ESTO LV AS

Reg. No.: 40103050993
74 Gustava Zemgala Street, Riga, LV-1039, Latvia

ANNUAL REPORT FOR THE YEAR 01.01.2025-31.12.2025 AND INDEPENDENT AUDITOR'S REPORT

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COMPANY INFORMATION

Company name:
ESTO LV AS

Legal status of the company:
Joint Stock Company

Registration number, date:
40103050993, 15.05.1992

Registered office:
Riga, Gustava Zemgala Street 74, LV-1039

Shareholders:
ESTO Holdings OÜ – 100%

Members of the Board:

- Board member Vaivods Māris (from 23.03.2023).

Members of the Council:

- Chairman of the Council Metsa Mikk (from 08.09.2025),
- Deputy Chairman of the Council Raim Edward-Edgar (from 08.09.2025),
- Council member Tiik Kristjan (from 05.12.2025),
- Council member Mochov Dmitrij (until 08.09.2025).

Information on the Group:
ESTO Holdings OÜ, Laeva Street 2, Kesklinna District, Tallinn, Harju County, 10111, Estonia.

Information on the Group's subsidiary Companies:

- ESTO AS, Laeva Street 2, Kesklinna District, Tallinn, Harju County, 10111, Estonia.
- ESTO UAB, Lvivo Street 25, Vilnius, Vilnius City Municipality, 09320, Lithuania.

Type of Company's activity:
Lending activities

NACE classification code:
64.92

Reporting period:
1 January 2025 – 31 December 2025

Annual report prepared by:
Violeta Pokačailo, "Grant Thornton Baltic SIA", Chief Accountant

Auditors:
SIA "SINDIKS", 85-5 Brīvības Street Riga, LV-1001 License No. 100.
Certified Auditor: Antra Vensberga, Certificate No. 241.

MANAGEMENT REPORT

Type of activity
The core business of "ESTO LV" AS is consumer lending, with a particular focus on flexible "buy now, pay later" (BNPL) and other financing products.

Performance and Financial Situation of the Company
In 2025, ESTO LV AS continued its rapid development and strengthened its position in the Latvian non-bank lending market. As part of the ESTO Holdings group, the company purposefully developed the BNPL segment while simultaneously improving its product offering and customer experience.

Main Non-financial Indicators Characterising the Company and the Industry
During the reporting year, significant growth was achieved in the B2B sector where partnership network grew +52%, particularly through the development of ESTO BNPL solutions. The company provided one of the most competitive "buy now, pay later" services in the Latvian market, successfully collaborating with the largest Latvian retailers and e-commerce companies. This enabled a substantial increase in transaction volumes and an expansion of the customer base. A notable area of development was the strategic cooperation with the 1klik platform, which increased the accessibility of ESTO products while simultaneously strengthening brand recognition. In addition, partnerships were developed with the largest Latvian financial brokers, ensuring a steady flow of new clients and contributing to the growth of the loan volume issued. This channel became an integral driver of sales. In 2025, the company achieved remarkable growth — the loan portfolio grew by 85%. This growth was driven by the expansion of BNPL partnerships, effective work with existing clients, product development, and risk management. The company actively engaged in industry development by joining the Finance Industry Association, strengthening dialogue with the regulator, and promoting the development of responsible lending practices in Latvia. ESTO LV also became a member of LTRK.

Risks and Uncertainties
In 2025, the industry faced heightened compliance and reputational risk. A public awareness campaign conducted by the Consumer Rights Protection Centre regarding affordability assessments increased attention to adherence to responsible lending principles. Additional challenges and uncertainty were created by changes in the regulatory environment, including public and political discussions regarding the transfer of supervisory functions from the Consumer Rights Protection Centre to the Bank of Latvia. At the same time, the company continued to strengthen its risk management, with particular attention given to credit risk, customer affordability assessments, and fraud prevention.

Future Development Plans
In 2026, the focus of ESTO LV AS will be ensuring sustainable growth, based on three strategic directions:
• Stable and predictable volume growth — by expanding cooperation with retailers and e-commerce partners, as well as stabilising the financial broker channel.
• Improvement of loan portfolio quality — by refining risk assessment models and developing data analytics.
• Efficiency and process development — by investing in artificial intelligence assistants and automation technologies, improving customer experience and decision-making speed.
Despite all challenges, the company is well positioned for continued growth.

