# SPECIAL PURPOSE

# FINANCIAL STATEMENTS

O.C.N. “IUTE CREDIT” S.R.L.

for the year 2022

# Contents

# General information and contacts

| | |
|---|---|
| **Address:** | **Stefan Cel Mare 182,<br>MD-2004 Chisinau<br>Moldova Republic of** |
| **Registry code:** | **1008600026223** |
| **Telephone:** | **+373 801 501** |
| **E-mail:** | **info@iute.md** |
| **Internet homepage:** | **www.iute.md** |
| **Main activity:** | **Granting non-bank loans** |
| **Auditor of special purpose financial statements:** | **KPMG Baltics OÜ** |
| **Reporting period:** | **1 January 2022 – 31 December 2022** |

# Abbreviations and keys

The following abbreviations are used in current Annual Report:

| | |
|---|---|
| EIR | Effective interest rate |
| OCI | Other comprehensive income |
| CGU | Cash generating unit |
| FVTPL | Fair value through profit or loss |
| SPPI | Solely payments of principal and interest |
| ECL | Expected credit loss |
| 12mECL | 12 month expected credit loss |
| LTECL | Lifetime expected credit loss |
| PD | Probability of default |
| LGD | Loss given default |
| EAD | Exposure at default |
| POCI | Purchased or originated credit impaired (financial assets) |
| GLP | Gross loan portfolio |
| NLP | Net loan portfolio |

# Financial statements

## Statement of comprehensive income

| in thousands MDL | Notes | 2022 | 2021 |
|---|---|---|---|
| Interest and similar income | 1 | 388 016 | 349 044 |
| Interest and similar expense | 2 | -56 785 | -59 783 |
| **Net interest and similar income** | | **331 231** | **289 261** |
| | | | |
| Other fees and penalties | 3 | 50 420 | 80 600 |
| **Total other fee income** | | **50 420** | **80 600** |
| | | | |
| Other income | 3 | 60 187 | 29 825 |
| Other expenses | | -1 443 | 0 |
| **Net other income** | | **58 744** | **29 825** |
| | | | |
| Foreign exchange gains/losses | | -13 032 | 15 579 |
| **Total operating income** | | **-13 032** | **15 579** |
| | | | |
| **Net income** | | **427 363** | **415 265** |
| | | | |
| Personnel expenses | 4 | -52 269 | -41 867 |
| Depreciation/amortization charge | | -7 557 | -10 185 |
| Other operating expenses | 5 | -212 904 | -179 565 |
| **Total operating expenses** | | **-272 730** | **-231 617** |
| | | | |
| **Profit before impairment losses** | | **154 632** | **183 648** |
| | | | |
| Net allowances for loan impairment | 6 | -88 855 | -101 174 |
| | | | |
| **Profit before tax** | | **65 777** | **82 474** |
| Income tax expense | 7 | -3 863 | -9 872 |
| **Net profit for the reporting period** | | **61 914** | **72 602** |
| | | | |
| **Other comprehensive income** | | **0** | **0** |
| | | | |
| **Total comprehensive income** | | **61 914** | **72 602** |

Initialled for identification purposes only
Allkirjastatud identifitseerimiseks
27. 02. 2025
Signature / allkiri
KPMG, Tallinn

# Statement of financial position

| in thousands MDL | Notes | 31/12/2022 | 31/12/2021 |
|---|---|---|---|
| **Assets** | | | |
| Cash and cash equivalents | 8 | 79 820 | 121 554 |
| Loans to customers | 9 | 1 063 938 | 810 843 |
| Prepayments | 10 | 7 566 | 2 594 |
| Other assets | 10 | 28 593 | 7 756 |
| Assets held for sale | | 89 | 58 |
| Property, plant, and equipment | | 3 306 | 4 635 |
| Right-of-use assets | | 2 351 | 5 318 |
| Intangible assets | | 163 | 1 434 |
| **Total assets** | | **1 185 824** | **954 191** |
| | | | |
| **Liabilities and equity** | | | |
| **Liabilities** | | | |
| Loans from investors | 11 | 598 609 | 471 941 |
| Lease liabilities | 11 | 2 029 | 5 053 |
| Current income tax liabilities | 12 | 181 | 627 |
| Other tax liabilities | 12 | 4 796 | 5 138 |
| Other liabilities | 12 | 91 107 | 33 454 |
| **Total liabilities** | | **696 722** | **516 213** |
| | | | |
| **Equity** | | | |
| Share capital | 13 | 4 359 | 4 359 |
| Legal reserve | | 436 | 436 |
| Retained earnings | | 484 307 | 433 183 |
| **Total equity** | | **489 102** | **437 978** |
| **Total liabilities and equity** | | **1 185 824** | **954 191** |

Initialled for identification purposes only
Allkirjastatud identifitseerimiseks
27. 02. 2025
Signature / allkiri
KPMG, Tallinn

