	55,956,418	58,500,418

Based on the shareholders' decision of December 23, 2024, the Company distributed dividends from previous years' profits in the amount of 3,900,000 lei. These were paid in full during the year.

The notes on pages 5 to 40 are an integral part of these financial statements. The financial statements were authorised for issue on 12 May 2025.

MIHAELA GEORGIANA ULINIUC
General Manager

DIANA GEORGIANA IRIMIA
Chief Accountant

FINOPRO IFN S.A
CASH FLOW STATEMENT
for the financial year ended December 31, 2024
all amounts are expressed in RON (lei), unless otherwise specified

	Financial year ending on December 31, 2024	Financial year ending on December 31, 2023
Operating activities		
Profit before tax	34,098,712	1
Depreciation of tangible and intangible fixed assets and assets under right of use	329,684	256,913
Income from acquired portfolios	(38,179,210)	(51,132,078)
Expenses from acquired portfolios		6,391
Movements in provisions	(237,669)	293,836
Interest expenses	5,260	439,066
Interest income		
Exchange rate differences	(355,010)	(
Fair value adjustment, impaired loans acquired		-
Fair value adjustment, Impairment of purchased loan portfolios		23,994
Financial result before changes in working capital	(4,338,233)	(3,254,113)
Adjustments to working capital		
Increase in trade and other receivables	(109,223)	3
Increase in trade and other payables	(15,821,142)	(
Gross collections from assigned portfolios	50,863	43,988
Transfer related to the profit sharing agreement		(12,471,578)
Income tax paid	(	(
Net cash flows from operating activities	23,719,731	25,781
Investing activities		
Acquisition of property, plant and equipment	(24,305)	(21,076)
Acquisition of intangible assets	(509,364)	(218,739)
Acquisition of loan portfolios	(22,518,872)	(17,756,461)
Interest received		-
Net cash flows from investing activities	(23,052,541)	(17,996,276)
Financing activities		
Proceeds from loans		(5,487,632)
Repayment of loans		(56,231)
Lease payments	(94,544)	
Dividends paid	(3,900,000)	-
Net cash flows from financing activities	(3,994,544)	(5,543,863)
Net increase in cash and cash equivalents	(3,327,354)	2,241
Cash and cash equivalents as of January 1	3,750,253	1,509,070
Cash and cash equivalents as of December 31	422,899	3,750

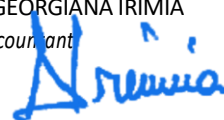
FINOPRO IFN S.A
CASH FLOW STATEMENT
for the financial year ended December 31, 2024
all amounts are expressed in RON (lei), unless otherwise specified

The notes on pages 5 to 40 are an integral part of these financial statements. The financial statements were authorized for issue on May 12, 2025.

MIHAELA GEORGIANA ULINIUC
Chief Executive Officer



DIANA GEORGIANA IRIMIA
Chief Accountant



FINOPRO IFN S.A
NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended December 31, 2024
all amounts are expressed in RON (lei), unless otherwise specified

1. General

S.C. FINOPRO I.F.N. S.A. ("the Company") is a privately held joint stock company owned by Integral Collection SRL since December 1, 2018. The Company changed its name in 2019 from Operational Leasing Finop Leasing IFN SA to Finopro IFN SA. Finopro IFN SA and Integral Collection SRL are part of the NCH group, present in Eastern and Southeastern Europe through companies with various fields of activity. The parent company is Integral Collection SRL, an entity domiciled in Iasi, str. Ciurchi nr. 150B, Romania. The ultimate beneficiary of the Company is NCH Balkan Fund LP, an entity based in the Cayman Islands, with its registered office at Ugland House, South Church Street, George Town, Cayman Islands. Neither the parent company nor the entities higher up in the group hierarchy, including the ultimate beneficiary, prepare consolidated financial statements.

The Company is registered with the Trade Register under no. J2019000970226, with Unique Registration Code no. 30221216, main CAEN code 6492, and has its registered office in Iasi, str. Ciurchi nr 150B et 2.

The company is a Romanian legal entity and is authorized by the National Bank of Romania ("BNR") to carry out lending activities with both individuals and legal entities since 2019. It is registered in the Special Register of Non-Bank Financial Institutions.

The Company's main activity is debt collection. Thus, the Company acquires portfolios of irrecoverable debts from affiliated parties (Credius IFN SA and Business Microcredit SA) and seeks to collect those debts from debtors.

The individual financial statements for the year ended December 31, 2024, were authorized for issuance in accordance with the decision of the Executive Management on May 12, 2025.

The company has no subsidiaries as of December 31, 2024 (December 31, 2023: no subsidiaries).

2. Accounting policies

2.1 Basis of preparation

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

The individual financial statements have been prepared on the basis of historical cost and fair value, in the case of impaired acquired loans, as well as long-term liabilities with impaired acquired loan portfolios (for more details, see Notes 2.2.f and 18.5).

The accounting policies set out 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, which assumes that the Company will continue its operations in the foreseeable future. To assess the applicability of this assumption, management reviews forecasts of future cash inflows. Based on these analyses, management believes that the Company will be able to continue its operations in the foreseeable future and therefore the application of the going concern principle in the preparation of the individual financial statements is justified. See Note 2.3 for more information.

The individual financial statements are presented in Romanian lei ("RON"), which is also the functional currency of the Company. All amounts are rounded to the nearest leu, unless otherwise specified.

FINOPRO IFN S.A
NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended December 31, 2024
all amounts are expressed in RON (lei), unless otherwise specified

2.2 Summary of significant accounting policies

a) Tangible assets

Tangible assets are valued at cost less accumulated depreciation and any accumulated impairment losses. Tangible assets mainly include: buildings, special constructions, machinery, transmission equipment, measuring and control equipment, computing equipment, means of transport, tools and household equipment, other fixed assets.

The initial cost of tangible assets consists of the purchase price, including import duties or non-recoverable acquisition costs, transportation and handling costs, commissions, notary fees, costs of obtaining permits, and other non-recoverable costs directly attributable to the tangible fixed asset, as well as any direct costs attributable to bringing the asset to its location and condition of operation.

Depreciation is calculated using the straight-line method over the estimated useful life of each item in the property, plant, and equipment category. Land is not depreciated. Depreciation is recognized in the income statement under "Amortization of intangible assets."

The economic useful life is the period during which an asset is expected to be available for use by the Company. The Company uses the following estimated useful lives for each type of tangible asset:

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

Maintenance and repairs of fixed assets are recorded in the accounts as expenses when they occur, and improvements are capitalized. Improvements are capitalized if they extend the useful life of the asset or significantly increase its ability to generate economic benefits.

Gains and losses on disposal of fixed assets are determined by reference to their net book value and are taken into account in determining the profit from operations. Tangible fixed assets that are scrapped or disposed of are removed 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 disposal and the net book value and is included in the operating profit for the period.

b) Intangible assets

Intangible assets are recorded at acquisition cost less accumulated amortization and impairment losses.

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

Amortization is recognized in the income statement under "Amortization of intangible assets" using the straight-line method over the estimated useful life of each intangible asset. The estimated useful lives of intangible assets are 1, 2, or 3 years, as appropriate.

c) Investment property

Real estate investment is property (land or a building - or part of a building - or both) held by the Company to earn rental income or for capital appreciation, or both.

FINOPRO IFN S.A
NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended December 31, 2024
all amounts are expressed in RON (lei), unless otherwise specified

2.2 Summary of significant accounting policies (continued)

The basic rules for initial recognition, subsequent expenses, and measurement applicable to property, plant, and equipment remain valid for investment property. As of December 31, 2023, and 2024, the Company did not hold any investment property.

d) 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. Fair value measurement is based on the assumption that the sale of the asset or transfer of the liability occurs either:

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

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

The fair value of an asset or liability is measured using the assumptions that market participants would use when determining the price of the asset or liability, assuming that market participants are acting in their economic interest.

