

esto

Annual Report 2024

The future of commerce.

Reimagined.

| ESTO AS

General information

Company name – ESTO AS

Legal form - Limited liability company (AS)

License - Creditor authorization from the Estonian Financial Supervision Authority

Registry code - 14180709 (Commercial Register of the Republic of Estonia)

VAT number – EE102137143

Address – Harju County, Tallinn 10111, Laeva Street 2

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E-mail - info@esto.ee

Website - www.esto.ee

Reporting period – 1 January 2024 – 31 December 2024

Independent auditor – KPMG Baltics OÜ

The reporting currency is the euro (EUR), with units presented in thousands.

ESTO AS Annual Report 2024 have been audited.

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Management report

Key financial indicators (in thousands of euros)

Total income 2024/2023	Net profit 2024/2023	Total assets 2024/2023
27,121/21,865	11,254/5,851	71,085/61,844

Loan portfolio 2024/2023	Equity including subordinated loans 2024/2023	Equity 2024/2023
70,850/61,750	27,711/16,457	23,711/12,457

Financial ratios and loans originated

Return on equity	Return on assets	Cost/income ratio
62%	17%	12%

Equity to loan portfolio	Loans originated during 2024*
40%	~61m

Formulas:

Return on equity: net profit / average equity. Return on assets: net profit / average assets. Cost to income: operating expenses / total revenue. Equity to loan portfolio: equity including subordinated loans / loan portfolio. Loan portfolio: including intergroup funding. Loans originated during 2024: not including intergroup funding.*

At ESTO, our mission is simple: help businesses sell and people buy. In a world where merchants and consumers want quick, easy solutions, we go beyond typical payments and credit services. Our platform ties together shopping offers, supports extra financial products, and integrates loyalty programs that bring customers and merchants closer.

But we're not just about payments or loans. We're building a true shopping ecosystem in the Baltics, woven into everyday life. And while we're a modern, online-first fintech, we also make sure people can access deals and financing options offline.

2024 turned out to be our best year since we launched in 2017, blowing past every target we set. We focused on boosting efficiency and profitability—and we outperformed even our own expectations, ending the year with a net profit of 11.25 million EUR.

We were successful in the capital markets, faced with upcoming maturities, we re-financed existing obligations using our own equity—strengthened by growing organic profits—and successfully tapped the debt markets, demonstrating the confidence Baltic and global investors have in our brand.

We introduced our new Deals vertical, which is already shaking up the market by letting businesses drive more sales and helping consumers snag the best offers in the region. On top of that, we rolled out tons of new features in our Personal and Business lines—both users and partners are thrilled.

In 2024, we set out to run more efficiently without slowing down our growth or new product launches—and we delivered. We heavily invested in our product and tech teams, tapping into AI tools to work smarter and scale faster.

Financially, 2024 was a standout year. We handled 121.33 million EUR in GMV, generated 27.12 million EUR in revenue, posted 16.53 million EUR in EBITDA, and ended with 11.25 million EUR in net profit. Our total assets hit 71.09 million EUR, an all-time high.

These numbers highlight both our growth and our disciplined financial approach. ESTO is among the most profitable companies in our sector, especially when you consider that many competitors are still trying to break even.

Throughout 2024, our legal and risk teams—backed by dedicated committees—kept internal and external risks in check with no major hiccups. Since we operate in euro-denominated Baltic markets, currency risk isn't a concern. While interest rates can matter, our relatively low borrowing costs compared to non-banks show that investors trust our stability.

Our business isn't locked to any one season, and we see strong growth all year. We're also using advanced tech, including AI, to keep refining our risk management so we can deliver even better outcomes across the board.

Looking ahead, we want to become the biggest driver of the Baltic shopping economy by building the region's top shopping ecosystem. We're already leading in Estonia and plan to continue doing that.

Our approach is rooted in frugality, profitability, and efficiency, paired with modern tech and quick go-to-market moves.

We'll keep evolving our Personal, Business, and Deals lines to give Baltic consumers and businesses exactly what they need. That way, we'll keep adding real value for our users, partners, employees, creditors, and shareholders—setting ESTO up for steady growth in the years to come.

