LIMITED LIABILITY COMPANY MINTOS FINANCE NO.42

(UNIFIED REGISTRATION NUMBER 40203410257)

ANNUAL REPORT FOR THE YEAR 2024

(3rd financial year)

PREPARED IN ACCORDANCE WITH THE LAW ON THE ANNUAL REPORTS AND CONSOLIDATED ANNUAL REPORTS TOGETHER WITH INDEPENDENT AUDITORS' REPORT

Riga, 2025

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General information

Name of the Company	Mintos Finance No.42	
Legal status of the Company	Limited liability company	
Unified registration number, place and date of registration	40203410257 Riga, 30 June 2022	
Registered office	Skanstes iela 52 Riga, Latvia, LV-1013	
Board Members	Martins Sulte – Chairman of the Management Board Martins Valters – Member of the Management Board	
Financial period	1 January 2024 - 31 December 2024	
Auditors	Rainers Vilans Latvian Certified Auditor Certificate No. 200	KPMG Baltics SIA Roberta Hirsa iela 1, Riga Latvia, LV-1045 Licence No. 55

Profit or loss statement

	Note	2024 EUR	2023 EUR
Other operating income	3	119	-
Profit or (loss) before corporate income tax		**119**	**-**
Corporate income tax for the reporting year	4	(50)	(50)
Profit or (loss) for the reporting year		**69**	**(50)**

The accompanying notes on pages 6 to 11 form an integral part of these financial statements.

Martins Sulte
Chairman of the Management Board

Martins Valters
Member of the Management Board

Santa Klibus
Accountant

28 February 2025

Balance sheet

ASSETS	Note	31.12.2024 EUR	31.12.2023 EUR
CURRENT ASSETS			
Debtors			
Related companies' debts	6	119	-
Total Debtors		**119**	**-**
Cash	7	**2 731**	**24 515**
TOTAL CURRENT ASSETS		**2 850**	**24 515**
TOTAL ASSETS		**2 850**	**24 515**

EQUITY AND LIABILITIES	Note	31.12.2024 EUR	31.12.2023 EUR
EQUITY			
Share capital	8	2 800	2 800
Retained earnings or (uncovered losses) from previous years		(69)	(19)
Profit or (loss) for the reporting year		69	(50)
TOTAL EQUITY		**2 800**	**2 731**
CURRENT LIABILITIES			
Taxes and State mandatory social insurance payments	9	50	21 784
TOTAL CURRENT LIABILITIES		**50**	**21 784**
TOTAL EQUITY AND LIABILITIES		**2 850**	**24 515**

The accompanying notes on pages 6 to 11 form an integral part of these financial statements.

Martins Sulte
Chairman of the Management Board

Martins Valters
Member of the Management Board

Santa Klibus
Accountant

28 February 2025

Notes to the financial statements

1. Corporate information

SIA Mintos Finance No.42 (hereinafter – the Company) was registered with the Republic of Latvia Enterprise Register on the 30 June 2022.

The registered office of the Company is at Skanstes iela 52, Riga, Latvia.

The main operation of the Company in the reporting period was Other financial service activities, except insurance and pension funding (Nace 2.red classification – 64.99).

The parent company of the Company is SIA Mintos Capital Management (Latvia), reg. no. 40203178505.

The company as the issuer is a special purpose undertaking established for the sole purpose of issuing and offering Notes to investors on the Mintos investment platform (mintos.com), which are backed by the Loan Receivables acquired from the Lending Company or from the SPV. The Company has prepared the Base Prospectus and the competent authority has approved it. The Company does not take part in any other business activities other than those provided in this Base Prospectus. The Company is wholly owned by Mintos Group.

2. Summary of significant accounting policies

a. Basis of preparation

These financial statements have been prepared in accordance with the Law on Annual Reports and Consolidated Annual Reports. The financial statements have been prepared according to the accounting principle of initial value. Profit or loss statement is prepared according to the function of expenses.