A measurement 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 highest and best use.

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

- Level 1 - Quoted market prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level of input that is significant for measuring fair value is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level of input that is significant for measuring fair value is not observable

e) 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.

i. Financial assets

Recognition and initial measurement

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

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

For a financial asset to be classified and measured at amortized cost or fair value through OCI, it must give rise to cash flows that are "solely payments of principal and interest (SPPI)" from the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at the instrument level.

FINOPRO IFN S.A
NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended December 31, 2024
all amounts are expressed in RON (lei), unless otherwise specified

2.2 Summary of significant accounting policies (continued)

The company's business model for managing financial assets refers to how 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 delivery of the assets within a period specified by regulation or convention in the market (regularly scheduled transactions) are recognized on the trade date, i.e., the date on which the Company commits to purchase or sell the asset.

Subsequent measurement

For the purpose of subsequent measurement, financial assets are classified into four categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI without recycling 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 for the company. The company measures financial assets at amortized cost if the following conditions are met:

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

Financial assets at amortized cost are subsequently measured using the effective interest method (EIR) and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified, or impaired. The Company's financial assets at amortized cost include trade receivables and purchased loan portfolios.

Financial assets at fair value through other comprehensive income (FVOCI)

The Company measures debt instruments at fair value through other comprehensive income if both conditions are met:

- The financial asset is held within a business model whose objective is to hold the contractual cash flows for either collection or sale and
- The contractual terms of the financial asset give rise to specified 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, currency revaluation, and impairment losses or reversals are recognized in profit or loss and calculated in the same way as for financial assets measured at amortized cost. The remaining changes in fair value are recognized in other comprehensive income. Upon derecognition, the cumulative change in fair value recognized in other comprehensive income is recycled to profit or loss.

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

FINOPRO IFN S.A
NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended December 31, 2024
all amounts are expressed in RON (lei), unless otherwise specified

2.2 Summary of significant accounting policies (continued)

Financial assets designated at fair value through other comprehensive income (equity instruments) (FVOCI)

Upon initial recognition, the Company may 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 an instrument-by-instrument basis.

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

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 that must be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing them in the near term. Derivatives, including separate derivative instruments, 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, regardless of the business model. Without prejudice to the criteria for debt instruments to be classified at amortized cost or at fair value through other comprehensive income, as described above, debt instruments may be designated at fair value through profit or loss upon initial recognition if this eliminates or significantly reduces an accounting mismatch.

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

These financial instruments include impaired purchased loans (for more information, see note 2.2.f), which were irrevocably designated as measured at fair value through profit or loss upon inception of the contract.

Embedded derivatives

An embedded derivative in a hybrid contract with a financial 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 recognized in profit or loss. Remeasurement occurs only if there is either a significant change in the terms of the contract that changes the cash flows that would otherwise be required or a reclassification of a financial asset from fair value through profit or loss.

An embedded derivative in a hybrid contract that contains a host financial asset is not accounted for separately. The host financial asset together with the embedded derivative must be classified entirely as a financial asset at fair value through profit or loss.

FINOPRO IFN S.A
NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended December 31, 2024
all amounts are expressed in RON (lei), unless otherwise specified

2.2 Summary of significant accounting policies (continued)

Derecognition

A financial asset (or, if applicable, part of a financial asset or part of a group of similar financial assets) is derecognized (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 assumed the obligation to pay all cash flows without significant delay to a third party under a "pass-through" arrangement; and
 - (a) The Company has transferred substantially all the risks and rewards of the asset; or
 - (b) The company has not transferred and has not retained substantially all the risks and rewards of the asset, but has transferred control over 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 assesses whether and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all 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 this case, the Company also recognizes 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 in the form of a guarantee over the transferred asset is measured at the lower of the initial carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

Since the main category of the company's financial assets (impaired loans acquired) are measured at fair value on the balance sheet date, no additional impairment analysis is required. For more details on fair value measurement, see Notes 2.2.f and 18.5.

For the Company's other financial assets (namely, cash and cash equivalents), the Company does not perform impairment tests, as they are held with reputable banks.

ii. *Financial liabilities*

Recognition and initial measurement

Upon initial recognition, financial liabilities are classified as:

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

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

The Company's financial liabilities comprise trade payables and interest-bearing loans.

Subsequent measurement

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

Financial liabilities measured at fair value through profit or loss

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

FINOPRO IFN S.A
NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended December 31, 2024
all amounts are expressed in RON (lei), unless otherwise specified

2.2 Summary of significant accounting policies (continued)

Financial liabilities are classified as held for trading if they are issued with the intention of being repurchased in the near future. This category also includes derivative financial instruments that are not designated as hedging instruments in an effective hedge, as defined by IFRS 9. Separate embedded derivatives are also classified as held for trading, unless they are designated as effective hedging instruments.

Gains or losses on financial liabilities held for trading are recognized in profit or loss.

Financial liabilities designated upon initial recognition as measured at fair value through profit or loss are designated as such upon initial recognition, and only if the criteria in IFRS 9 are met.

These financial instruments include Impairment losses on purchased loan portfolios (for more information, see note 2.2.f), which were irrevocably designated as measured at fair value through profit or loss upon inception.

Loans and borrowings

This is the most relevant category for the Company. After initial recognition, interest-bearing and non-interest-bearing loans are subsequently measured at amortized cost using the effective interest method (EIR). Gains and losses are recognized in the profit or loss account when the liabilities are derecognized, as well as through the process of amortization of the effective interest.

The amortized cost is calculated taking into account any discount or premium on acquisition and commissions or costs that are an integral part of the effective interest. The amortization of the effective interest is included as financial costs in the profit and loss account. This category includes interest-bearing and non-interest-bearing loans.

Derecognition

A financial liability is derecognised when the obligation related to the liability is extinguished, cancelled or expires. When an existing financial liability is replaced by another liability from the same creditor on substantially different terms, or if the terms of an existing liability are modified substantially, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the related carrying amounts is recognized in profit or loss.

iii. Offsetting 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 legally enforceable right at that time to offset the recognized amounts and there is an intention to settle on a net basis: to realize the assets and settle the liabilities simultaneously.

f) Impaired purchased loans and liabilities with impaired loan portfolios

Acquired loan portfolios consist of non-performing loan portfolios acquired at prices significantly below their nominal value (these are measured at fair value through profit or loss).

FINOPRO IFN S.A
NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended December 31, 2024
all amounts are expressed in RON (lei), unless otherwise specified

2.2 Summary of significant accounting policies (continued)

Impaired purchased loans are initially recognized at fair value, which includes:

- The acquisition price (generally 10-20% of their nominal value)
- The fair value of the future payment obligation to the seller (Impairment losses on purchased loan portfolios (detailed below)).

For the loan portfolios transferred to the Company, the Company had profit sharing agreements with the selling entities (Credius INF SA and Business Microcredit IFN SA) whereby Finopro grants the respective entities a share of the profits recorded from the collection of the receivables assigned by the Company, calculated as the difference between the amount collected and Finopro's acquisition cost. The profit shares are as follows:

- Business Microcredit: 30%
- Credius: 50%

Under these profit sharing agreements, upon the assignment of the portfolios, the selling entities have a continuing involvement in the respective portfolios. Thus, the Company has recognized a liability for the portfolios assigned to the Company, corresponding to the continuing involvement of the selling entities.

Both impaired acquired loans and liabilities with impaired loan portfolios are subsequently measured at amortized cost, in accordance with the effective interest rate ("EIR"). The effective interest method is a method of calculating the amortized cost of a financial asset and allocating interest income to the profit and loss account over the relevant period. The effective interest rate is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or, if appropriate, over a shorter period to the net carrying amount of the financial asset.

In the case of impaired purchased loan portfolios, the effective interest rate is calculated based on the acquisition cost, including all transaction costs and estimated future cash flows, which include the nominal amount, collection fees, and late interest that, based on an assessment, are expected to be received from debtors.