# Statement of changes in equity

| in thousands MDL | Share capital | Legal reserve | Retained earnings | Total |
|---|---|---|---|---|
| **01/01/2021** | **4 359** | **436** | **360 581** | **365 376** |
| Profit for the year | 0 | 0 | 72 602 | **72 602** |
| Other comprehensive income | 0 | 0 | 0 | **0** |
| **Total comprehensive income** | **0** | **0** | **72 602** | **72 602** |
| **31/12/2021** | **4 359** | **436** | **433 183** | **437 978** |
| **01/01/2022** | **4 359** | **436** | **433 183** | **437 978** |
| Profit for the year | 0 | 0 | 61 914 | **61 914** |
| Other comprehensive income | 0 | 0 | 0 | **0** |
| **Total comprehensive income** | **0** | **0** | **61 914** | **61 914** |
| Corporate income tax on dividends | 0 | 0 | -648 | **-648** |
| Dividends | 0 | 0 | - 10 142 | **-10 142** |
| **31/12/2022** | **4 359** | **436** | **484 307** | **489 102** |

Additional information about share capital is disclosed in Notes 7 and 13.

Initialled for identification purposes only
Allkirjastatud identifitseerimiseks
27. 02. 2025
Signature / allkiri
KPMG, Tallinn

# Statement of cash flows

| in thousands MDL | Notes | 2022 | 2021 |
|---|---|---|---|
| Prepayments to partners for issuance of loans | | -512 709 | -478 204 |
| Received from partners | | 1 151 | 888 |
| Paid trade payables | | -234 643 | -137 047 |
| Received from collection companies | | 621 634 | 578 919 |
| Paid net salaries | | -35 682 | -29 062 |
| Paid tax liabilities, exc. CIT | | -21 252 | -15 472 |
| Corporate income tax paid (CIT) | | -9 852 | 0 |
| Paid out to customers | | -766 115 | -501 601 |
| Principal repayments from customers | | 662 631 | 483 340 |
| Interest, commission and other fees | | 222 350 | 200 798 |
| **Net cash flows from operating activities** | | **-72 487** | **102 559** |
| Purchase of fixed assets | | -1 032 | -2 295 |
| **Net cash flows from investing activities** | | **-1 032** | **-2 295** |
| Loans received from investors | | 222 789 | 432 220 |
| Repaid loans to investors | | -122 689 | -454 910 |
| Principal payments of lease contracts | | -4 135 | -7 998 |
| Paid interests | | -52 181 | -29 170 |
| Paid dividends | | -10 142 | 0 |
| Receipts from other financing activities | | 110 | 38 |
| **Net cash flows from financing activities** | | **33 752** | **-59 820** |
| | | | |
| **Change in cash and cash equivalents** | | **-39 767** | **40 444** |
| | | | |
| **Cash and cash equivalents at the beginning of the year** | | **121 554** | **84 490** |
| Change in cash and cash equivalents | | -39 767 | 40 444 |
| Net foreign exchange difference | | -1 967 | -3 380 |
| **Cash and cash equivalents at the end of the year** | 8 | **79 820** | **121 554** |

| | | 31/12/2022 | 31/12/2021 |
|---|---|---|---|
| **Cash and cash equivalents comprise** | | | |
| Cash on hand | | 11 | 14 |
| Non-restricted current account | | 79 809 | 121 540 |

Initialled for identification purposes only
Allkirjastatud identifitseerimiseks
27. 02. 2025
Signature / allkiri
KPMG, Tallinn

# Summary of material accounting policies

**Basis of preparation**

The special purpose financial statements of the O.C.N. "IUTE CREDIT" S.R.L. (hereafter „the Company") have been prepared to comply with the requirements of the EU Prospectus Regulation 2017/1129 for inclusion to the offering document. As a result, the special purpose financial statements may not be suitable for another purpose. In the preparation of the special purpose financial statements, accounting principles of International Financial Reporting Standards (IFRS) as adopted in the EU are used.

The principal accounting policies applied in the preparation of these special purpose financial statements are set out below.

These policies have been consistently applied to all the years presented, unless otherwise stated.

**Reporting currency**

The special purpose financial statements are prepared in Moldovan lei ("MDL"), which is the company's functional and reporting currency. The special purpose financial statements are prsented in thousands of MDL unless otherwise indicated.

Transactions in foreign currency are converted into the functional currency using the official exchange rates of the National Bank of the Republic of Moldova on the transaction dates. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at exchange rates of monetary assets and liabilities denominated in foreign currency are recognized in the other comprehensive income. Translation differences on non-monetary items, such as equity investments classified as available-for-sale financial assets, are included in the fair value reserve in equity.

Monetary items in foreign currency (cash, receivables and payables, excluding advances given and received for purchases/supplies of assets and services, financial investments, excluding shares and units) are recalculated in national currency on a monthly basis using the official exchange rate on the last date of the month under review.