Martin Ustaal

ESTO AS Management board member

Financial statements

Statement of financial position

(in thousands of euros)

	Note no	31.12.2024	31.12.2023
ASSETS			
Current assets			
Cash and cash equivalents	5	897	1,477
Loans and advances to customers	6	55,132	50,838
Prepayments		548	659
Other assets	7	824	489
Total current assets		57,402	53,463
Non-current assets			
Loans and advances to customers	6	13,619	8,287
Property and equipment		14	29
Intangible assets	8	51	66
Total non-current assets		13,684	8,381
TOTAL ASSETS		71,085	61,844
LIABILITIES AND EQUITY			
Liabilities			
Current liabilities			
Loans and borrowings	9	19,046	14,431
Interest payables	9	991	4,906
Trade payables and other payables	10	908	924
Tax liabilities	11	46	30
Total current liabilities		20,990	20,292
Non-current liabilities			
Loans and borrowings	9	26,384	29,095
Total non-current liabilities		26,384	29,095
TOTAL LIABILITIES		47,374	49,387
Equity			
Share capital	12	100	100
Share premium		155	155
Statutory legal reserve	12	11	11

	Note no	31.1.2024	31.12.2023
Retained earnings		12,192	6,341
Total comprehensive income		11,254	5,851
Total equity		23,711	12,457
TOTAL EQUITY AND LIABILITIES		71,085	61,844

Statement of profit and loss and other comprehensive income

(in thousands of euros)

	Note no	2024	2023
Interest and similar income from loans	14	20,803	15,988
Interest expense	14	(5,235)	(4,493)
Net interest and similar income from loans		15,568	11,495
Other interest income	15	30	19
Total other interest income		30	19
Fee and commission income	16	2,529	1,975
Fee and commission expense	16	(1,402)	(1,200)
Net fee and commission income		1,127	775
Other income		206	212
Net loss arising from derecognition of financial assets measured at amortised cost	3	(2,999)	(2,970)
Impairment losses on financial instruments	3	526	(276)
Other operating expenses	17	(1,894)	(2,083)
Personnel expenses	18	(1,035)	(1,034)
Depreciation and amortisation	8	(41)	(54)
Other expenses		(236)	(234)
Profit before income tax		11,254	5,851
Income tax		-	-
Profit for the reporting period		11,254	5,851
Other comprehensive income		-	-
Total comprehensive income		11,254	5,851

Statement of cash flows

(in thousands of euros)

	Note no	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit		11,254	5,851
Adjustments or changes for:		3,048	1,125
– Interest income		9	(450)
– Net impairment loss on loans and advances	3	(526)	276
– Net loss arising from derecognition of financial assets measured at amortised cost	3	2,999	2,970
– Depreciation and amortisation	8	41	51
– Other adjustments		526	(1,722)
Total adjustments or changes		14,302	6,976
Changes in:			
– Other assets and prepayments		(225)	(741)
– Trade, interest and other payables		(3,916)	3,894
– Loans and advances to customers		(12,633)	(11,920)
Total changes		(16,774)	(8,767)
NET CASH USED IN OPERATING ACTIVITIES		(2,473)	(1,791)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property and equipment		(9)	(4)
Acquisition of intangible assets	8	(2)	(3)
NET CASH FROM/ (USED IN) INVESTING ACTIVITIES		(11)	(8)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from loans and borrowings		24,676	23,477
Repayment of borrowings		(22,772)	(20,588)
NET CASH FROM FINANCING ACTIVITIES		1,904	2,889
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		(580)	1,090
Cash and cash equivalents at beginning of period		1,477	387
Cash and cash equivalents at end of period		897	1,477

Statement of changes in equity

2023

(in thousands of euros)

	Share capital	Share premium	Statutory legal reserve	Retained earnings	Total equity
Balance at 31.12.2022	100	155	11	7,789	8,055
Previous periods corrections	-	-	-	(1,449)	(1,449)
Balance at 01.01.2023	100	155	11	6,341	6,606
Total comprehensive income for the period	-	-	-	5,851	5,851
Profit for the period	-	-	-	5,851	5,851
Other comprehensive income	-	-	-	-	-
Balance at 31.12.2023 restated*	100	155	11	12,192	12,457

Previous periods corrections were made following the change of accounting policy for the Company related to expected credit loss. Further details are provided in Note 2.2.

2024

(in thousands of euros)

	Share capital	Share premium	Statutory legal reserve	Retained earnings	Total equity
Balance at 31.12.2023	100	155	11	12,192	12,457
Total comprehensive income for the period	-	-	-	11,254	11,254
Profit for the period	-	-	-	11,254	11,254
Other comprehensive income	-	-	-	-	-
Balance at 31.12.2024	100	155	11	23,446	23,711

Additional information on equity is provided in Note 12.

The notes on pages 11 to 44 are an integral part of these financial statements.