Each portfolio 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 from purchased loan portfolios is accrued monthly to the income statement based on the effective interest rate of each portfolio.

Portfolios are defined as the lowest reliable level for aggregating accounts with similar attributes, such as accounts in the same jurisdiction or similar types or classes of debt. Usually, each portfolio consists of an individual acquisition of receivables. The portfolio is accounted for as a single unit for the recognition of income, principal payments, and adjustments due to the recalculation of estimated future cash flows.

At the end of the reporting periods, the Company evaluates the impaired acquired loans, as well as the liabilities with impaired acquired loan portfolios at fair value, these being irrevocably designated as measured at fair value through profit or loss at the inception of the contract. The fair value is determined by analyzing the degree of collection of receivables compared to the forecast. If the degree of collection falls within 75-125% of the forecast, no fair value adjustments are recorded. If variations above the range are recorded, corresponding adjustments are recorded in the profit and loss account under Income from purchased portfolios (for impaired purchased loans) and Expenses from purchased portfolios (for impaired purchased loan portfolios). In the case of positive variations above the 125% threshold, the fair value adjustment is limited to 25% of the value of the impaired purchased loans.

2.2 Summary of significant accounting policies (continued)

Starting with the financial year ended December 31, 2024, the Company has reviewed the level of disaggregation of portfolios in accordance with regulatory requirements and designated the individual contract as the lowest level of aggregation. Consequently, the subsequent measurement of portfolios at amortized cost was performed at contract level, with fair value measurement performed at portfolio level.

The change was made effective as of January 1, 2024. The Company considered this change to be a change in estimate and, accordingly, no restatements of the financial statements as of December 31, 2023 were made, with all changes being made prospectively. For more details on the implications of the change, see Note 9.

On October 31, 2023, the Company entered into an agreement with Business Microcredit IFN SA and Finopro IFN SA to cancel the Company's obligations regarding profit sharing for the portfolios acquired by them. The transaction price was RON 27,776,674, and the Company also recorded a fair value adjustment of RON 23,994,856.

Management has made significant estimates regarding the collection of future cash flows from the portfolios. Cash flow estimates are prepared by management over a forecast period. If cash flow estimates are revised, the carrying amount is recalculated by calculating the present value of the estimated future cash flows using the initial effective interest rate. A reduction in the carrying amount is recorded as a reduction in income, while an increase in the carrying amount is recognized as an increase in income.

Impairment of purchased loan portfolios (Impaired purchased loans)

As a result of the fair value measurement of the portfolios, no impairment adjustment is necessary. For details on fair value measurement, see note 2.2.f.

g) Inventories

The main categories of inventories are consumables and spare parts that do not meet the criteria for recognition as property, plant, and equipment. They are recorded as inventories at the time of acquisition and are recognized as expenses when consumed.

Inventories are valued 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. Obsolete and slow-moving inventories are reduced to their estimated realizable value. When consumed/sold, inventories are measured using the weighted average cost method.

h) Trade and other receivables

Trade and other receivables are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, less impairment adjustments. Impairment losses are recorded in accordance with IFRS 9 (for more details, see note 2.2e).

i) Trade payables and other liabilities

Trade payables are recorded at the amounts payable for goods or services received and are presented in the line "Other liabilities."

j) Cash and cash equivalents

For the purpose of preparing the cash flow statement, cash and cash equivalents consist of cash on hand and bank balances, as well as receivables from credit institutions.

FINOPRO IFN S.A
NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended December 31, 2024
all amounts are expressed in RON (lei), unless otherwise specified

2.2 Summary of significant accounting policies (continued)

Bank accounts in foreign currencies are presented in RON, converted at the exchange rate published by the National Bank of Romania, valid on the date of the financial statements.

k) Loans and borrowings

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

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

l) Employee benefits

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

In the normal course of its business, the Company makes payments to the Romanian state budget on behalf of its Romanian employees for pension, health, and unemployment insurance. All relevant contributions are recognized as an expense in the income statement when they occur. The company does not operate any independent pension plans and therefore has no pension obligations.

m) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, and 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 of the amount of the obligation.

If the effect of the time value of money is significant, the amount of the provision must be discounted using the current pre-tax rate that reflects, where appropriate, the specific risk of the liability. When discounting 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 payment is not probable or the amount cannot be estimated.

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

Contingent liabilities, like contingent assets, are monitored and assessed on an ongoing basis to ensure that events subsequent to initial recognition have been taken into account and that provisions have been recognized, if appropriate.

n) Leasing

Starting with January 1, 2019, the Company adopted IFRS 16 "Leases," issued by the IASB in January 2016. IFRS 16 replaced the existing requirements for accounting for leases in IAS 17 "Leases," IFRIC 4 "Determining whether an arrangement contains a lease," SIC-15 "Operating leases—incentive arrangements," and SIC-27 "Evaluating the substance of transactions involving the legal form of a lease agreement."

IFRS 16 introduced a single balance sheet accounting model for leases for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its 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 low value (less than EUR 5,000).

FINOPRO IFN S.A
NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended December 31, 2024
all amounts are expressed in RON (lei), unless otherwise specified

2.2 Summary of significant accounting policies (continued)

The accounting for lessors remains similar to IAS 17, i.e., the lessor continues to classify the lease as a finance or operating lease. Compared to IAS 17, the disclosure requirements are more comprehensive under IFRS 16. Under IFRS 16, a lessor continues to classify the lease as either a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. When the Company is an intermediate lessor, it accounts for the master lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use assets arising from the lease agreement, not by reference to the underlying asset.

o) Recognition of income and expenses

Revenue is recognized to the extent that it is probable that economic benefits will flow to the Company and the revenue can be measured reliably, regardless of when payment is made. Revenue is measured at the fair value of the consideration received or receivable, excluding taxes.

The types of income earned by the Company are described below:

Income from acquired portfolios

Income from acquired portfolios is recognized using the effective interest method. See section 2.2.f) for details.

The effective interest method is a method of calculating the amortized cost of a financial asset and allocating interest income to the profit and loss account over the relevant period. The effective interest rate is the rate that amortizes the estimated future cash receipts over the expected life of the financial instrument or, if appropriate, over a shorter period, to the net carrying amount of the financial asset.

The effective interest rate for purchased loans is the rate that amortizes future cash receipts in accordance with the cash flows expected to be received based on collection estimates.

Also, at the end of the period, the Company records in this account the fair value adjustment resulting from the measurement of impaired purchased loans at fair value (see section 2.2.f for details).

Interest income

Interest income refers to interest on current accounts and deposits placed with banks.

Expenses related to acquired portfolios

Similar to income, expenses related to acquired portfolios (related to impaired acquired portfolio liabilities) are recognized using the effective interest method, and at the end of the period, an adjustment is recorded based on the fair value of these liabilities.

Interest expenses

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

FINOPRO IFN S.A
NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended December 31, 2024
all amounts are expressed in RON (lei), unless otherwise specified

2.2 Summary of significant accounting policies (continued)

p) Tax

Current income tax

Starting July 1, 2021, the Company has been classified as a corporate income tax payer.

Income tax assets and liabilities for current and prior periods are measured at the amount expected to be recovered from or paid to the tax authorities. The Company uses the Romanian tax rates and tax laws that are expected to be in effect for the period in which the income is earned and the income tax is paid to calculate the current value of income tax.

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

The current income tax rate for 2024 was 16% (2023: 16%). As of December 31, 2023 and 2024, the Company had no tax losses.

Deferred tax

Differences between financial reporting in accordance with IFRS and tax regulations generate differences between the carrying amount of certain assets and liabilities and their tax base. Deferred tax is determined by applying the liability method to the temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

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

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 the benefit of part or all of the deferred tax asset to be realized. Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax on items recognized outside the profit and loss account is recognized outside the profit and loss account. Deferred tax items are recognized in correlation with the underlying transaction in other comprehensive income or directly in equity.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Value added tax

Revenues, expenses, and assets are recognized net of sales tax, except for:

- Where the value added tax applicable to a purchase of assets or services is not recoverable from the tax authority, in which case the value added tax is recognized as part of the purchase cost of the asset or as part of the expense item, as appropriate, and
- Receivables and payables, which are presented at a value including value added tax.