Vaivods Māris
Management board member

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INCOME STATEMENT

(classified per function of expenditure)

	Note number	2025 EUR	2024 EUR
Net turnover:		3 475 466	2 154 322
c) from other main activity types.		3 475 466	2 154 322
Gross profit or loss		**3 475 466**	**2 157 322**
Selling expenses	2	(3 103 099)	(2 2273 240)
Administrative expenses	3	(466 036)	(331 388)
Other operating income	4	608 093	486 675
Other operating expenses	5	(82 414)	(169 771)
Interest payments and similar expenses:	6	(1 241 878)	(853 902)
a) to subsidiary companies,		(1 241 878)	(853 902)
Profit or loss before the corporate income tax		**(809 868)**	**(984 304)**
Corporate income tax for the reporting year		(4 906)	(536)
Profit or loss after calculating the corporate income tax		**(814 774)**	**(984 840)**
Profit or loss of the reporting year		**(814 774)**	**(984 840)**

Notes on pages 8 to 16 are an integral part of these financial statements.

Vaivods Māris (Board member)

The annual report was prepared by the outsourced accounting company Grant Thornton Baltic SIA.

Raitis Logins (Board member)

Violeta Pokačailo (Chief accountant)

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BALANCE SHEET

ASSETS	Note number	31.12.2025 EUR	31.12.2024 EUR
Long-term investments			
Intangible assets			
Development expenses		-	4 982
Other intangible assets		4 691	689
Total intangible assets	7	**4 691**	**5 671**
Fixed assets			
Technology devices and equipment		3 101	1 630
Total fixed assets	8	**3 101**	**1 630**
Long-term financial investments			
Other loans and long-term receivables	9	2 469 355	966 740
Total long-term financial investments		**2 469 355**	**966 740**
Total long-term investments		**2 477 147**	**974 041**
Current assets			
Receivables			
Trade receivables	10	9 626 083	5 453 684
Other receivables	11	2 448	3 289
Prepaid expenses	12	347 248	120 804
Accrued income	13	233 274	160 759
Total receivables		**10 209 053**	**5 738 536**
Cash and cash equivalents		**189 056**	**306 403**
Total current assets		**10 398 109**	**6 044 939**
TOTAL ASSETS		**12 0875 256**	**7 018 980**

BALANCE SHEET

LIABILITIES	Note number	31.12.2025 EUR	31.12.2024 EUR
Equity capital			
Share capital (equity capital)		5 826 864	426 867
Retained earnings or uncovered losses of previous years		(3 479 340)	(2 494 500)
Profit or loss of the reporting year		(814 774)	(984 840)
Total equity capital		**(1 532 750)**	**(3 052 473)**
Creditors			
Long-term liabilities			
Amounts owed to subsidiary companies	14	8 341 110	8 491 110
Total long-term liabilities		**8 341 110**	**8 491 110**
Short-term liabilities			
Advance payments from customers		113 206	29 507
Trade payables		112 208	47 894
Amounts owed to subsidiary companies	14	2 703 674	1 461 583
Taxes and mandatory state social insurance contributions	15	25 069	18 740
Other liabilities	16	30 391	18 629
Accrued liabilities	17	16 848	3 990
Total short-term liabilities		**3 001 396**	**1 580 343**
Total liabilities		**11 342 506**	**10 071 453**
TOTAL LIABILITIES		**12 875 256**	**7 018 980**

Notes on pages 8 to 16 are an integral part of these financial statements.

Vaivods Māris (Board member)

The annual report was prepared by the outsourced accounting company Grant Thornton Baltic SIA.

Raitis Logins (Board member)

Violeta Pokačailo (Chief accountant)

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NOTES TO THE FINANCIAL STATEMENTS

(1) Significant accounting principles

Principles of preparation of financial statements

The Annual Report has been prepared in accordance with the laws "Accounting Law" and Law on the Annual Financial Statements and Consolidated Financial Statements.
The income statement has been classified using the function of expenditure method.