The presentation currency used in the financial statements is euro (EUR), the presentation currency of the Republic of Latvia. The financial statements cover the period from 1 January 2024 to 31 December 2024.

The Law on Annual Reports and Consolidated Annual Reports foresees additional advantages to micro, small and medium companies for financial statements preparation, but at the same time foresees, that the financial statements shall provide true and clear notion on the financial condition and profits or losses of the company, but annual report of medium and large companies – also cash flow. Company is identifiable as a micro-company, which allows also to not prepare cash flow statement, statement of changes in equity and the management report, if it provides information about their shares or stocks in their financial statement specified in point 3 of paragraph 55. The Management of the Company has chosen not to prepare a management report, cash flow statement and statement of changes in equity.

b. Accounting principles applied

The items of the financial statements have been assessed according to the following accounting principles:

a) It is assumed that the Company will operate also in the future.
b) Assessment methods are consistent with those used in the previous year.
c) Assessment has been made with a reasonable precaution:
   - all expected risk amounts and losses incurred during the reporting year have been taken into consideration, even if identified during the period from the last day of the reporting year until the date of signing this financial statement;
   - all impairments and depreciation amounts have been calculated and considered irrespective of whether the reporting year was concluded in loss or profit.

d) Expenses related to the reporting year are considered irrespective of the payment date and the date or receipt of issuance of the invoice.
e) Assets and liabilities items have been valued separately.
f) The opening balance sheet conforms to closing balance sheet of the previous year.
g) All items that have a significant influence on the evaluation or taking of decisions by the users of the financial statement have been specified, insignificant items are merged and details thereof are provided in notes hereto.
h) Economic transactions are reflected in the financial statement, taking into account their economic substance and nature, not their legal form.

2. Summary of Significant accounting policies (continued)

c. Related parties

The related parties are legal and physical persons related to the Company, in accordance with the provisions below.

a) A person or a close family member of this person is related to the reporting company if:
   i. this person has control over the reporting company;
   ii. this person has a substantial influence over the reporting company; or
   iii. this person is a representative of senior management of the reporting company or its subsidiary.

b) The company is related to the reporting company if it conforms with these conditions:
   i. the company and reporting company belong to one company group (which means, that the holding company, subsidiary and sister companies are related parties to one another);
   ii. one company is the other company's associated company or joint company (or associated company or joint company for the group company, who owns the other company);
   iii. both companies are joint companies for the same third party;
   iv. one company is the third party's joint company, but the other company is the same third party's associated company;
   v. company is post-employment benefit plan for reporting company's employees or company's, that is related to the reporter, employee; If the reporting company is such a plan itself, the related parties are also they sponsoring employers;
   vi. the company is controlled or jointly controlled by a person, that is identified on point (a);
   vii. the person identified on point (a)(i) has a substantial influence over the company or is the company's (or its holding's company) senior management representative;
   viii. company or any participant of a concern, in which a company is included, provides management personnel services to the company or the company's holding company.

Transactions with related parties – handing over resources, services or obligations between the reporting company and its related party regardless of whether there is a reward for it.

d. Financial instruments

(i) Classification

A financial asset is any asset that is cash, an equity instrument of another entity, a contractual right to receive cash or another financial asset from another entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially favorable to the entity; or a contract that will or may be settled in the entity's own equity instruments and is a non-derivative for which the entity is or may be obliged to receive a variable number of the entity's own equity instruments or a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

Financial assets are classified as investments, which the Company initially recognizes in profit or loss after their true value, investments, which by definition are loans and trade receivables. Initially recognizing finance assets, they are considered in their true value, adding directly applicable transaction costs, if the relevant investments in profit or losses are not considered in their true value. After initial recognition, the Company determines its financial asset classification and, if it is permissible and according, reviews this classification at the end of every fiscal year. Currently all financial assets are classified as loans and trade receivables.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the entity; or a contract that will or may be settled in the entity's own equity instruments and is a non-derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments or a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments. For this purpose, the company's equity instruments are not instruments, that are the contracts themselves for receiving equity instruments or delivery in the future.