FINOPRO IFN S.A
NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended December 31, 2024
all amounts are expressed in RON (lei), unless otherwise specified

2.2 Summary of significant accounting policies (continued)

The net amount of sales tax recoverable from or payable to the tax authority is included as part of receivables and payables in the statement of financial position.

q) Other commitments relating to lease/credit receivables

As at December 31, 2024 and December 31, 2023, the Company has no financing commitments related to credit agreements.

r) Contingent assets and

liabilities Contingent assets

A contingent asset is a potential asset that arises from events that occurred before the balance sheet date and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events that are not wholly within the control of the credit institution.

Contingent assets are not recognized in the financial statements because they are not certain and their recognition could result in the recognition of income that may never be realized.

If the realization of income is certain, the related asset is not a contingent asset and must be recognized in the balance sheet. Contingent assets are assessed continuously to ensure that changes are appropriately reflected in the financial statements. If the inflow of economic benefits becomes certain, the asset and the corresponding income shall be recognized in the financial statements for the period in which the changes occurred.

Contingent liabilities

A contingent liability is:

- a) a potential obligation arising from past events prior to the balance sheet date, the existence of which will be confirmed only by events that are not wholly within the control of the Company; or
- b) a current obligation arising from past events prior to the balance sheet date, but which is not recognized because:
 - it is not certain that resources will be required that will incorporate economic benefits for the settlement of this liability; or
 - the amount of the liability cannot be estimated reliably.

Contingent liabilities are not recognized in the balance sheet, but are presented in off-balance sheet items.

Contingent liabilities are continuously evaluated to determine whether an outflow of resources embodying economic benefits has become probable. If it becomes probable that an outflow of resources embodying economic benefits will be required for an item previously considered a contingent liability, a provision shall be recognized in the financial statements for the period in which the change occurred, except when no reliable estimate can be made and, therefore, there will be a liability that cannot be recognized, but it will be disclosed as a contingent liability.

s) Equity

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

The legal reserve is established by allocating 5% of gross profit until it reaches a minimum of 20% of the share capital. The company had a legal reserve of 424,000 lei as of December 31, 2024 (December 31, 2023: 424,000 lei).

FINOPRO IFN S.A
NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended December 31, 2024
all amounts are expressed in RON (lei), unless otherwise specified

2.2 Summary of significant accounting policies (continued)

t) Dividends

The company recognizes the obligation to pay dividends to shareholders once they have been approved by the General Meeting of Shareholders. A corresponding amount is recognized directly in equity.

u) Classification of balance sheet items

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

v) Affiliated parties

The parties are affiliated if one of the parties has the ability, directly or indirectly, to control the other party or to exercise significant influence over the other party in making financial and operational decisions. The parties are also affiliated if they are subject to joint control or significant joint influence. All transactions between related parties are based on the "market value" principle, according to which transactions between related parties must be carried out at market value.

w) Subsequent events

Events after the reporting date that provide additional material information about the Company's position at the balance sheet date or that indicate that the going concern basis is not appropriate (subsequent adjusting events) are disclosed in the accompanying financial statements. Events after the reporting date that are not adjusting events are disclosed in the notes when they are material.

2.3 Significant accounting judgments and estimates

In the process of implementing the Company's accounting policies, management has made accounting estimates and judgments regarding the determination of the amounts recognized in the financial statements. The most significant accounting estimates and judgments used are detailed below:

Rationales

In applying the Company's policies, management made the following judgments, which have the most significant effect on the amounts recognized in the financial statements

a) Business model analysis

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 "solely payments of principal and interest (SPPI)" from the principal. This assessment is referred to as the SPPI test and is performed at the instrument level.

The company analyzed the impaired loans acquired and concluded that they do not follow the SPPI model (the cash flows obtained are not represented by interest and principal). As a result, the most relevant measurement method offered by IFRS 9 was identified as fair value measurement.

Subsequent measurement of portfolios is at amortized cost (based on the effective interest rate), and at the end of the period, fair value measurement is performed based on an analysis of actual and projected cash flows (for more details, see Note 2.2.f).

FINOPRO IFN S.A
NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended December 31, 2024
all amounts are expressed in RON (lei), unless otherwise specified

2.3 Significant accounting judgments and estimates (continued)

b) Recognition of income

The Company uses the effective interest rate method to account for receivables and loans. The initial carrying amount of acquired loan portfolios is recognized at cost plus transaction costs at the date of acquisition. The use of the effective interest rate method requires the Company to estimate future cash flows from loans at each balance sheet date. The estimates underlying the recognition of income depend on variables such as the ability to contact the customer and reach an agreement, the timing of cash flows, the general economic environment, and legal regulations. Differences between estimated future cash flows and actual cash flows for a period are recognized as "Income from acquired portfolios" in the income statement. If estimates for future periods are revised, the Company adjusts the carrying amount of the loans to reflect the revised estimated cash flows in accordance with IFRS 9.

The carrying amount of loan portfolios acquired on any balance sheet date shall be equal to the present value of each portfolio updated at the initial internal rate of return calculated from the initial cash flow forecast. Events or changes in assumptions and management judgment will affect the recognition of income in the period.

However, uncertainty regarding these assumptions and estimates could lead to results that require a significant adjustment to the carrying amount of the asset or liability in future periods.

c) 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 variety of valuation techniques, including the use of mathematical models. The values entered into these models are taken from existing markets when possible, but when this is not possible, a certain type of reasoning is required to determine fair values.

The impact on the profit or loss account is recorded in the line Income from purchased portfolios (for impaired purchased loans) and Expenses from purchased portfolios (for impaired purchased loan portfolios).

Presentations relating to valuation models, fair value hierarchy, fair value of financial assets and liabilities, and sensitivity analysis for Level 3 financial instruments are described in Note 18.5).

d) Level of disaggregation in the amortized cost measurement of impaired loan portfolios

Until December 31, 2023, the Company defined portfolios as the lowest reliable level for aggregating accounts with similar attributes, such as accounts in the same jurisdiction or similar types or classes of debt. Typically, each portfolio consists of an individual acquisition of receivables. The portfolio is accounted for as a single unit for the recognition of income, principal payments, and adjustments due to the recalculation of estimated future cash flows.

Starting with the financial year ended December 31, 2024, the Company has reviewed the level of disaggregation of portfolios in accordance with regulatory requirements and designated the individual contract as the lowest level of aggregation. Consequently, the subsequent measurement of portfolios at amortized cost was performed at contract level, with fair value measurement performed at portfolio level.

The change was made effective as of January 1, 2024. The Company considered this change to be a change in estimate and, accordingly, no restatements of the financial statements as of December 31, 2023 were made, with all changes being made prospectively. For more details on the implications of the change, see Note 9.

FINOPRO IFN S.A
NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended December 31, 2024
all amounts are expressed in RON (lei), unless otherwise specified

3. Standards issued but not yet effective and not early adopted

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

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. Management also expects that new standards, amendments, and interpretations that are not adopted early will not have a significant impact on the Company's financial statements.

FINOPRO IFN S.A
NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended December 31, 2024
all amounts are expressed in RON (lei), unless otherwise specified

4. Net financial income

The income recorded by the Company during 2024 is largely represented by receipts related to the portfolio of impaired loans acquired. The recognition method is in accordance with IFRS and is described in Note 2.2.g.

Expenses on acquired portfolios, mostly related to the impaired loan portfolios acquired, are recognized in accordance with the effective interest method (see Note 2.2.f). Interest expenses represent interest on the loan agreement with the majority shareholder, Integral Collection SRL, maturing in 2025. See Note 12.