Reporting period

The reporting period is 12 months from 01.01.2025 to 31.12.2025.
The previous period is 12 months from 01.01.2024 to 31.12.2024.

Accounting principles

The financial statements have been prepared by assuming that the Company will be a going concern also in the future, will be using accounting and evaluation methods consistently compared to the prior financial year, assessment have been made with proper prudence.

Transactions in foreign currencies

Financial reports are prepared in the single currency of the European Union, euro (EUR). All transactions in foreign currencies are converted into euro according to the official currency exchange rate set by the European Central Bank on the respective day of transaction. All monetary assets and liabilities are converted into euro according to the exchange rate set by the European Central Bank on the last day of the financial year. Profit or loss gained as a result of currency exchange rate fluctuations have been recognized in the income statement for the respective period.

Related parties

A related party is a person or an entity that is related to the reporting Company.
A person or a close member of that person's family is related to the reporting Company if that person has control, joint control or significant influence over the reporting Company or is a member of the key management personnel of the reporting Company or of a parent of the reporting Company. An entity is related to the reporting Company if they are members of the same group. Also, an entity is related to the reporting Company if the entity is controlled, jointly controlled or significantly influenced by a related person of the reporting Company or this related person of the reporting Company is a member of the key management personnel of that entity or of a parent of that entity.

Intangible assets and fixed assets

Fixed assets are displayed in their acquisition value less depreciation. The acquisition value of fixed assets consists of purchase price, import duties and non-refundable purchase taxes, other costs directly attributable to delivery of the assets to their location and getting in the working condition pursuant to the suggested use. Depreciation and amortisation are calculated over the useful life of the asset according to the linear method applying the following depreciation rates as the basis of calculation:

Office equipment 33%
Computer hardware 33%
Other fixed assets 33%

Intangible assets are displayed in their acquisition value less depreciation. Depreciation has been calculated within the period of useful life of an asset according to the linear method, applying the following depreciation rates:

Other intangible investments 33 %

Long-term financial investments

- Related companies

A related company is a company, which is directly or indirectly controlled by another company (the parent company – more than 50% of the shareholders' voting rights in this company). The parent company controls the subsidiary company's financial and business policy. The company recognizes income from investments only in case it receives distribution of profit from the related company after the purchase date. The distribution received, which exceeds this profit, shall be considered as investment recovery costs and is recognized as a decrease of purchase costs in the related company's investment.

Receivables

Receivables for loans are recognized using the adjusted cost method, which is equal to the nominal value minus write-downs (provisioning at the end of each month).

- Provisions for bad and doubtful debtors

Provisioning for the Company's operating receivables is based on the accounting principles set out in IFRS 9 based on the LGD coefficient, which takes into account the expected credit loss due to late payment - both principal and accrued income are provisioned.

Financial instruments

- Long-term loans and claims

A financial asset created by the company by lending money or providing service directly to the debtor; not created with the purpose to sell it immediately or in the near future. Initially loans are recognised in their initial value set by adding the expenses related to issue of the loan to the fair value of the loan amount. After initial recognition, the loans are recognised in their amortised value, applying the effective interest rate method. The amortised value is calculated with the account of the loan issue expenses, as well as any loan-related discounts and bonuses. The profit or loss due to amortisation is displayed in the profit or loss statement as interest income and expenses. If active decrease in the value has occurred respective reserves are made.

- Other long-term financial investments

Investments held to maturity — financial assets with fixed or determinable payments and fixed maturity that a company has the positive intention and ability to hold to maturity. Initially loans are recognised in their initial value set by adding the expenses related to issue of the loan to the fair value of the loan amount. After initial recognition the loans are recognised in their amortised value, applying the effective interest rate method.

Financial assets available for sale — financial assets other than issued loans, chargeable invoices and investments held to maturity; they can be sold to increase liquidity or in case of changes in interest rates, bank rates and capital value. Financial assets available for sale are recognised in terms of their fair value and changes in value in the period of origin are recognised in the equity capital, in the revaluation reserves. If there are objective references about the decrease in the asset value reserves for decrease in the asset value are made.

