

SIA Finanza

**ANNUAL REPORT
FOR 2024**

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Information about the Company

Company name	<i>Finanza</i>
Legal status of the company	<i>Limited liability company</i>
Registration No., place and date	<i>40103413280, Riga, May 6, 2011</i>
Main activity	<i>64.92 Other credit services</i>
Legal address	<i>Skanstes iela 52, Riga, LV-1013</i>
Board members and their positions	<i>Aleksandrs Čerņagins, member of the board (since 26.01.2021)</i>
Reporting year	<i>January 1, 2024 – December 31</i>
Previous reporting period	<i>January 1, 2023 – December 31</i>
Information about the participant	<i>HSFE AS (40203186926)</i> <i>Share in capital: 98.00%</i> <i>Other participants</i> <i>Share in capital: 2.00%</i>
Annual report prepared by	<i>AS Sun Finance Group, Reg. No. 40203205428</i> <i>Chief accountant Ieva Rimicāne</i> <i>License for outsourced accounting services: AGL0001132</i>
Auditor	<i>SIA BDO ASSURANCE</i> <i>Mihaila Tāla iela 1,</i> <i>Riga, Latvia, LV-1045</i> <i>License No. 182</i> <i>Responsible certified auditor:</i> <i>Raivis Jānis Jaunkalns</i> <i>Certified auditor certificate No. 237</i>

Management report

Type of activity

The main activity of SIA Finanza (hereinafter referred to as the “Company”) is the provision of financial services to consumers in Latvia.

Brief description of the Company's activities during the reporting year

The Company ended the reporting year with a profit of EUR 1,050,244.

Financial risk management

A description of the Company's financial risks is provided in Note 1 to the financial statements.

Future development of the Company

In 2025, the Company plans to continue its development in Latvia and build an increasingly high-quality loan portfolio, adhering to a strict credit policy. In 2025, the Company plans to improve its position in the overall market, thereby reducing accumulated losses, which have decreased significantly compared to 2023, and to close future reporting years with a profit.

Events after the last day of the reporting year

In the period from the last day of the reporting year to the approval of the annual report, there have been no events that would significantly affect the Company's financial position as of December 31, 2024.

Proposals for covering the Company's losses

The Company's management proposes to invest the profit for the reporting year in future development.

Aleksandrs Čerņagins
Member of the Board

October 30, 2025

THE MANAGEMENT REPORT IS SIGNED ELECTRONICALLY WITH A SECURE ELECTRONIC SIGNATURE
AND CONTAINS A TIME STAMP

Profit or loss calculation
for the period from January 1, 2024 to December 31, 2024

	Note number	2024 EUR	2023 EUR
Net turnover from other core activities	2	7,641,594	3,110,663
<i>a) from other core activities</i>		<i>7,641,594</i>	<i>3,110,663</i>
Core activity costs	3	(1,146,740)	(838,892)
Gross profit		6,494,854	2,271,771
Cost of sales	4	(2,255,255)	(1,653,152)
Administrative expenses	5	(78,807)	(72,335)
Other operating income		-	940
Other operating expenses	6	(1,996,658)	(994,947)
Other interest income and similar income	7	397,972	35
<i>a) from related companies</i>		<i>54</i>	<i>28,276</i>
<i>b) from other persons</i>		<i>343,714</i>	<i>7,355</i>
Interest payments and similar expenses		(1,511,862)	-
Profit or loss before corporate income tax		1,050,244	(412,092)
Corporate income tax for the reporting year		-	-
Profit or loss for the reporting year		<u>1,050,244</u>	<u>(412,092)</u>

The appendix on pages 8 to 14 is an integral part of these financial statements.

Aleksandrs Čerņagins
Member of the Board

Ieva Rimicāne
Outsourced Accountant

October 30, 2025

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Balance sheet as of December 31, 2024

	Note number	31.12.2024 EUR	31.12.2023 EUR
Active			
Long-term investments			
Intangible investments			
Concessions, patents, licenses, trademarks and similar rights		15,100	1,700
		Total intangible investments	15,100
Long-term financial investments			
Other loans and other long-term receivables		4,135	40,122
		Total long-term financial investments	40,122
		Total long-term investments	41,822
Current assets			
Accounts receivable			
Borrowers' debts	9	17,123,410	8,062,347
Debts of related companies	10	586,681	303,423
Other debtors	11	180,850	70,326
Prepaid expenses	12	55,084	55,962
		Total	17,946,025
		receivables	8,492,058
Cash	13	221,534	257,041
		Total current assets	18,167,559
Total assets		22,318,055	8,790,921

The appendix on pages 8 to 14 is an integral part of these financial statements.