	Financial year ended December 31, 2024	Financial year ended December 31, 2023
Income from loans acquired	38,179,210	51,132,078
Impact of fair value measurement of purchased loans		-
Expenses related to liabilities with impaired loan portfolios		(6,391,998)
Impact of fair value measurement of impaired acquired loan portfolio liabilities		(23,994,856)
Net income from purchased loans	38,179	20,745,224
Other interest income		-
Interest expenses, contracted loans, affiliated parties		(
Interest expenses, lease rights	(	(
Total net financial income	38,173,950	2

During the financial year ended December 31, 2024, following an analysis of actual collections compared to forecasts, the Company concluded that no adjustment was necessary for fair value measurement (collections were in line with forecasts).

On October 31, 2023, the Company entered into an agreement with Business Microcredit IFN SA and Finopro IFN SA to cancel the Company's obligations regarding profit sharing for the portfolios acquired by them. The transaction price was the fair value of these obligations at the date of the agreement (valued at RON 23,994,856). For more details, see Note 9.

5. Personnel expenses

At the end of December 2024, the Company had 18 employees (end of December 2023: 15 employees).

	Year ended December 31, 2024	Financial year ended December 31, 2023
Salaries and other benefits	2,398,806	1,797,679
Employer contributions	55,709	7
Provisions for unused vacation	(237,669)	293,836
Total	2,216,846	2,168,052
	2024	2023
Average number of employees per year	17	17

FINOPRO IFN S.A
NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended December 31, 2024
all amounts are expressed in RON (lei), unless otherwise specified

6. Other operating expenses

Most operating expenses are related to bailiffs' offices, collection services related to the acquired loan portfolio, and telecommunications services.

	Financial year ended December 31	Financial year ended December 31, 2023
Servicing expenses	857,433	893,350
Postal and telecommunications services	2	213,859
Local taxes		-
Other	807,304	287,351
Total	1,950,438	1,394,565

7. Profit tax

	Fiscal year ended December 31, 2024	Financial year ended December 31, 2023
Current income tax	5,446,217	4,291,139
Deferred tax:		
Due to temporary differences		(1,719,188)
Total	5,446,217	2,571

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

	Financial year ended December 31, 2024	Financial year ended December 31, 2023
Gross profit/(loss) before tax	34,098,712	16,637,942
At the Romanian tax rate: 16% (2020: 16%)	5,455,794	2,662,071
Non-taxable income	(	(2,690)
Non-deductible expenses	38,987	53,401
Impact of the change in the statutory reporting framework (from NBR Order 6/2015 to IFRS):	—	(140,831)
At the effective income tax rate of 16% (2023 -15%)	5,446,217	2,571,951
Effective income tax rate	16	15

FINOPRO IFN S.A
NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended December 31, 2024
all amounts are expressed in RON (lei), unless otherwise specified

7 Income tax (continued) Deferred

income tax

Deferred income tax relates to the following items:

	Statement of financial position			Profit or loss	
	31 December 2024	31 December 2023	1 January 2023	Year ended December	Year ended December
Impaired loans	-	-	4,909,766	-	(4,909,766)
Liabilities with impaired loan portfolios	-	-	(3,185,183)	-	3,185
Provisions	-	-	(5,395)	-	5,395
Total	-	-	1,719,188	-	(1,719,188)

Starting with January 1, 2024, the regulatory authorities changed the Company's statutory reporting framework from NBR Order 6/2015 to International Financial Reporting Standards. As a result, the Company has reversed the deferred income liabilities recognized as of December 31, 2023, as there are no longer any temporary differences between the statutory reporting framework and IFRS as of December 31, 2024.

8. Cash and cash equivalents

The accounts opened with banks held by the Company as of December 31, 2024 and 2023 are exclusively in RON (Romanian lei).

	December 31, 2024	December 31, 2023
Cash at banks	422,899	3,750,253
Total	422,899	3,750,253

9. Impairment losses on acquired loans and related liabilities

During 2019-2024, the Company acquired several portfolios of non-performing loans from Credius INF SA and Business Microcredit IFN SA (entities within the group). These were acquired at a significantly reduced price compared to their nominal value, between 8% and 20% of the nominal value.

Income from impaired loan portfolios is recognized in accordance with the effective interest rate in accordance with the Company's policy, as described in section 2.2.f.

The Company constantly analyses actual receipts against forecasts. For variations of more than 25% from the forecast (more precisely: actual collections more than 25% or less than 25% from the forecast), the Company restates the respective portfolios at fair value, using the actual collection index (the fair value of a portfolio with collections of 70% of the forecast is determined by adjusting the portfolio value determined using the effective interest rate method by 0.7, and the fair value of a portfolio with collections of 130% of the forecast is determined by adjusting the portfolio value determined using the effective interest rate method by 1.3).

FINOPRO IFN S.A
NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended December 31, 2024
all amounts are expressed in RON (lei), unless otherwise specified

9 Impairment losses on loans and related liabilities (continued)

The movement in the gross value of the purchased impaired loan portfolios is detailed below:

Gross carrying amount	December 31, 2024	December 31, 2023
Balance as at January 1	62,842,707	47,851,677
Acquisitions of loan portfolios	22,518,872	17,756,461
Income from acquired portfolios	38,179,210	51,132
Recognition at fair value		
Impact of change in recognition unit for income from impaired loan portfolios:		(10,045,998)
Exchange rate differences	3	1
Receipts during the year	(50,863,077)	(43,988,157)
Balance as at December 31	73,032,722	62,842,707

Starting with the financial year ended December 31, 2023, the Company has reassessed the level of disaggregation of portfolios in accordance with regulatory requirements and has designated the individual contract as the lowest level of aggregation. Consequently, the subsequent measurement of portfolios at amortized cost was performed at contract level, with fair value measurement performed at portfolio level.

The change was made effective as of January 1, 2023. The Company considered this change to be a change in an estimate and, accordingly, no restatements of the financial statements as of December 31, 2023 were made, with all changes being made prospectively. As a result of the change, the Company made the following adjustments on January 1, 2024, to reflect the lower values of impaired purchased loans and related liabilities as a result of using the new valuation mechanism (specifically, subsequent valuation at the contract level instead of the portfolio level):

- Impaired purchased loans and related liabilities were reduced on January 1, 2023, by RON 10,045,998
- Impaired purchased loans were subsequently reduced on January 1, 2023, by RON 9,865,023, offset by income from income from purchased portfolios

In accordance with the portfolio acquisition agreements prior to 2023, the Company was to compensate the selling entities through a profit sharing agreement as follows:

- Credius IFN S.A.: is rewarded with 50% of the profit recorded as a result of portfolio management (profit calculated as the difference between the amounts collected and the acquisition cost)
- Business Microcredit IFN S.A.: is rewarded with 30% of the profit recorded as a result of portfolio management (profit calculated as the difference between the amounts collected and the acquisition cost)

Thus, in previous financial years, the Company recognized liabilities related to the acquired impaired loan portfolios, given the continuing involvement of the selling entities in these portfolios (involvement resulting from the profit sharing agreement).

Similar to the impaired loan portfolios acquired, the Company adjusts the related liabilities to fair value. The mechanism for determining fair value is also similar (detailed above).

FINOPRO IFN S.A
NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended December 31, 2024
all amounts are expressed in RON (lei), unless otherwise specified

9 Impairment losses on loans and related liabilities (continued)

On October 31, 2023, the Company entered into an agreement with Business Microcredit IFN SA and Finopro IFN SA to cancel the Company's obligations regarding profit sharing for the portfolios acquired by them. The transaction price was RON 27,776,674, with the Company also recording a fair value adjustment of RON 23,994,856.

The movement in liabilities related to impaired loan portfolios acquired for the financial year ended December 31, 2023 is detailed below. During the financial year ended December 31, 2024, there were no entries (recognition or payments of liabilities related to impaired loan portfolios acquired), as the contracts for the acquisition of impaired portfolios did not provide for profit sharing by the Company.