The main exchange rates used in the preparation of the special purpose financial statements were as follows:

| Reporting date | EUR | USD |
|---|---|---|
| 31 December 2022 | 20.3792 | 19,1579 |
| 31 December 2021 | 20.0938 | 17.7452 |

| Average period | EUR | USD |
|---|---|---|
| 2022 | 19.8982 | 18,9032 |
| 2021 | 20.9255 | 17.6816 |

**Cash and cash equivalents**

Cash and cash equivalents in the statement of financial position comprise balances with less than three months' maturity of the assets at acquisition dates including: cash and current accounts and deposits with banks.

Initialled for identification purposes only
Allkirjastatud identifitseerimiseks
27. 02. 2025
Signature / allkiri ...
KPMG, Tallinn

**Corporate income tax and deferred income tax**

The Company applies the general taxation regime with the payment of tax from the taxable income. Income tax expense is accounted for using the current income tax method. The rate of tax on income from entrepreneurial activity for the year 2023 is equal to 12%. The main adjustment for taxable income arise from depreciation of fixed assets, provisions for loans and advances to customers and other assets and liabilities.

In the following table are given the tax rates on corporate income and tax on dividends considering also individual decisions made by local Tax Authorities where appropriate:

| **Corporate Income Tax rate** | **2022** | | **2021** | |
|---|---|---|---|---|
| Subject to taxation | Corporate income tax rate paid on annual profits earned | Corporate income tax paid additionally on retained earnings distributed | Corporate income tax rate paid on annual profits earned | Corporate income tax paid additionally on retained earnings distributed |
| Moldova | 12% | 6% | 12% | 6% |

The maximum income tax liability which would accompany the distribution of Company's retained earnings is disclosed in Note 7 to the special purpose financial statements.

**Recognition of interest income**

**Interest and similar income**

The Company calculates interest income by applying the effective interest rate to the gross carrying amount of financial assets other than credit-impaired assets and purchased or originated credit impaired (POCI) financial assets. Financial asset becomes credit-impaired and is, therefore, regarded as 'Stage 3' (NPL), the Company calculates interest income by applying the effective interest rate to the net amortized cost of the financial asset. If the financial assets cures and is no longer credit-impaired, the Company reverts to calculating interest income on a gross basis. For POCI financial assets, the Company calculates interest income by calculating the credit adjusted EIR and applying that rate to the amortized cost of the financial asset. The credit adjusted EIR is the interest rate that, at initial recognition, discounts the estimated future cash flows (including credit losses) to the amortized cost of the POCI financial asset.

**The effective interest rate (EIR) method**

Under IFRS 9 interest income is recorded using the effective interest rate (EIR) method for all financial instruments measured at amortized cost. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

The EIR (and therefore, the amortised cost of the asset) is calculated by taking into account any discount or premium on acquisition, fees and costs that are an integral part of the EIR. The Company recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loan. Hence, it recognises the effect of potentially different interest rates charged at various stages, and other characteristics of the product life cycle.

**Recognition of other fees**

**Other fee income**

The core principle of IFRS 15 is that an entity will recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be

Initialled for identification purposes only
Allkirjastatud identifitseerimiseks
27. 02. 2025
Signature / allkiri
KPMG, Tallinn

entitled in exchange for those goods or services. This core principle is delivered in a five-step model framework:

(i) Identify the contract(s) with a customer
(ii) Identify the performance obligations in the contract
(iii) Determine the transaction price
(iv) Allocate the transaction price to the performance obligations in the contract
(v) Recognize revenue when (or as) the entity satisfies a performance obligation.

Terms and conditions related to the loan contracts set each party's rights and obligations in the credit relation and are approved by both parties; this includes also after-sales services provided by the Company.

**Financial instruments**

## Initial recognition

Loans and advances to customers and balances due to customers, are initially recognized on the trade date, i.e., the date that the Company becomes a party to the contractual provisions of the instrument. Loans and advances to customers are recognized when funds are transferred to the customers' accounts. The Company recognizes balances due to investors when funds are transferred to the Company.

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value, except in the case of financial assets and financial liabilities recorded at FVTPL, transaction costs are added to, or subtracted from, this amount.

The Company classifies all its financial assets based on the asset's contractual terms, the Company`s business model and SPPI assessments as financial assets measured at amortized cost.

Financial liabilities, other than loan commitments and financial guarantees, are measured at amortized cost or at FVTPL when they are held for trading and derivative instruments, or the fair value designation is applied.

## Financial assets

The Company only measures Loans to customers and other financial investments at amortized cost if both of the following conditions are met:

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

The Company does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Company acquires, disposes of, or terminates a business line.

A financial asset is derecognised when the rights to receive cash flows from the financial asset have expired. The Company also derecognises the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

The Company has transferred the financial asset if, and only if, either:

- The Company has transferred its contractual rights to receive cash flows from the financial asset or
- It retains the rights to the cash flows but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement.