Aleksandrs Čerņagins
Member of the Board

Ieva Rimicāne
Outsourced accountant

October 30, 2025

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Balance sheet as of December 31, 2024**Liabilities**

		31.12.2024	31.12.2023
Equity		EUR	EUR
Share capital	14	4,225,650	4,225,650
Retained earnings or accumulated losses:			
Retained earnings or accumulated losses from previous years		(1,388,132)	(976,040)
uncovered losses for the reporting year		1,050,244	(412,092)
Total equity		3,887,762	2,837,518
Creditors			
<i>Long-term creditors:</i>			
Debts to related companies	15	16,010,324	5,326,050
<i>Total long-term creditors</i>		16,010,324	5,326,050
 Short-term creditors			
Accounts payable to suppliers and contractors		54,641	45,362
Payables to related companies	15	2,032,953	302,124
Taxes and mandatory state social insurance contributions	16	11,451	6,541
Other creditors	17	240,205	248,119
Accrued liabilities	18	80,719	25
<i>Total short-term creditors</i>		2,419,969	627,353
Total creditors		18,430,294	5,953,403
Total liabilities		22,318,055	8,790,921

The appendix on pages 8 to 14 is an integral part of these financial statements.

Aleksandrs Čerņagins
Member of the Board

Ieva Rimicāne
Outsourced Accountant

October 30, 2025

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Appendix to the financial report

(1) Information on the Company's operations and accounting and valuation methods – general principles

Information about the Company

The legal address of SIA Finanza (hereinafter referred to as the “Company”) is Skanstes iela 52, Riga, LV-1013. The Company is registered in the Commercial Register under the unified registration number 40103413280. The parent company of the Company is HSFE AS, which owns 98.00% of the Company's share capital. Aleksandrs Čerņagins is a member of the Company's board. The company operates in the field of non-bank lending in Latvia.

The Company's auditor is the certified auditing company SIA BDO ASSURANCE, and the responsible certified auditor is Raivis Jānis Jaunkalns.

Basis for preparation of the report

The financial statements have been prepared in accordance with the Accounting Law and the Annual Reports and Consolidated Annual Reports Law, as well as in accordance with Cabinet Regulation No. 775 "Regulations on the Application of the Annual Reports and Consolidated Annual Reports Law" and other regulatory enactments governing accounting and annual reports.

The profit or loss calculation has been prepared in accordance with the turnover cost method. The financial statements have been prepared on the basis of the initial acquisition costs.

The financial statements cover the period from January 1, 2024 to December 31, 2024.

Accounting principles applied

The items in the financial statements have been valued in accordance with the following accounting principles:

- a) It is assumed that the Company will continue as a going concern.
- b) Valuations have been made with due caution:
 - only profits earned up to the balance sheet date are included in the report;
 - all foreseeable risks and losses incurred during the reporting year have been taken into account, even if they became known between the balance sheet date and the date of preparation of the financial statements;
 - all impairment and depreciation amounts have been calculated and taken into account, regardless of whether the reporting year ends with a profit or loss.
- c) Income and expenses related to the reporting year are taken into account regardless of the date of payment and the date of receipt or issuance of the invoice. Expenses are matched with income in the reporting period.
- d) Asset and liability items are valued separately.
- e) All items that have a significant impact on the assessment or decision-making of users of the financial statements are disclosed; immaterial items are aggregated and detailed in the notes.
- f) Economic transactions are reflected in the financial statements based on their economic substance and nature, rather than their legal form.

As at 31 December 2024, the Company qualifies as a small entity.

Related parties

Related parties are legal and natural persons related to the Company in accordance with the provisions set out below.

- a) A person or a close family member of that person is related to the reporting company if:
 - i. that person has control or joint control over the reporting company;
 - ii. that person has significant influence over the reporting company; or

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- iii. that person is a member of the senior management of the reporting company or its parent company.