	December 31	December
	Decem	2023
Gross carrying amount		
Balance as at January 1		19,907,396
Acquisitions of impaired loan portfolios		-
Expenses from acquired portfolios		6,391
Recognition at fair value		23,994,856
Impact of change in recognition unit for income from impaired loan portfolios		(10,045,998)
Payments during the year		(
Contract for settlement of liabilities related to acquired impaired loan portfolios (Note 19)		(
Balance as at December 31		-

10. Intangible assets

	Formation expenses	Other intangible assets	Fixed assets use	Total intangible assets
Gross carrying amount:				
As of January 1, 2023	211	708,261	-	708,472
Increases		218,739	-	218,739
As of December 31, 2023	211	927,000	-	927
Increases		316,447	192,917	509,364
As of December 31, 2024	211	1,243,447	192,917	1,436,575
Accumulated amortization:				
On January 1, 2023	211	413,250	-	413,461
Depreciation		190,950	-	190,950
As of December 31, 2023	211	604,200	-	604,411
Amortization		221,137		221,137
As of December 31, 2024	211	825,337	-	825,548
Net book value				
As of January 1, 2023	-	295,011	-	295,011
As of December 31, 2023	-	322,800	-	322,800
As of December 31, 2024	-	418,110	192,917	611,027

FINOPRO IFN S.A
NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended December 31, 2024
all amounts are expressed in RON (lei), unless otherwise specified

10 Intangible assets (continued)

The additions in 2023 and 2024 represent developments in the Company's accounting system, 1C.

As of December 31, 2024, the Company has fully amortized intangible assets with a gross value of RON 510,533 (December 31, 2023: fully amortized intangible assets with a gross value of RON 339,907).

The Company has no intangible assets encumbered by pledges or other encumbrances as at December 31, 2024 (December 31, 2023: no intangible assets encumbered by pledges or other encumbrances).

As at December 31, 2024, the Company has no commitments to purchase/sell intangible assets (December 31, 2023: no commitments).

11. Tangible assets

	Furniture and office equipment	Total tangible Tangible
Gross carrying amount:		
As at January 1, 2023	29,477	29,477
Increases	21,076	21,076
As of December 31, 2023	50,553	50,553
Increases	24,305	24,305
As of December 31, 2024	74,858	74,858
Accumulated amortization:		
As of January 1, 2023	3,379	3,379
Amortization	11,785	11,785
As of December 31, 2023	15,164	15,164
Amortization	19,263	19,263
As of December 31, 2024	34,427	34,427
Net book value		
As of January 1, 2023	26,098	26,098
As of December 31, 2023	35,389	35,389
As of December 31, 2024	40,431	40,431

The Company has fully depreciated property, plant, and equipment as of December 31, 2024, amounting to RON 4,099 (December 31, 2023: no fully depreciated property, plant, and equipment).

The Company has no tangible assets encumbered by pledges or other encumbrances as at December 31, 2024 (December 31, 2023: no tangible assets encumbered by pledges or other encumbrances).

As of December 31, 2024, the Company has no commitments to purchase/sell property, plant, and equipment (December 31, 2023: no commitments).

FINOPRO IFN S.A
NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended December 31, 2024
all amounts are expressed in RON (lei), unless otherwise specified

12. Assets rights of use

During the financial year ended December 31, 2024, the Company recognized a right-of-use asset related to the lease agreement for its headquarters

	Right of use, headquarters	Total usage rights
Gross book value:		
As of January 1, 2023	-	-
Initial recognition in accordance with IFRS 16	178,641	178,641
As at	178,641	178,641
Initial recognition in accordance with IFRS 16	124	124
As at	303,474	303
Accumulated amortization:		
As of January 1, 2023	-	-
Amortization	54,178	54,178
As of December 31, 2023	54,178	54,178
Amortization	89,284	89,284
As of December 31, 2024	143,462	143,462
Net carrying amount		
As of January 1, 2023	-	-
As of December 31, 2023	124,463	124,463
As of December 31, 2024	160,012	160,012

13. Trade receivables

Trade receivables as of December 31, 2024 refer entirely to receivables from affiliated parties and other related parties (for more details, see Note 19).

FINOPRO IFN S.A
NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended December 31, 2024
all amounts are expressed in RON (lei), unless otherwise specified

14. Loans and borrowings

During the financial year ended December 31, 2024, the Company recognized a right-of-use asset related to the lease agreement for its headquarters. In previous years, the Company did not record any right-of-use assets, as the term of the agreement was one year with an option to extend. The related lease liabilities are as follows:

Creditor:	Type	Contr act date	Currenc y	Limit amou nt	Maturity	Intere st rate	December 31 2024	Short term	Long term
Full collection	Leasing, usage rights	July 31, 2024	EUR	N/A	July 31, 2025	6.5	160,012	160,012	-

Creditor	Type	Contr act date	Currenc y	Limit amou nt	Maturity	Intere st rate	December 31 2023	Short term	Long term
Full collection	Leasing, usage rights	July 31, 2024	EUR	N/	July 31, 2025	6.	124,463	124,463	-

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

	Financial year ended December 31, 2024	Financial year ended December 31, 2023
	<i>Leasing rights Use</i>	<i>Leasing rights use</i>
Balance as at January 1	124,463	-
Initial recognition in accordance with IFRS 16	124,833	178,641
Interest expense	5,260	2
Loan and interest payments	(94,544)	(56,231)
Balance as at December 31	160,012	124,463

FINOPRO IFN S.A
NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended December 31, 2024
all amounts are expressed in RON (lei), unless otherwise specified

15. Provisions

As at December 31, 2024, the Company has established provisions for unused vacation leave in the amount of RON 89,887 (December 31, 2023: RON 70,913). The movements in provisions were as follows:

	Year ended December 31, 2024	Year ended December 31, 2023
Balance as at January 1	327,556	33,720
Increase	<u>(237,669)</u>	<u>293,831</u>
Balance as of December 31	89,887	327,556

The provision is based on the number of vacation days not taken as of December 31. There are no significant uncertainties or assumptions in determining the value of provisions at year-end.

16. Trade payables

	December 31 2024	December 2023
Payables to related parties	13,451,558	29,545,065
Payables to third parties	220,178	191,615
Total	13,671,736	29,736

The liabilities to related parties as of December 31, 2023 include the amount of RON 27,776,674, representing the price of the agreement to settle the profit participation obligations towards Business Microcredit IFN SA and Credius IFN SA for the portfolios acquired before January 1, 2023. The debt was paid off during 2024.

17. Other current liabilities

The current liabilities recorded by the Company as of December 31, 2024 are largely represented by liabilities to Credius under loan portfolio acquisition agreements. Other current liabilities are to various service providers during the year.

	December 31 December 2024	December 2023
Salaries payable to staff	99,022	75,342
Salary contributions	128,904	106,889
Other taxes	7,245	6,037
Other liabilities	328,188	131,289
Total	563,359	319,557

FINOPRO IFN S.A
NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended December 31, 2024
all amounts are expressed in RON (lei), unless otherwise specified

18. Equity Share

capital

The Company's share capital is fully paid up as at the date of these financial statements and consists of 2,120,000 ordinary shares (December 31, 2023: 2,120,000 ordinary shares) with a par value of 1 leu per share (December 31, 2023: 1 leu per share).. Holders of ordinary shares are entitled to receive periodic dividends and have one vote at the General Meeting of Shareholders.

The shareholders' holdings in the Company's share capital as at December 31, 2023 and December 31, 2024 are as follows:

	December 31, 2024			December 31, 2023		
	Number of	Percent	Nominal	Number of	Percent	Nominal
	shares	age	value of	shares	age	value of
		held	shares held		held	shares held
		(			(%)	
Integral Collection SRL	2,119,080	99.96	2,119,080	2,119,080	99.96	2,119,080
Uliniuc Mihaela						
Georgiana	46	0.02	460	460	0.02	460
Lebada Simona	460	0.02	460	460	0.02	460
Total	2,120,000	100	2,120,000	2,120,000	100	2,120,000

During the financial years ended December 31, 2023, and December 31, 2024, there were no changes in share capital.