- Short-term financial investments

Financial assets held for sale, acquired or created with the main purpose – to gain profit from short-term price or profit margin fluctuations. Financial assets available for sale are recognised in terms of their fair value and changes in value in the period of origin are recognised in the equity capital, in the revaluation reserves.

Provisions

Provision is recognised when the Company has a legal or constructive obligation at the reporting date because of a past event, it is probable that the Company will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably.
Provisions are recognised at the present value of the expenditure required to settle the obligation using an interest rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the amount of the provision due to the time value of money is recognised as a financial expense. If the realisation of a contingent liability is less probable than non-realisation or related costs cannot be determined reliably, that in certain circumstances may become obligations, then this amount is disclosed in the notes to the financial statements as contingent liability. As of 31 December 2025, the Company has not recognised any provisions, as there were no legal or constructive obligations that met the recognition criteria of IAS 37.

Accrued liabilities

Accrued liabilities are clearly known trade liability sums for the goods or services received within the reporting year when a relevant payment document (an invoice) has failed to be received on the date of drawing up the balance sheet. The liability sums are calculated, based on the price, which is defined in the relevant agreement, and on the documents that approve actual receipt of the goods or services.

- *Provisions for unused vacation compensation*

The provision sum is established by multiplying the average wage for the last six months of the reporting period with the number of days of unused annual leaves on the end date of the reporting period, including also the mandatory state social insurance contributions made by the employer.

- *Provision for not received expense invoices*

To comply with the matching principle and the accrual basis of accounting, an expense accrual must be recorded at the period-end for goods and services received but for which no supplier invoice has yet been received.
The accrual is recognized when the expense is incurred, and the amount can be reasonably estimated. Estimates may be based on historical costs, purchase orders, or communication with vendors. These entries ensure the financial statements accurately reflect all liabilities and expenses for the period.

Recognition of income

The Company recognizes revenue when it transfers control over a service to a customer. Fee and commission income from contracts with customers is measured based on the consideration specified in a contract with a customer. Interest income is recognized using the effective interest method.

Corporate income tax

The corporate income tax for the reporting period consists of the calculated for such a period. The corporate income tax is recognised in the profit or loss statement. The tax for the reporting period is calculated according to the provisions of the law "On the Corporate Income Tax".
Starting from the 2018 taxation year, corporate income tax is calculated on distributed profits (dividends) and deemed distributed profits, applying a 20% tax rate. Corporate income tax is recognized at the moment when the shareholders of the Company make a decision on profit distribution or when expenses are recorded that do not contribute to the Company's future development (deemed distributed profits).
Since 2018, due to the change in the corporate income tax base, temporary differences no longer arise from depreciation rates of fixed assets; differences in receivables are insignificant, and tax losses carried forward to future reporting periods are subject to limitations in terms of time and usability (they can be utilized for no longer than 5 years and only up to 50% of the calculated dividends). Based on the above, the Company no longer recognizes deferred tax as of 2018.

(2) Selling expenses	**2025**	**2024**
	EUR	**EUR**
Portfolio write off expenses	1 834 365	1 700 009
Staff costs	393 515	214 825
Advertising and marketing costs	270 638	152 962
Loan provision expenses	252 357	68 606
Scoring expenses	143 729	53 042
Verification expenses	63 704	23 921
Bonus expenses for brokers and cashiers	59 353	3 857
Debt collection management service	43 596	9 235
Payment system support expenses	41 842	46 783
Total	**3 103 099**	**2 273 240**

3) Administrative expenses	**2025**	**2024**
	EUR	**EUR**
Consultancy and legal service expenses	170 286	111 621
Staff costs	117 508	110 674
IT expenses	83 724	60 181
Rental costs	34 559	22 120
Transport costs	16 004	2 708
Membership fees	13 312	-
Audit of financial statements	10 771	648
Bank service expenses	6 139	6 890
Employee recruitment and training costs	4 840	3 193
Insurance expenses	3 124	2 633
Depreciation of fixed and intangible assets	2 194	4 412
Business trip costs	1 829	3 639
Communication expenses	1 503	812
Other administrative expenses	243	40
Advertising and marketing costs	-	1 817
Total	**446 036**	**331 388**