2. Summary of Significant accounting policies (continued)

(ii) Date of recognition

All financial assets or obligations are initially recognised in the balance only on the date of the transaction, meaning the moment, when the Company becomes a contracting entity party in accordance with the instrument contract's conditions and makes a money transfer. It includes basic purchase or selling of financial assets, meaning, purchase or selling of such financial assets, which require asset purchase in a period that has been stated in the regulations and conventions if force in the market.

(iii) Initial and subsequent measurement of financial instruments

The classification of financial instruments in the initial recognition depends on the aim and features of these instruments and also on the management's intention at the time of purchase. All financial instruments initially are evaluated in their true value, adding directly applicable transaction costs, excluding financial assets and financial liabilities, that are listed in the true value with revaluation recognition in the profit or loss calculation.

Claims against banks and debtors are non-derivative financial assets with fixed or identifiable transactions, that are not quoted in the active market, excluding:

- those, which the Company immediately or in the nearest future has foreseen to sell, those, which the Company has initially recognised as financial assets in the true value with revaluation recognition in the profit or loss calculation;
- those, which the Company in the initial recognition has determined as assets available for selling;
- those, which the Company us unable to regain all initial investment, excluding, if the reason for it is credit condition deterioration.

After initial recognition, claim against banks and debtors are evaluated in the amortize acquisition cost, using the effective interest rate, excluding savings for decrease of value. The amortized purchase value is calculated, considering any discounts or bonuses related to the purchase, and also payments and costs, that are an integral part of the actual interest rate. The amortization is profit or loss statement as "Other income from interest and similar income".

(iv) Derecognition

Recognition of financial assets is stopped only if the rights to receive cash flow from the relevant asset as specified in the contract have ended or the Company fully transfers the financial assets and all risks and benefits related to financial assets to the counterparty. The recognition of financial liabilities is stopped only if they are being deleted/ paid according to the concluded contract, canceled or the period specified in the contract has ended. All purchases or sales of financial assets are recognised and stopped during the payment day.

(v) Impairment of financial assets

At the end of every reporting period, the Company assesses whether there is objective proof that the value of a financial asset or asset group has decreased. Value decrease for financial asset or asset group is recognised only in cases if there are objective proof that such value decrease has happened because of one or several occurrences after the initial recognition of assets ("loss occurrence"), and if this loss occurrence has left a plausibly assessable impact on the financial asset's or asset group's estimated future cash flows.

e. Cash

Cash comprise cash in the electronic money institution and cash equivalents at the cash holder.

2. Summary of Significant accounting policies (continued)

f. Withholding tax

According to the Law on Personal Income Tax, for investors who are tax residents of Latvia, the withholding tax rate for interest is 20%. For individual investors are tax residents of EU/EEA countries outside of Latvia and who do not invest in the course of business activity, the withholding tax rate is 5% of interest income. For all other investors, the standard withholding tax rate is 20%. The rate may be reduced if the foreign investor submits an approved tax residency certificate. The Company is required to deduct withholding tax from interest payments made to investors. Company reports the withheld income tax on monthly basis in the Electronic Declaration System of the State Revenue Service. The investment firm, responsible for payment, withholding and income accounting, makes the withholding tax payment on behalf of the Company in accordance with the procedures prescribed by law. Please refer to note 7 (cash equivalents at cash holder) and note 9 for the amount of tax that has been withheld but not yet paid to the state budget.

g. Expense and income recognition

All significant expenses and incomes are recognized based on the accrual basis. Since the Company is a special purpose undertaking established all costs are reimbursed to the group company as expense compensation. Expense compensation constitutes other operating income.

h. Corporate income tax

In accordance with the Corporate income Tax Law of the Republic of Latvia, legal entities do not have to pay income tax for gained profit. The corporate income tax is paid for the distributed profit and conditionally distributed profit. A 20 % tax rate from the gross amount or 20/80 from net expenses is applied to the distributed and conditionally distributed profit. The corporate income tax for dividend payments is recognised in the profit or loss statement as expenses in the accounting period, where the relevant dividend was announced however for other notional profit objects – the moment, when expenses occurred in the framework of the accounting year.