Legal reserves

As of December 31, 2024, the Company has legal reserves amounting to RON 424,000 (December 31, 2023: RON 424,000). The reserves represent 5% of the annual statutory profit up to 20% of the share capital.

FINOPRO IFN S.A
NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended December 31, 2024
all amounts are expressed in RON (lei), unless otherwise specified

19. Affiliated parties

During the year, the Company recorded significant transactions with related parties, as presented below:

Entity with significant influence	Purchases of services from related parties	Sales to affiliated parties Acquisitions of credit portfolios from related parties	Acquisitions of loan portfolios from affiliated parties from	Interest received from affiliated parties	Trade receivables from affiliated parties	Trade payables to affiliates Loans and borrowings from	Loans and borrowings from affiliated parties
Significant influence entity							
Integral Collection							
78	781			4		16,529	-
2024	1,035,345					62,628	
Other affiliated entities and other related parties							
Credius IFN							
2023			14,259,021			28,221,226	
20			19,416,400		83,766	11,675,908	
Business Microcredit							
2023	-	-	3,497,440		23,583	1,307,310	
2024			3,102,472			1,713,022	
Compensation of key management personnel					Financial year ended December 31	Financial year ended December 31	
					2024	2023	
Allowances					624,071	364,482	

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

FINOPRO IFN S.A
NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended December 31, 2024
all amounts are expressed in RON (lei), unless otherwise specified

20. General commitments

Future rents

As of December 31, 2023 and 2024, the Company has no commitments under the lease agreement as it has recorded assets with rights of use related to the agreement.

Litigation

As of December 31, 2023 and December 31, 2024, the Company has initiated legal proceedings against debtors (from the acquired impaired loan portfolios) to recover outstanding debts.

The Company is not involved in any other litigation.

Contingent assets

The Company did not record any contingent assets as of December 31, 2023 and December 31, 2024.

Contingent liabilities

The company had no contingent liabilities as of December 31, 2023, and December 31, 2024.

21. Risk management

Risk management is an integral part of the Company's daily operations, from defining strategy and capital projections to operational planning and related processes. Based on this approach, the Company ensures transparency and an effective self-governance process for stakeholders. At the same time, risk management supports the Company in resource planning, priority setting, opportunity identification, establishing a relevant internal control and audit program, and ensures that there is clear responsibility for managing each type of risk.

The Company is exposed to credit risk, market risk, and liquidity risk. The Company's management oversees the management of these risks. To this end, the Company's management designs and implements appropriate policies and procedures to ensure that financial risks are identified, measured, and managed in accordance with the Company's risk policies and objectives.

FINOPRO IFN S.A
NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended December 31, 2024
all amounts are expressed in RON (lei), unless otherwise specified

21 Risk management (continued)

21.1 Financial assets and liabilities

	December 2024	December 2023
Assets		
Cash and cash equivalents	422,899	3,750,253
Financial assets measured at fair value		
Loans acquired	73,032,722	62,842,707
Financial assets measured at amortized cost		
Trade receivables and other receivables	83,766	2
Total financial assets	73,539	66,616
Liabilities		
Financial liabilities measured at amortized cost		
Loans and borrowings		-
Leasing liabilities	(160,012)	(124,463)
Trade	(13,671,736)	(29,736,680)
Total financial liabilities	(13,831,748)	(29,861,143)
Net financial assets	59,707,639	36,755,400

21.2 Market risk

Market risk is the risk of incurring losses that may arise from unfavorable changes in market prices and parameters derived from them. These changes in market value could appear in the profit or loss account or in the statement of comprehensive income.

Market risk is divided into interest rate risk and currency risk.

The sensitivity analyses in the following sections refer to the position as of December 31, 2023, and 2024.

In calculating the sensitivity analyses, the Company has assumed that the sensitivity of the relevant position in the income statement is the effect of changes in the respective market risks. This is based on the financial assets and liabilities held as of December 31, 2023, and 2024.

21.3 Interest rate risk

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

FINOPRO IFN S.A
NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended December 31, 2024
all amounts are expressed in RON (lei), unless otherwise specified

21 Risk management (continued)

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

	December 31 2024	Non-interest bearing	Variable interest
Financial assets			
Impaired loans acquired	73,032	73,032,722	-
Trade receivables and other receivables	83,766	83,766	-
Cash and cash equivalents	422,899	422,899	-
Total financial assets	73,539,387	73,539,387	-
Financial liabilities			
Leasing liabilities	(160,012)	(160,012)	-
Trade	(13,671,736)	(13,671,736)	-
Total financial liabilities	(13,831,748)	(13,831,748)	-
Net position (difference)	59,707,639	59,707,639	-

	December 31 2023	Non-interest bearing	Variable interest
Financial assets			
Impaired loans acquired	62,842	62,842	-
Trade receivables and other receivables	23,583	23,583	-
Cash and cash equivalents	3,750	3,750,253	-
Total financial assets	66,616,543	66,616,543	-
Financial liabilities			
Leasing liabilities	(124,463)	(124,463)	-
Trade	(29,736,680)	(29,736,680)	-
Total financial liabilities	(29,861,143)	(29,861,143)	-
Net position (difference)	36,755,400	36,755,400	-

As at December 31, 2024, the Company has no financial assets or liabilities bearing variable interest rates, therefore the Company is not exposed to interest rate risk.

21.4 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.

FINOPRO IFN S.A
NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended December 31, 2024
all amounts are expressed in RON (lei), unless otherwise specified

21 Risk management (continued)

The table below summarizes the Company's exposure to foreign exchange risk as of December 31, 2023, and December 31, 2024. Included in the table below are the Company's financial assets and liabilities at their carrying amounts, classified by currency:

	December 31 2024	RON	USD	EUR	GB
Financial assets					
Impaired loans acquired	73,032,722	63,725,184	7,697,784	1,536,048	73,706
Trade receivables and other receivables	83,766	83,766	-	-	-
Cash and cash equivalents	422,899	417,511	1,674	3,714	-
Total financial assets	73,539,387	64,226,461	7,699,458	1,539,762	73,706
Financial liabilities					
Leasing liabilities	(160,012)	-	-	(160,012)	-
Trade payables	(13,671,736)	(13,671,736)	-	-	-
Total financial liabilities	(13,831,748)	(13,671,736)	-	(160,012)	-
Net position	59,707,639	50,554,725	7,699,458	1,379,750	73,706

	December 31 2023	RON	USD	EUR	GB
Financial assets					
Impairment losses on acquired loans	62,842,707	57,517,325	5,105,758	131,406	8
Trade receivables and other receivables	23,583	23,583	-	-	-
Cash and cash equivalents	3,750,253	3,682,858	66,831	564	-
Total financial assets	66,616,543	61,223,766	5,172,589	131,970	88,218
Financial liabilities					
Leasing liabilities	(124,463)	-	-	(124,463)	-
Trade payables	(29,736,680)	(29,736,680)	-	-	-
Total financial liabilities	(29,861,143)	(29,736,680)	-	(124,463)	-
Net position	36,755,400	31,487,086	5,172,589	7,507	88

The tables below indicate the sensitivity to a possible reasonable change in the exchange rate (EUR), with all other variables remaining 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 the change in equity before tax.

	Change in USD rate	Impact on profit	Impact on equity before tax
2024	1	76,995	76,995
	-	(76,995)	(76,995)
2023	1	51,726	51,726
	-	(51,726)	(51,726)

FINOPRO IFN S.A
NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended December 31, 2024
all amounts are expressed in RON (lei), unless otherwise specified

21 Risk management (continued)

	Change in EUR exchange rate	Impact on profit	Impact of equity before tax
2024	1	13,798	13,798
	-	(13,798)	(13,798)
2023	1	75	75
	-1	(75)	(75)

	Change in GBP rate	Impact on profit	Impact of equity before tax
2	1	737	737
	-1	(737)	(737)
2023	1	882	882
	-1	(882)	(882)

The company does not use hedging instruments in risk or currency management.