(4) Other operating income	**2025**	**2024**
	EUR	**EUR**
Portfolio sale income	586 247	486 675
Other income	21 846	-
Total	**608 093**	**486 675**

(5) Other operating expenses	**2025**	**2024**
	EUR	**EUR**
State fee	55 063	55 000
Input VAT without deduction	23 349	113 333
Entertainment and gifts expenses	4 014	1 396
Other expenses	(12)	42
Total	**82 414**	**169 771**

6) Interest payments and similar expenses	**2025**	**2024**
	EUR	**EUR**
Interest expenses	1 241 878	853 902
Total	**1 241 878**	**853 902**

(7) Intangible assets

		Research and development costs	Other intangible assets	Total intangible assets
		EUR	EUR	EUR
Acquisition value	**01.01.2025**	**4 982**	**10 506**	**15 488**
Additions		-	4 982	4 982
Reclassified		(4 982)	-	(4 982)
Acquisition value	**31.12.2025**	**-**	**15 488**	**15 488**
Accumulated amortization	**01.01.2025**	**-**	**9 817**	**9 817**
Amortization charge		-	980	980
Accumulated amortization	**31.12.2025**	**-**	**10 797**	**10 797**
Netbook value	**01.01.2025**	**4 982**	**689**	**5 671**
Netbook value	**31.12.2025**	**-**	**4 691**	**4 691**

(8) Fixed assets

		Machinery and equipment	Total fixed assets
		EUR	EUR
Acquisition value	**01.01.2025**	**4 439**	**4 439**
Additions		2 685	2 685
Acquisition value	**31.12.2025**	**7 124**	**7 124**
Accumulated depreciation	**01.01.2025**	**2 809**	**2 809**
Depreciation charge		1 214	1 214
Accumulated depreciation	**31.12.2025**	**4 023**	**4 023**
Netbook value	**01.01.2025**	**1 630**	**1 630**
Netbook value	**31.12.2025**	**3 101**	**3 101**

(9) Other loans and long-term receivables	31.12.2025 EUR	31.12.2024 EUR
Loans and advances to customers	2 469 355	966 740
Total	**2 469 355**	**966 740**

	Sum EUR	Changes within the reporting period EUR	Net carrying value at the end of the period EUR
High purchase principal long-term	323 814	111 092	434 906
Small loan principal long-term	642 926	1 391 523	2 034 449
Total	**966 740**	**1 502 615**	**2 469 355**

(10) Trade receivables	31.12.2025 EUR	31.12.2024 EUR
Trade receivables carrying amount	59 285	47 492
Loans and advances to customers	10 342 206	5 929 244
Provisions for bad and doubtful debtors	(775 408)	(523 052)
Total	**9 626 083**	**5 453 684**

Changes in provisions	31.12.2025 EUR	31.12.2024 EUR
Provisions at the beginning of the year	523 052	454 446
Increase	1 367 871	1 022 022
Decrease (repaid debts)	(1 006 477)	(827 449)
Loss of receivables	(109 038)	(125 967)
Total	**775 408**	**523 052**

(11) Other receivables	31.12.2025 EUR	31.12.2024 EUR
Deposit and advance payments to suppliers	2 328	3 183
SRS overpayment	120	106
Total	**2 448**	**3 289**

(12) Prepaid expenses	31.12.2025 EUR	31.12.2024 EUR
Future broker bonus expenses	186 383	195
Future bonus expenses	82 023	48 641
Future expenses	72 174	70 187
Future cashier bonus expenses	6 668	1 781
Total	**347 248**	**120 804**

(13) Accrued income	31.12.2025 EUR	31.12.2024 EUR
Accrued interest	199 430	143 433
Uzkrātā pārvaldības maksa	33 689	1 715
Cita uzkrātā peļņa	110	15 477
Uzkrātā līguma maksa	45	134
Total	**233 274**	**160 75**

(14) Amounts owed to subsidiary companies

Loan	% rate	Date of payment	31.12.2025	31.12.2024
Long-term liabilities (from 1 to 5 years)	13.50%	29.11.2026	8 341 110	8 491 110
Total long-term liabilities	**X**	**X**	**8 341 110**	**8 491 110**