i. Servicing assets and liabilities

Servicing assets and liabilities are accumulated from contracts, that are concluded with the Company or where the Company is one of the parties involved. The Company does not assume any underlying asset risk, therefore, the loan receivables are not recorded in balance sheet. Please see note 10.

j. Events after balance sheet date

The financial statements reflect such events after the balance sheet date that provide additional information about the financial status of the Company at the date of preparing the balance sheet (adjusting events). If events after the balance sheet date are not adjustable, they are reflected in the notes to the financial statement only if they are significant.

3. Other operating income

	2024 EUR	2023 EUR
Income from administrative expenses compensation	119	-
TOTAL:	**119**	**-**

4. Corporate income tax for the reporting year

In accordance with the Corporate income Tax Law of the Republic of Latvia if the amount of the enterprise income tax calculated for the reporting year is less than 50 EUR, a taxpayer shall indicate the difference of the tax to be paid into the budget in the return for the last taxation period of the reporting year which, together with the tax calculated in the reporting year, accounts for 50 EUR that shall be transferred to the budget within the time period specified in the law. In accordance with this law, the amount of tax to be additionally paid into the budget shall not be considered overpayment of tax. The minimal corporate income tax is not payable if the Company is registered in the Enterprise Register in the reporting year. The Company calculated minimal corporate income tax in amount of 50 EUR for year 2024.

5. Personnel expenses

The Company did not have employees in the reporting period.

6. Related companies' debts

The debts of related companies include an expense reimbursement for expenses incurred during the Company's operational period (bank commissions, corporate income tax). The Company is a special purpose undertaking established and is fully owned by Mintos Group.

7. Cash

	31.12.2024 EUR	31.12.2023 EUR
Cash equivalent at the cash holder	-	21 734
Cash in electronic money institution in the Republic of Latvia	2 731	2 781
TOTAL:	**2 731**	**24 515**

8. Share capital

As of December 31, 2024 the share capital consists of 2 800 shares. The value per share is 1 EUR. The registered share capital is fully paid and together is 2 800 EUR.

9. Taxes and State mandatory social insurance payments

	31.12.2024 EUR	31.12.2023 EUR
Withholding tax	-	21 734
Corporate income tax	50	50
TOTAL:	**50**	**21 784**

10. Servicing assets and liabilities

The Company acquires loan receivables from Lending Companies or the SPV and issues Notes backed by those loan receivables. The SPV is a special purpose undertaking established for the purpose of issuing loans to the Lending Companies and selling those loans to the issuers for the issuance of financial instruments. The Company does not assume any underlying asset risk, therefore, the loan receivables are not recorded in balance sheet. The Company does not assume risk and obligation to repay the Notes from its own funds as the repayment of the Notes is fully conditional to the loan receivables backing the Notes or the loan receivables linked to the borrower's loan backing the Notes and the performance of the Lending Company's buyback and repurchase obligation. Consequently, the Notes are not also recorded in balance sheet.

The total amount of the Notes issued at the initial nominal value in 2024 and available for investment during the reporting period, was 19 876 823 EUR (2023: 38 834 783 EUR).

Servicing assets and liabilities as of 31 December 2024:

	31.12.2024 EUR
Rights of claim related to issued Notes	11 749 947
Outstanding Notes liabilities to investors	11 749 947

Servicing assets and liabilities as of 31 December 2023:

	31.12.2023 EUR
Rights of claim related to issued Notes	24 704 553
Outstanding Notes liabilities to investors	24 704 553

11. Events after balance sheet date

In the period from the last day of the reporting year to the date of signing of this financial statement, there have been no significant events that would require adjustments to be made to this financial statement or that should be explained in this financial statement.

Martins Sulte
Chairman of the Management Board

Martins Valters
Member of the Management Board

Santa Klibus
Accountant

28 February 2025