Initialled for identification purposes only
Allkirjastatud identifitseerimiseks
27. 02. 2025
Signature / allkiri
KPMG, Tallinn

### Financial liabilities

Financial liabilities are initially recognized on the balance sheet at their acquisition cost. After initial measurement, debt issued, and other borrowed funds are subsequently measured at amortized cost. Amortized cost is calculated by taking into account any discount or premium on issued funds, and costs that are an integral part of EIR.

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or repaid. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognized in profit or loss.

## Impairment of financial assets

### Overview of the ECL principles

The Company has been recording the allowance for expected credit losses for all loans and other debt instruments not held at FVTPL, in this section all referred to as financial instruments.

The Expected Credit Loss (ECL) is measured on either a 12-month (12M) or Lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired.

The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Both LTECLs and 12mECLs are calculated on collective basis except for pledged/has collateral loans which are credit impaired, as described below in this section.

The Company has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Based on the above process, the Company groups its loans into Stage 1, Stage 2, Stage 3 and POCI, as described below:

- **Stage 1**: When loans are first recognized, the Company recognizes an allowance based on 12mECLs. Stage 1 loans also include facilities where the credit risk has improved, and the loan has been reclassified from Stage 2.
- **Stage 2**: When a loan has shown a significant increase in credit risk since origination, the Company records an allowance for the LTECLs. Stage 2 loans also include facilities, where the credit risk has improved, and the loan has been reclassified from Stage 3.
- **Stage 3**: Loans considered credit impaired. The Company records an allowance for the LTECLs.
- **POCI**: Purchased or originated credit impaired (POCI) assets are financial assets that are credit impaired on initial recognition. POCI assets are recorded at fair value at original recognition and interest income is subsequently recognised based on a credit adjusted EIR. The ECL allowance is only recognised or released to the extent that there is a subsequent change in the expected credit losses.

For financial assets for which the Company has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a (partial) derecognition of the financial asset.

Impairment losses and releases are accounted for as an adjustment of the financial asset's gross carrying value.

Initialled for identification purposes only
Allkirjastatud identifitseerimiseks
27. 02. 2025
Signature / allkiri
KPMG, Tallinn

The main parameters the Company uses in assessing credit risk are the probability of default (PD), loss given default (LGD) and exposure at default (EAD). The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

- **PD**
  The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period if the facility has not been previously derecognised and is still in the portfolio. The probability of default reflects how high is the probability that the loan customer will experience a settlement default of more than 50 days during the 12th month after the assessment.
- **EAD**
  The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.
- **LGD**
  The Loss given default reflects the economic loss that may occur in the event of default of more than 50 days based on country specific loss rates identified using historical loss statistics. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realization of any collateral or credit enhancements that are integral to the loan and not required to be recognised separately. It is usually expressed as a percentage of the EAD.

Under IFRS 9, LGD rates are estimated for the Stage 1, Stage 2, Stage 3 and POCI receivables.

The mechanics of the ECL method are summarized below:

- **Stage 1**: The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. These expected 12-month default probabilities are applied to a forecast EAD (Note 1) and multiplied by the expected LGD and discounted by an approximation to the original EIR.
- **Stage 2**: When a loan has shown a significant increase in credit risk since origination, the Company records an allowance for the LTECLs. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.
- **Stage 3**: For loans considered credit-impaired, the company recognizes the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%.
- **POCI**: Purchased or originated credit impaired (POCI) assets are financial assets that are credit impaired on initial recognition.

### Forward looking information

In its ECL models, the Company relies on the following forward-looking information as economic input:

- Unemployment rate

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

### Time horizon

Generally, time horizon used to analyse the information from the past is considered at least 12 months. 12-month-horizon is also used the other way for forward-looking estimates.

Initialled for identification purposes only
Allkirjastatud identifitseerimiseks
27. 02. 2025
Signature / allkiri
KPMG, Tallinn

### Write-offs

Financial assets are derecognized after 365 days past due (DPD), when collection is no longer considered probable. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to credit loss expense.

## Impairment of other financial assets

The Company uses a simplified approach to measure the deduction for losses equal to the lifetime expected credit losses for trade receivables or contractual assets arising from transactions that are subject to IFRS 15.

## Fixed assets

### Property, plant and equipment

A tangible asset, excluding buildings, is initially recognised at its cost, which consists of the purchase price (incl. customs duties and other non-refundable taxes) and any directly attributable expenditure on bringing the asset to its operating condition and location. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to operating expenses during the reporting period in which they are incurred.

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Depreciation is calculated using the straight-line method to expense the cost of each asset to their residual value over the estimated useful life of the asset. The following depreciation rates are applied:

| Category | Annual rate |
|---|---|
| Buildings | 1,3%-4% |
| Furniture and equipment | 5%–50% |

The appropriateness of the assets´ residual values, depreciation methods used, and useful lives are reviewed, and adjusted if that has become appropriate, at each balance sheet date. The effect of changes in estimates is recognised in the current and subsequent periods.

### Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to

Initialled for identification purposes only
Allkirjastatud identifitseerimiseks
27. 02. 2025
Signature / allkiri ...............
KPMG, Tallinn

determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Research costs are expensed as incurred. Development expenditures on an individual project are recognized as an intangible asset when the Company can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale.
- Its intention to complete and its ability and intention to use or sell the asset.
- How the asset will generate future economic benefits
- The availability of resources to complete the asset.
- The ability to measure reliably the expenditure during development.
- Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete, and the asset is available for use. Amortization is calculated on a straight-line basis over 3–5 years.

Acquired computer software licenses are recognized as intangible assets based on the costs incurred to acquire and implement the software. Amortization of software is calculated based on straight-line method, considering their useful life according to their description/benefits. Amortization is calculated on a straight-line basis over 3–10 years.

### Impairment and derecognition of non-financial assets

Fixed assets are derecognized upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

The Company assesses at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of the Company cash-generating units to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

An item of property, plant and equipment and intangible assets are written down to their recoverable amount if the recoverable amount of the asset is less than its carrying amount. An asset impairment test is performed to determine whether an asset may be impaired, and the recoverable amount of the asset is determined. Test is performed at least once a year at balance sheet date when signs of a possible changes in value occur. Impairment of assets is recognized as an expense in the reporting period.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit or loss on the same line item where the impairment loss was previously recognized.

## Leases

### The Company as a lessee

IFRS 16 sets out the principles for the recognition, measurement, presentation, and disclosure of leases for both parties to a contract, i.e., the customer ('lessee') and the supplier ('lessor').

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

### Right-of-use assets

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities (present value of all lease payments) recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, the depreciation rates ranging from 10%-20%

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. At the end of each reporting period, an entity is required to assess whether there is any indication that an asset may be impaired (i.e., its carrying amount may be higher than its recoverable amount). If there is an indication that an asset may be impaired, then the asset's recoverable amount must be calculated. If fair value less costs of disposal or value in use is more than carrying amount, it is not necessary to calculate the other amount. If fair value less costs of disposal cannot be determined, then recoverable amount is value in use. For assets to be disposed of, recoverable amount is fair value less costs of disposal. The impairment loss is recognized as an expense (unless it relates to a revalued asset where the impairment loss is treated as a revaluation decrease).

### Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Company`s lease liabilities are disclosed as part of the Right-of-use assets and lease liabilities but also included in financial liabilities (see Note 11).

### Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Low value assets are assets which contract value does not exceed 5 thousand EUR. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

### The Group as a lessor

As a lessor, the Company determines at lease inception whether the lease is a finance lease or an operating lease. If the Company determines that the lease transfers substantially all the risks and rewards of ownership of the underlying asset, the lease is a finance lease. Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

## Legal reserve

In case of a limited liability company, the size of the statutory legal reserve shall not be less than 1/10 of the share capital in Moldova. Legal reserve is formed from annual net profit allocations, as well as from other provisions, which are transferred to the legal reserve based on law or the articles of association. At least 1/05 of net profit must be transferred to the reserve capital each year till the moment of the reserve capital will be 1/10 of the share capital.

## Related parties

For the purposes of the Company's special purpose financial report, related parties include:

- Owners (parent company and owners of the parent company).

Initialled for identification purposes only
Allkirjastatud identifitseerimiseks
27. 02. 2025
Signature / allkiri ...........
KPMG, Tallinn

# Notes to special purpose financial statements

## 1 Interest income

| **Interest and similar income**<br>in thousands MDL | **2022** | **2021** |
|---|---|---|
| Interest, commission and administration fees on loans to customers | 388 016 | 349 044 |
| **TOTAL** | **388 016** | **349 044** |

## 2 Interest expenses

| **Interest expense**<br>in thousands MDL | **2022** | **2021** |
|---|---|---|
| Interest on amounts due to creditors | -56 388 | -58 945 |
| Interest on amounts due to lease liabilities | -397 | -838 |
| **TOTAL** | **-56 785** | **-59 783** |

## 3 Other fees and penalties and other income

| **Other fees and penalties**<br>in thousands MDL | **2022** | **2021** |
|---|---|---|
| Penalties under loans and delay interests | 61 593 | 84 864 |
| Dealer bonuses | -16 922 | -11 690 |
| Resigns under customer loans | 5 749 | 7 426 |
| **TOTAL** | **50 420** | **80 600** |

Income from penalties under loans and delay interests are accounted on cash basis.

| **Other income**<br>in thousands MDL | **2022** | **2021** |
|---|---|---|
| Extraordinary income from debt collectors | 35 908 | 28 307 |
| Income from sale of defaulted loan portfolio | 16 008 | 123 |
| Income from insurance brokerage | 5 346 | 1 339 |
| Other | 2 925 | 56 |
| **TOTAL** | **60 187** | **29 825** |

The other income includes also income from related parties. See also Note 14.