A company is related to the reporting company if it meets the following conditions:

- i. the company and the reporting company belong to the same group of companies (meaning that the parent company, subsidiary, and sister companies are related parties to each other);
- ii. one company is an associate or joint venture of the other company (or an associate or joint venture of a company in the group to which the other company belongs);
- iii. both companies are joint ventures of the same third party;
- iv. one company is a joint venture of a third party, while the other company is an associate of the same third party;
- v. the company is a post-employment benefit plan for the employees of the reporting company or the employees of a company related to the reporting company; If the reporting company itself is such a plan, the related parties are also the sponsoring employers.
- vi. the company is controlled or jointly controlled by the person identified in point (a);
- vii. the person identified in point (a)(i) has a significant influence over the company or is a member of the company's (or its parent company's) senior management;
- viii. the company, or any member of the group to which the company belongs, provides management personnel services to the company or the company's parent company.

Related party transactions – transfers of resources, services or obligations between the reporting company and its related parties, regardless of whether compensation is specified for them.

Related party transactions are disclosed in Notes 5, 7, 8, 10 and 15 to the annual report, providing information on the nature of the transaction, amounts and balances at the end of the reporting year. Related party transactions are generally conducted on market terms. If transactions are not carried out under market conditions, this is indicated in Note .

Financial instruments

A financial instrument is an agreement that simultaneously creates a financial asset for one person and a financial liability or equity security for another person.

The Company's most significant financial instruments are financial assets – borrowings, loans, related party receivables – and financial liabilities – borrowings, payables to suppliers and contractors and other creditors arising directly from its economic activities.

Reporting period

The reporting period is 12 months from January 1, 2024 to December 31, 2024.

Currency and foreign currency translation

The figures presented in these financial statements are expressed in the official currency of the Republic of Latvia – the euro (EUR).

Transactions in foreign currencies are converted into euros at the euro reference rate published by the European Central Bank on the transaction date.

All monetary assets and liabilities are converted into euros at the euro reference rate published by the European Central Bank on the last day of the reporting year. All non-monetary asset and liability items are recorded in euros at the euro reference rate published by the European Central Bank on the transaction date.

Gains or losses resulting from foreign exchange rate fluctuations are reflected in the profit or loss calculation for the relevant period.

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Impairment

Impairment losses are recognized when the carrying amount of an asset or cash-generating unit exceeds its recoverable amount. Impairment losses are recognized in the income statement.

Assessment of receivables

Receivables are assessed in accordance with the principle of prudence and are presented at their net value in the balance sheet. Impairment losses recognized at amortized cost are recognized in the income statement and presented in provisions for assets reflected in loans at the time they arise.

Provisions

Provisions are intended to cover expected losses or expenses relating to the reporting year, but whose amount or the date of occurrence and settlement of specific obligations are not clearly known.

Revenue recognition

Revenue from the provision of services

Revenue from services rendered is recognized in the income statement in the period in which the services are rendered.

Long-term and short-term items

Long-term items include amounts that are due to be received, paid or written off more than one year after the end of the reporting year. Amounts that are due to be received, paid or written off within one year are included in short-term items.

Corporate income tax

A new Corporate Income Tax Law came into force in the Republic of Latvia on January 1, 2018, introducing a conceptually new tax regime. Henceforth, the tax rate will be 20% instead of the previous 15%, the tax period will be a month instead of a year, and the tax base will include:

- distributed profits (calculated dividends, dividend-equivalent payments, conditional dividends) and
- conditional distributed profits (expenses not related to economic activity, bad debts, increased interest payments, loans to related parties, reduction of income or excess of expenses arising from transactions at prices that differ from market prices, the calculation methods for which are determined by the Cabinet of Ministers, benefits granted by a non-resident to its employees or members of the board (council), regardless of whether the recipient is a resident or non-resident, if they are related to the activities of a permanent representative office in Latvia, liquidation quotas).

Related companies

The subsidiaries of a group or the parent company of a group, or other subsidiaries of that group, or subsidiaries of the subsidiaries of that group are considered related companies.

No significant transactions with related companies took place during the reporting year .

Appendix to the financial report**(2) Net turnover from other types of core activities**

xml-ph-0000@deepl.internal	2024	2023
	EUR	EUR
Commission fee income	7,410,758	2,997,493
Penalty fee revenue	230,836	113,170
	<u>7,641,594</u>	<u>3,110,663</u>

(3) Core operating costs

	2024	2023
	EUR	EUR
Provisions for doubtful debts	1,146,740	838,892
	<u>1,146,740</u>	<u>838,892</u>

(4) Costs of sales

	2024	2023
	EUR	EUR
Professional services (Karlis: group re-charges)	907,780	803,599
Advertising and marketing costs	930,668	560,312
Personnel costs	134,496	96,091
Banking services	37,608	87,412
Application review expenses	181,032	78,246
Communication expenses	63,671	27,492
	<u>2,255,255</u>	<u>1,653,152</u>

(5) Administrative costs

	2024	2023
	EUR	EUR
Professional services	55,012	55,083
Other administrative expenses	16,126	12,439
Room rental*	3,014	3,014
Legal services	2,710	-
Employee recruitment and training expenses	1,023	892
Accounting services*	871	871
IT services	51	36
	<u>78,807</u>	<u>72,335</u>

*Related party transactions.