Liabilities to suppliers	31.12.2025 EUR	31.12.2024 EUR
Short-term liabilities	2 703 674	1 461 583
Total short-term liabilities	**2 703 674**	**1 461 583**

(15) Taxes and mandatory state social insurance contributions

	31.12.2025 EUR	31.12.2024 EUR
Taxes and state social insurance contributions at the beginning of the year	18 740	18 405
Changes during the reporting year	6 329	335
Taxes and state social insurance contributions at year-end	**25 069**	**18 740**

	31.12.2025 EUR	31.12.2024 EUR
Value added tax	12 280	10 694
Personal income tax	3 887	2 826
Mandatory state social insurance contributions	7 549	5 218
Corporate income tax	1 350	-
Entrepreneurship risk duty	3	2
Total	**25 069**	**18 740**

Movement of taxes during the reporting year	Balance 31.12.2024 EUR	Calculated 2025 EUR	Paid 2025 EUR	Balance 31.12.2025 EUR
Value added tax	10 694	136 229	134 643	12 280
Personal income tax	2 826	45 029	43 968	3 887
Mandatory state social insurance contributions	5 218	85 652	83 321	7 549
Corporate income tax	-	4 906	3 556	1 350
Entrepreneurship risk duty	2	31	30	3
Total	**18 740**	**271 847**	**265 518**	**25 069**

Including:	31.12.2024 EUR	31.12.2025 EUR
Tax overpayment	-	-
Tax debt	18 740	25 069

(16) Other creditors

	31.12.2025 EUR	31.12.2024 EUR
Short-term other creditors		
Unpaid salary for December	15 934	10 875
Accruals for unused vacations	14 457	7 754
Total	**30 391**	**18 629**

(17) Accrued liabilities

	31.12.2025 EUR	31.12.2024 EUR
Accrued liabilities	16 848	3 990
Total	**16 848**	**3 990**

(18) Information on guarantees issued, warranties, other contingent liabilities and pledged assets

Pledgor	Pledgee	Date	Commercial pledge agreement no.	Pledged in favor	Pledge description	The maximum amount of the secured claim, EUR
ESTO LV AS	MULTITUDE BANK P.L.C.	10.11.2025	n/a	ESTO Holdings OÜ	receivables and their future components	31 250 000
ESTO LV AS	AS Citadele banka Eesti filiaal	26.02.2025	8268-25/5-KL1	ESTO Holdings OÜ	receivables and their future components	13 000 000
ESTO LV AS	TRINITI Collateral Agent XIII OÜ	27.11.2024	n/a	ESTO Holdings OÜ	receivables and their future components	15 450 000
ESTO LV AS	MULTITUDE BANK P.L.C.	04.07.2024	n/a	ESTO Holdings OÜ	receivables and their future components	6 600 000
ESTO LV AS	Triniti Collateral Agent VIII OÜ	27.06.2024	n/a	ESTO Holdings OÜ	receivables and their future components	110 000 000

(19) Information on lease and rent agreements, that have important influence on company's activity

Joint Stock Company “ESTO” has entered into a lease agreement No. T-2907-118 with SIA “Teikums” for the lease of office premises located at 74 Gustava Zemgala gatve, Riga. The agreement came into force on 29 July 2021 and has been concluded for an indefinite period. The agreement stipulates that either party is entitled to terminate it by providing at least 30 days’ prior written notice to the other party. The terms of the agreement, including the amount of the lease fee, are reviewed annually by mutual agreement of the parties, by concluding separate amendments reflecting the current market conditions. In accordance with the amendments in force, the lease fee until 31 January 2025 amounted to EUR 1,820 per month (excluding VAT). As of 1 February 2025, based on the amendment concluded between the parties, the monthly lease fee has been increased and set at EUR 2,780 (excluding VAT).

(20) Average number of employees	**2025**	**2024**
	7	6

Vaivods Māris (Board member)

The annual report was prepared by the outsourced accounting company Grant Thornton Baltic SIA.

Raitis Logins (Board member)

Violeta Pokačailo (Chief accountant)

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