Initialled for identification purposes only
Allkirjastatud identifitseerimiseks
27. 02. 2025
Signature / allkiri ............
KPMG, Tallinn

# 4 Personnel expenses

| **Personnel expenses**<br>in thousands MDL | **2022** | **2021** |
|---|---|---|
| Salaries and bonuses | -42 184 | -33 786 |
| Social security expenses | -10 085 | -8 081 |
| **TOTAL** | **-52 269** | **-41 867** |
| | | |
| Annual average number of employees adjusted to full-time | 139 | 139 |

No other binding agreements for the Company with its employees, other than employment agreements, existed as of 31 December 2022 and 31 December 2021.

# 5 Other operating expenses

| **Other operating expenses**<br>in thousands MDL | **2022** | **2021** |
|---|---|---|
| Advertising expenses | -15 069 | -8 257 |
| Office lease expenses | -1 895 | 1 414 |
| Outsource services | -16 359 | -17 758 |
| Shareholder management fees | -150 104 | -132 087 |
| Utilities | -2 203 | -1 740 |
| Telecommunication and IT | -3 201 | -2 440 |
| Small items of equipment | -216 | -245 |
| Transportation | -1 777 | -998 |
| Regulatory tax expense | -14 507 | -12 083 |
| Other operating expenses | -7 573 | -5 371 |
| **TOTAL** | **-212 904** | **-179 565** |

The other operating expenses includes also purchases from related parties. See Note 14.

# 6 Allowance for impairment of loans to customers

| **Allowance for impairment of loans to customers**<br>in thousands MDL | **2022** | **2021** |
|---|---|---|
| **At the beginning of the year** | **-124 069** | **-130 638** |
| Arising during the year | -88 855 | -101 174 |
| Utilized | 110 400 | 107 743 |
| **At the end of the year** | **-102 524** | **-124 069** |

Initialled for identification purposes only
Allkirjastatud identifitseerimiseks
27. 02. 2025
Signature / allkiri ..................
KPMG, Tallinn

| **Credit loss expense 2022**<br>in thousands MDL | **stage 1** | **stage 2** | **stage 3** | **Net impairment charges** |
|---|---|---|---|---|
| **Loans to customers** | -23 568 | -1 807 | -77 149 | -102 524 |
| **Total** | **-23 568** | **-1 807** | **-77 149** | **-102 524** |

| **Credit loss expense 2021**<br>in thousands MDL | **stage 1** | **stage 2** | **stage 3** | **Net impairment charges** |
|---|---|---|---|---|
| **Loans to customers** | -37 045 | -3 116 | -83 908 | -124 069 |
| **Total** | **-37 045** | **-3 116** | **-83 908** | **-124 069** |

The Company has collected from written-off loans in 2022 35,908 thousand MDL (2021: 28,307 thousand MDL) and received income from sold written – off loans in 2022 16,008 thousand MDL (2021: 123 thousand MDL). The respective amounts are recognized as other income. See Note 3.

# 7 Income tax expense

| **Income tax expense**<br>in thousands MDL | **2022** | **2021** |
|---|---|---|
| Taxable Profit before tax | 32 192 | 82 269 |
| Corporate income tax rate | 12% | 12% |
| Corporate income tax calculated | 3 863 | 9 872 |
| **Income tax expense** | **3 863** | **9 872** |

In 2022, shareholders declared dividends in amount of 10,420 thousand MDL (2021: 0 thousand MDL) and paid dividends in the amount of 10,420 thousand MDL (2021: 0 thousand MDL). As of 31 December 2022, and 31 December 2021 no unpaid dividends.

As of 31 December 2022, the Company`s retained earnings amounted to 484,307 thousand MDL (31.12.2021: 433,183 thousand MDL). The distribution of these retained earnings as dividends would be subject to income tax at the rate of 6/94 on the net distribution.

# 8 Cash and cash equivalents

| **Cash and cash equivalents**<br>in thousands MDL | **31/12/2022** | **31/12/2021** |
|---|---|---|
| Cash on hand | 11 | 14 |
| Bank accounts | 47 636 | 89 818 |
| Overnight deposits | 32 173 | 31 722 |
| **TOTAL** | **79 820** | **121 554** |

Bank accounts include as at 31 December 2022 cash in ATMs in the amount of total 8,858 thousand MDL (31 December 2021: 13,081 thousand MDL).