(6) Other operating expenses

	2024	2023
	EUR	EUR
Net losses from the sale of the loan portfolio	1,995,894	993,652
Commission fees of banks and financial institutions	764	1,295
	<u>1,996,658</u>	<u>994,947</u>

Appendix to the financial report**(7) Other interest income and similar income**

	2024	2023
	EUR	EUR
Interest income from third parties	343,714	7
Interest income from related companies	54,258	28,276
	<u>397,972</u>	<u>35,631</u>

(8) Interest payments and similar expenses

	2024	2023
	EUR	EUR
Interest expenses from related companies	1,511,862	-
	<u>1,511,862</u>	<u>-</u>

(9) Borrowers' debts

	31.12.2024	31.12.2023
	EUR	EUR
Carrying amount of short-term borrowings	19,396,326	9,188,523
Provisions for doubtful debts	(2,272,916)	(1,126,176)
	<u>17,123,410</u>	<u>8,062,347</u>

(10) Debts of related companies

	31.12.2024	31.12.2023
	EUR	EUR
Debts of related companies for loans issued	478,835	249
Debts of related companies for loan interest	107,846	53
	<u>586,681</u>	<u>303,423</u>

Loans

During the reporting year, the Company issued loans to a related company at an interest rate of 14-14.5% with a repayment term of up to 3 years.

(11) Other debtors

	31.12.2024	31.12.2023
	EUR	EUR
Settlements for assigned receivables	180,426	69,608
Other receivables	381	676
Tax overpayment	43	42
	<u>180,850</u>	<u>70</u>

(12) Expenses for future periods

	31.12.2024	31.12.2023
	EUR	EUR
Permit issued by the Consumer Rights Protection Centre	55,000	55
Other costs	84	962
	<u>55,084</u>	<u>55,962</u>

Appendix to the financial report**(13) Cash**

	31.12.2024	31.12.2023
	EUR	EUR
Settlement accounts EUR	221,534	257,041
	<u>221,534</u>	<u>257,041</u>

All funds are in EUR and held in a current account with a credit institution registered in the Republic of Latvia without any restrictions on use.

(14) Share capital

The company's share capital as at 31 December 2024 is EUR 4,225,650 and consists of 4,225,650 shares. The nominal value of each share is EUR 1.

(15) Debts to related companies

	31.12.2024	31.12.2023
	EUR	EUR
Long-term portion		
Debts to related companies (loans from legal entities)	16,010,324	5,326,050
<i>Total long-term portion</i>	<u>16,010,324</u>	<u>5,326,050</u>
Short-term portion		
Debts to related companies (loans from legal entities)	1,586,694	74,833
Debts to related companies for services received	446,259	227,291
<i>Short-term portion total</i>	<u>2,032,953</u>	<u>302,124</u>

Borrowings

Loans were received to ensure the core business of SIA Finanza – issuing loans, and as at 31 December 2024, the total outstanding principal amount of loans was EUR 16,010,324. The average repayment term of loans is 3 years.

(16) Taxes and social security contributions

	31.12.2024	31.12.2023
	EUR	EUR
State social insurance contributions	3,049	2,552
Personal income tax	2,445	2,245
Value added tax	5,954	1,741
Other taxes	3	3
	<u>11,451</u>	<u>6,541</u>

(17) Other creditors

	31.12.2024	31.12.2023
	EUR	EUR
Other creditors	226,290	240,216
Settlements for wages	6,397	4,968
Settlements for assigned receivables	7,518	2,935
	<u>240,205</u>	<u>248,119</u>

(18) Accrued liabilities

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	31.12.2024	31.12.2023
	EUR	EUR
Accrued liabilities for invoices not yet received	74,888	22,978
Provisions for unused vacation days	5,831	2,229
	<u>80,719</u>	<u>25,207</u>

(19) Number of persons employed by the company

	2024	2023
	EUR	EUR
Average number of employees	7	6
	<u>7</u>	<u>6</u>

During the reporting period, the Management Board did not receive any remuneration for the performance of their duties.