21.5 Credit risk

Credit risk is the risk of partial or complete non-fulfillment of an agreed obligation as a result of entering into a contract. Credit risk refers to the negative consequences associated with the non-fulfillment of obligations or the non-fulfillment of contracts entered into for banking operations due to the deterioration of the credit quality of a counterparty.

Credit risk is characteristic of the following types of assets:

- Cash and cash balances
- Impaired purchased loans
- Trade receivables

Reconciliation between the gross carrying amount and the net carrying amount of the components of credit risk exposure

	Exposure to credit risk	December 31, 2024 Adjustments for expected losses	Net exposure to credit risk
Purchased/impaired loans	73,032		73,032
Trade receivables	83,766		83,766
Cash and cash equivalents	422,899	-	422,899
Total	73,539,387	-	73,539,387

FINOPRO IFN S.A
NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended December 31, 2024
all amounts are expressed in RON (lei), unless otherwise specified

21 Risk management (continued)

	Credit risk exposure	December 31 Adjustments for expected losses	Net exposure to credit risk
Impaired acquired loans	62,842	-	62,842,707
Trade receivables	23,583	-	23,583
Cash and cash equivalents	3,750	-	3,750,253
Total	66,616,543	-	66,616,543

Cash and cash equivalents

The company only invests in reputable financial institutions with high credibility.

Trade receivables

Trade receivables arise from sales made by the Company outside its current activities (i.e., the acquisition and collection of doubtful loan portfolios) and, as a result, 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 assesses the credit quality of its customers based on a scoring process, and the Company also sets individual credit limits in this regard.

The Company regularly monitors and evaluates outstanding customer receivables.

Impaired acquired loans

At each balance sheet date, impaired acquired loans are measured at fair value (for further details, see Notes 2.2.f and 21.7). Consequently, no additional impairment adjustments are necessary.

Based on the above considerations, the Company's management has concluded that no impairment adjustments or changes to the fair value measurement model are necessary.

21.6 Liquidity risk

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

Net cash requirements are compared with available borrowing facilities to determine the margin or any shortfalls.

FINOPRO IFN S.A
NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended December 31, 2024
all amounts are expressed in RON (lei), unless otherwise specified

21 Risk management (continued)

The tables below summarize the maturity profile of the Company's financial assets and liabilities as of December 31, 2024, and December 31, 2023, based on undiscounted contractual cash flows. Repayments that are subject to notification are treated as if the notification had been given immediately. Undiscounted contractual cash flows may differ from the carrying amounts of the liabilities at the reporting date.

	Balance as at December 31 2024	Contractua l cash flows	<3 months	3-12	1	in 5 years
Liabilities						
Liabilities measured at amortized cost						
Lease liabilities	160,012	160,012	22,088	137,924	-	-
Trade payables	13,671,736	13,671,736	6,235,560	7,436,176	-	-
Total liabilities:	13,831,748	13,831,748	6,257,648	7,574,100	-	-

	Balance as of December 31 2023	Contractua l cash flows	<3 months	3-12 months	1-5	Over 5 years
Liabilities						
Debts measured at amortized cost						
Leasing liabilities	124,463	124,463	124,463	-	-	-
Trade payables	29,736,680	29,736,680	29,736,680	-	-	-
Total liabilities:	29,861,143	29,861,143	29,861,143	-	-	-

21.7 Fair value of financial assets and liabilities

Fair value is the price that would be received for the sale of an asset or paid for the transfer of a liability in a transaction between market participants at the measurement date. Fair value is best evidenced by a market price, if one exists.

Level 1 in the fair value hierarchy

The fair value of financial instruments allocated to level 1 of the fair value hierarchy is determined based on quoted prices in active markets for identical financial assets and liabilities. In particular, the fair value measured may be classified as level 1 if the transactions occur with a frequency, volume, and consistency that allows prices to be determined on a continuous basis. This will be used as the fair value and in this case no valuation model is required.

These include exchange-traded derivatives (futures, options), shares, government securities, and other liabilities and funds that are traded on highly liquid and active markets.

FINOPRO IFN S.A
NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended December 31, 2024
all amounts are expressed in RON (lei), unless otherwise specified

21 Risk management (continued)

Level 2 in the fair value hierarchy

If a market quotation is used for measurement 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 no market prices are available, fair value is measured using valuation models based on observable market data.

If all significant inputs to the valuation model are observable, the instrument is classified as level 2 in the fair value hierarchy. For level 2 valuations, observable market parameters such as yield curves, credit spreads, and implied volatilities are typically used. Level 2 includes OTC financial instruments, shares, less liquid debt and 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 that are sufficiently frequent or on the basis of valuation models that only take into account observable market data. In such cases, individual valuation parameters that are not observable on the market are estimated on the basis of reasonable assumptions. If significant input data are not observable or the price quotation used is not updated frequently, the instrument is classified at Level 3 in the fair value hierarchy. For Level 3, valuations take into account the degree of collection of the loan portfolios acquired through assignment relative to the forecast, which are used as unobservable parameters.

All financial instruments held by the Company as of December 31, 2024 and 2023 are classified at Level 3 in the fair value hierarchy, except for cash and cash equivalents, which are classified at Level 1.

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

	December 31, 2024		December 31, 2023	
	Net carrying amount	Fair value	Net book value	Fair value
Assets				
Cash and cash equivalents	422,899	422,899	3,750,253	3,750,253
Financial assets measured at amortized cost				
Trade receivables and other receivables	83,766	83,766	23,583	23,583
Total financial assets	506,665	506,665	3,773,836	3,773,836
Liabilities				
Financial liabilities measured at amortized cost				
Lease liabilities	(160,012)	(160,012)	(124,463)	(124,463)
Trade payables	(13,671,736)	(13,671,736)	(29,736,680)	(29,736,680)
Total financial liabilities	(13,831,748)	(13,831,748)	(29,861,143)	(29,861,143)
Net financial liabilities	(13,325,083)	(13,325,083)	(26,087,307)	(26,087,307)

The fair value of financial assets and liabilities measured at amortized cost approximates their carrying amount.

21 Risk management (continued)

Historically, the Company had two financial instruments measured at fair value: impaired acquired loans and liabilities with impaired acquired loan portfolios. As of December 31, 2023, this number was reduced to one (impaired acquired loans), as based on the agreements concluded on October 31, 2023 with Credius IFN SA and Business Microcredit INF SA, the Company extinguished its obligation regarding profit sharing (for more details, see note 9).

The two financial instruments are measured at amortized cost using the effective interest method. Fair value is determined by analyzing the degree of collection of receivables against the forecast. If the degree of collection falls within 75-125% of the forecast, no fair value adjustments are recorded. If variations above this range are recorded, corresponding adjustments are recorded in the profit and loss account under interest income, up to a limit of 25% of the net book value.

22. Own funds and capital requirements

Prudential requirements

Regulations 20/2009 and 1/2017 issued by the NBR are not applicable to non-bank financial institutions whose activity consists of acquiring non-performing loans. Consequently, the Company does not calculate and report to the NBR its capital requirements and own funds in accordance with local standards.

The Company does not have any indicators for monitoring the management of its own funds.

23. Events after the balance sheet date

Based on the shareholders' decisions of February 14 and March 7, 2025, the Company distributed dividends from previous years' profits in the cumulative amount of 3,500,000 lei.

There are no other significant events to report. The financial statements

were authorized for issue on May 12, 2025.

MIHAELA GEORGIANA ULINIUC
General Manager

DIANA GEORGIANA IRIMIA
Chief Accountant