Initialled for identification purposes only
Allkirjastatud identifitseerimiseks
27. 02. 2025
Signature / allkiri
KPMG, Tallinn

# 9 Loans to customers

Table below the credit quality and the maximum exposure to credit risk based on the Company`s internal credit rating system and year end stage classification. The amounts presented are gross of impairment allowances.

| 31/12/2022<br>in thousands MDL | Stage 1 | Stage 2 | Stage 3 | Total |
|---|---|---|---|---|
| **According to IFRS 9** | | | | |
| Gross loans to customers | 887 152 | 11 792 | 151 752 | **1 050 696** |
| Accrued interest from loans | 90 827 | 1 886 | 23 053 | **115 766** |
| Allowances for loan impairment | -23 568 | -1 807 | -77 149 | **-102 524** |
| **TOTAL** | **954 411** | **11 871** | **97 656** | **1 063 938** |

| 31/12/2021<br>in thousands MDL | Stage 1 | Stage 2 | Stage 3 | Total |
|---|---|---|---|---|
| **According to IFRS 9** | | | | |
| Gross loans to customers | 669 300 | 13 791 | 136 263 | **819 354** |
| Accrued interest from loans | 73 601 | 2 232 | 39 725 | **115 558** |
| Allowances for loan impairment | -37 045 | -3 116 | -83 908 | **-124 069** |
| **TOTAL** | **705 856** | **12 907** | **92 080** | **810 843** |

See also Note 6.

# 10 Prepayments and other assets

| **Other assets and prepayments**<br>in thousands MDL | 31/12/2022 | 31/12/2021 |
|---|---|---|
| Prepayments of rent | 538 | 440 |
| Prepayment of taxes | 6 694 | 1 799 |
| Prepayments to suppliers and deferred expenses | 334 | 355 |
| **Prepayments in total** | **7 566** | **2 594** |
| Other receivables | 408 | 1 006 |
| Deposit receivables from partners | 28 185 | 6 750 |
| **Other assets in total** | **28 593** | **7 756** |
| **TOTAL** | **36 159** | **10 350** |

The prepayments to suppliers and deferred expenses includes also receivables from related parties. See Note 14.

Initialled for identification purposes only
Allkirjastatud identifitseerimiseks
27. 02. 2025
Signature / allkiri
KPMG, Tallinn

# 11 Financial liabilities

| Financial liabilities<br>in thousands MDL | 31/12/2022 | Maturity<br>Up to 1 year | 1 to 5 years | over 5 years | Currency | Interest |
|---|---|---|---|---|---|---|
| Loans from investors and banks | **593 780** | 461 124 | 132 656 | 0 | EUR, MDL, USD | 7-19% |
| Lease liabilities (IFRS 16) | **2 029** | 1 418 | 611 | 0 | EUR, MLD | 10,83% |
| Accrued interest | **4 829** | 4 829 | 0 | 0 | EUR, MDL, USD | |
| **TOTAL** | **600 638** | **467 371** | **133 267** | **0** | | |

| Financial liabilities<br>in thousands MDL | 31/12/2021 | Maturity<br>Up to 1 year | 1 to 5 years | over 5 years | Currency | Interest |
|---|---|---|---|---|---|---|
| Loans from investors and banks | **468 109** | 405 888 | 62 221 | 0 | EUR, MDL, USD | 7-20% |
| Lease liabilities (IFRS 16) | **5 053** | 3 777 | 1 276 | 0 | EUR, MLD | 12,14% |
| Accrued interest | **3 831** | 3 831 | 0 | 0 | EUR, MDL, USD | |
| **TOTAL** | **476 993** | **413 496** | **63 497** | **0** | | |

The loans from investors and banks includes also borrowings from related parties. See Note 14. Accrued interest includes also interest payable to related parties. See Note 14.

At the reporting date, the Company did not register debts with a payment term of more than 5 years. as at 31 December 2022 the Company recorded the total value of the debts covered by guarantees which was 425,418 thousand MDL (31 December 2021: 94,859 thousand MDL). At the same time, the company's assets are pledged as a guarantee for the bond issue made by the sole shareholder Iute Group AS and which constitute the present and future unclaimed claims in favour of other creditors as well as a pledge on bank accounts.

# 12 Other liabilities and tax liabilities

| Other liabilities and tax liabilities<br>in thousands MDL | 31/12/2022 | 31/12/2021 |
|---|---|---|
| Trade payables | 18 368 | 21 609 |
| Payables to employees | 2 899 | 2 501 |
| Corporate Income Tax payables | 181 | 627 |
| Other Tax payables | 4 797 | 5 139 |
| Allocations and other provisions | 22 647 | 36 |
| Deferred revenue | 34 021 | 4 278 |
| Other liabilities | 13 172 | 5 030 |
| **TOTAL** | **96 085** | **39 220** |

“Allocations and other provisions” consist of liabilities in front of the customers and settlements with business partners.

Initialled for identification purposes only
Allkirjastatud identifitseerimiseks
27. 02. 2025
Signature / allkiri
KPMG, Tallinn

“Other liabilities” consist of payment transactions in transit, customer over-/wrong payments, liabilities related to dealer loans and loans not paid out to customers. The account also includes payables to related parties. See Note 14.

"Other tax payables” includes the social security tax, medical insurance tax, income tax from salaries and VAT tax liabilities.

# 13 Share capital

| **Share capital**<br>in thousands MDL | **31/12/2022** | **31/12/2021** |
|---|---|---|
| Share capital | 4 358 768 | 4 358 768 |
| Number of shares | 1 | 1 |
| Nominal value of share | 4 358 768 | 4 358 768 |

The sole shareholder of the Company is Iute Group AS.