(20) Events after the balance sheet date

In the period from the last day of the reporting year to the approval of the annual report, there have been no events that would significantly affect the Company's financial position as at 31 December 2024.

Aleksandrs Čerņagins
Member of the Board

Ieva Rimicāne
Outsourced accountant

October 30, 2025

THE ANNUAL REPORT HAS BEEN SIGNED ELECTRONICALLY WITH A SECURE ELECTRONIC SIGNATURE AND CONTAINS A TIME STAMP.

Independent auditor's report to the members of SIA Finanza

Our opinion on the financial statements

We have audited the financial statements on pages 5 to 14 of the accompanying annual report of Finanza Limited Liability Company (the Company). The accompanying financial statements comprise:

- the balance sheet as at 31 December 2024;
- the income statement for the year ended December 31, 2024; and
- a statement of changes in equity for the year ended December 31, 2024.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of SIA "Finanza" as at December 31, 2024, and of its financial performance and cash flows for the year then ended, in accordance with the Annual Reports and Consolidated Annual Reports Law of the Republic of Latvia (the "Annual Reports and Consolidated Annual Reports Law").

Basis for opinion

In accordance with the Audit Services Law of the Republic of Latvia (the "Audit Services Law"), we conducted our audit in accordance with International Standards on Auditing (hereinafter referred to as ISA) as adopted in the Republic of Latvia. Our responsibilities under those standards are described in *the Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We are independent of the Company in accordance with the requirements of the International Code of Ethics for Professional Accountants developed by the International Ethics Standards Board for Accountants (including the International Standard on Independence) and the independence requirements included in the Audit Services Act, which are applicable to our audit of the financial statements in the Republic of Latvia. We have also complied with the other ethical principles and objectivity requirements set out in the International Code of Ethics for Professional Accountants (including the International Independence Standard) and the Audit Services Act.

We believe that the audit evidence we have obtained provides a sufficient and appropriate basis for our opinion.

Other circumstances

The Company's financial statements for the year ended December 31, 2023 have not been audited. However, by performing appropriate procedures, we have obtained reasonable assurance about the accuracy of the opening balance.

Reporting on other information

The Company's management is responsible for other information. Other information consists of:

- information about the Company provided on page 3 of the accompanying annual report
- the management report presented on page 4 of the accompanying annual report.

Our opinion on the financial statements does not cover the other information included in the annual report, and we do not express any form of assurance on that information, except as stated in the section of our report entitled Other reporting requirements in accordance with the requirements of the laws of the Republic of Latvia.

In connection with our audit of the financial statements, we are required to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or

from our knowledge obtained during the audit, and whether it contains any other material misstatements.

If, based on the work performed and taking into account the information and understanding of the Company and its operating environment obtained during the audit, we conclude that there are material misstatements in other information, we are required to report such circumstances. No circumstances have come to our attention that would require reporting.

Other reporting requirements in accordance with the requirements of the laws of the Republic of Latvia

In addition, in accordance with the Audit Services Act, we are required to express an opinion on whether the Management Report has been prepared in accordance with the requirements of the regulatory act governing its preparation, the Annual Accounts and Consolidated Annual Accounts Act.

Based solely on the procedures performed during our audit, in our opinion:

- The information provided in the management report for the reporting year for which the financial statements have been prepared is consistent with the financial statements, and
- The management report has been prepared in accordance with the requirements of the Annual Reports and Consolidated Annual Reports Act.

Responsibility of management and persons entrusted with the supervision of the Company for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Annual Accounts and Consolidated Annual Accounts Act, as well as for maintaining such internal control systems as management deems necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's responsibility for the audit of the financial statements

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

When conducting an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit process. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that provides a sufficient and appropriate basis for our opinion. The risk of not 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 collusion, forgery, intentional omissions, misrepresentations, or the breach of internal control;

- we gain 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;
- assess the appropriateness of the accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- We conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on audit evidence obtained up to the date of the auditor's report. However, future events or circumstances may cause the Company to cease operations.
- We evaluate the overall structure and content of the financial statements, including the disclosures and explanations in the notes, and whether the financial statements truly reflect the underlying transactions and events.

We communicate with those charged with governance and, among other things, provide information about the planned scope and timing of the audit, as well as significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

SIA "BDO ASSURANCE"
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No. 182

Raivis Jānis Jaunkalns
Certified Auditor
Certificate No. 237
Member of the Board

Rīga, Latvia
October 30, 2025

This document has been electronically signed with a secure electronic signature and contains a time stamp.