# 14 Related parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. The only related party of the Company is parent company Iute Group AS.

The Company`s management has not identified significant transfer pricing risks, as the Company's main revenues and expenses are related to lending activities. Transactions made with the Company's related party are related to loan rates and financial guarantees provided in the normal course of business and are valued according to the market price. Management believes that there are no significant price and tax risks arising from transactions between the related party and the Company.

Transactions are entered into with related parties in the normal course of business. The volume of transactions with related parties, outstanding balances at the end of the year and related income and expenses for the year are presented as follows:

| in thousands MDL | **as at 01/01/2022** | **Increase** | **Decrease** | **Exchange Rate Fluctuation** | **as at 31/12/2022** |
|---|---|---|---|---|---|
| Borrowing from related parties | 341 595 | 37 162 | -65 216 | 5 190 | 318 731 |
| Interest on the loan | 2 914 | 37 467 | -37 653 | 426 | 3 154 |
| Liabilities to related parties | 18 379 | 152 011 | -156 374 | -159 | 13 857 |
| Receivables of related parties | 0 | 0 | 0 | 0 | 0 |
| **TOTAL** | **362 888** | **226 640** | **-259 243** | **5 457** | **335 742** |

Initialled for identification purposes only
Allkirjastatud identifitseerimiseks
27. 02. 2025
Signature / allkiri
KPMG, Tallinn

| in thousands MDL | as at 01/01/2021 | Increase | Decrease | Exchange Rate Fluctuation | as at 31/12/2021 |
|---|---|---|---|---|---|
| Borrowing from related parties | 105 633 | 275 012 | -33 394 | -5 657 | 341 594 |
| Interest on the loan | 2 629 | 17 682 | -15 534 | -1 864 | 2 913 |
| Liabilities to related parties | 3 046 | 131 885 | -116 181 | -371 | 18 379 |
| Receivables of related parties | 22 200 | 0 | -22 342 | 142 | 0 |
| **TOTAL** | **133 508** | **424 579** | **-187 451** | **-7 750** | **362 886** |

Please see also Notes 5, 10,11 and 12.

# 15 Subsequent events

There have been no other events subsequently to reporting period till signing of the special purpose financial statements which would cause corrections in reported financial information, or which should be separately disclosed as subsequent event.

Initialled for identification purposes only
Allkirjastatud identifitseerimiseks
27. 02. 2025
Signature / allkiri
KPMG, Tallinn

# Signatures of the management board to special purpose financial statements for 2022

The Company's Management Board has approved the special purpose financial statements for 2022.

The special purpose financial statements as compiled by the Management Board consists of the special purpose financial statements and independent auditor´s report.

.

27 of February 2025

Natalia Rusu
Chief Financial Officer

**KPMG Baltics OÜ**
Ahtri 4
Tallinn 10151
Estonia

Telephone +372 6 268 700
Fax +372 6 268 777
Internet www.kpmg.ee

## Independent Auditors' Report

To the shareholder of O.C.N. "IUTE CREDIT" S.R.L.

### Opinion

We have audited the special purpose financial statements of O.C.N. "IUTE CREDIT" S.R.L. (the Company), which comprise the statement of financial position as at 31 December 2022, the statement of comprehensive income, the statements of cash flows and changes in equity for the year then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying special purpose financial statements presented on pages from 4 to 23 are prepared, in all material respects, in accordance with the Basis of Preparation paragraph of these special purpose financial statements.

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (Estonia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Special Purpose Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants (Estonia) (including Independence Standards) and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Emphasis of Matter - Basis of Accounting and Limitation on Use

We draw attention to Basis of Preparation paragraph of these special purpose financial statements, which describes the basis of accounting. The special purpose financial statements are prepared to comply with the requirements of the EU Prospectus Regulation 2017/1129 for inclusion to the offering document. As a result, the special purpose financial statements may not be suitable for another purpose. Our opinion is not modified in respect to this matter.

### Other Matter

The special purpose financial statements of the Company for the year ended as at 31 December 2021 were not audited.

### Other Information

Management is responsible for the other information. The other information comprises the General information and contacts and Abbreviations and keys, but does not include the special purpose financial statements and our auditors' report thereon.

Our opinion on the special purpose financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the special purpose financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the special purpose financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation of the special purpose financial statements in accordance with the basis set out in Basis of Preparation paragraph to these special purpose financial statements and for such internal control as management determines is necessary to enable the preparation of special purpose financial statements that are free from material misstatement, whether due to fraud or error.

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

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

**Auditors' Responsibilities for the Audit of the Special Purpose Financial Statements**

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

As part of an audit in accordance with International Standards on Auditing (Estonia), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the special purpose financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the special purpose financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the special purpose financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

KPMG Baltics OÜ
Licence No 17

Eero Kaup

Certified Public Accountant, Licence No. 459

Tallinn, 27 February 2025