Notes to the financial statements

Note 1. General information

ESTO AS (from hereafter also ESTO or the Company) is a company domiciled in Estonia, established on 06.01.2017. The company's legal address is Estonia, Harju County, Tallinn 10111, Laeva Street 2. The Company's main business line is issuance of consumer credit loans granted via ESTO's merchant network or directly to consumers.

Note 2. Significant accounting policies

Note 2.1. Basis of accounting

The financial statements of the Company for the financial year 2024 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted in the European Union.

These financial statements have been authorised for issue by the Company's management board on 30.04.2025. Under the Estonian Commercial Code, the annual report including the financial statements that have been prepared by the management board must also be approved by the Council and in the general meeting of shareholders.

Note 2.2. Changes in accounting policies

From 1 January 2024 the Company implemented a change in its accounting policy for the measurement of expected credit losses under IFRS 9 – Financial Instruments. The revised policy introduces a more forward-looking and risk-sensitive approach by enhancing credit risk segmentation, incorporating updated macroeconomic assumptions and probability-weighted scenarios, and refining calculation methods to ensure consistent application across risk stages and credit products.

As a result of this change in accounting policy, the Company has applied the revised methodology retrospectively in accordance with IAS 8 and comparative figures for 2023 have been restated.

Corrections were following:

(in thousands of euros)

Statement of financial position

	Initial balance as at 31.12.2023	Corrected balance as at 31.12. 2023
Loans and advances to customers (current assets)	52,287	50,838
Retained earnings	7,789	6,341

(in thousands of euros)

Statement of cash flows

	Initial 2023 movement	Corrected 2023 movement
Loans and advances to customers	(13,369)	(11,920)

(in thousands of euros)

Statement of changes in equity

	Initial balance as at 01.01.2023	Corrected balance as at 01.01. 2023
Retained earnings	7,789	6,341

More information on expected credit losses is provided in Note 3.

Note 2.3 Adoption of new and revised accounting standards

The International Accounting Standards Board (IASB) has issued amendments to IFRS standards that are relevant to financial reporting. In the reporting period the Company has not adopted early any other standard, interpretation or amendment that has been issued but is not yet effective.

Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants – Amendments to IAS 1

Amendments to IAS 1 – Presentation of Financial Statements, issued in 2020 and 2022, clarify that liabilities must be classified as either current or non-current based on the rights that exist at the reporting date. This classification is not affected by management's expectations or subsequent events after the reporting date (e.g., receiving a waiver or breaching a covenant that an entity is only required to comply with after the reporting period).

Covenants related to loan arrangements do not impact the classification of liabilities at the reporting date if compliance with those covenants is required only after the reporting period. However, if an entity is required to comply with a covenant on or before the reporting date, this must be considered when determining whether the liability should be classified as current or non-current, even if the covenant is only tested for compliance after the reporting date.

The amendments introduce additional disclosure requirements for entities that classify a liability as non-current when it is subject to covenants that must be met within 12 months after the reporting date. The required disclosures include:

- ◆ The carrying amount of the liability

Details of the covenants, including their nature and the timeline for compliance

- ◆ Relevant facts and circumstances that indicate whether compliance with the covenants may be challenging for the entity

The amendments must be applied retrospectively in accordance with IAS 8 – Accounting Policies, Changes in Accounting Estimates, and Errors.

Special transitional provisions apply to entities that had early adopted the 2020 amendments concerning liability classification.

The amendments did not have a material impact on the Company.

Amendments to IFRS 16: Lease Liability in a Sale and Leaseback

In September 2022, the IASB finalized narrow-scope amendments to IFRS 16 (Leases) to clarify the requirements for sale and leaseback transactions. These amendments specify how an entity should account for a sale and leaseback transaction after the date of the transaction.

The amendments state that, when measuring the lease liability after a sale and leaseback transaction, the seller-lessee must determine 'lease payments' and 'revised lease payments' in a way that prevents recognizing a gain or loss related to the retained right-of-use asset.

These changes primarily affect sale and leaseback agreements where lease payments include variable elements that do not depend on an index or rate.

The amendments did not have a material impact on the Company.

Amendments to IAS 7 and IFRS 7 – Supplier Finance Arrangements

On 25 May 2023, the IASB issued amendments to IAS 7 (Statement of Cash Flows) and IFRS 7 (Financial Instruments: Disclosures) to introduce specific reporting requirements for supplier finance arrangements (SFAs).

The amendments enhance transparency by ensuring investors have sufficient information to assess how supplier finance arrangements affect an entity's liabilities, cash flows, and liquidity risk.

Under the new requirements, entities must disclose:

The terms and conditions of SFAs.

The carrying amount of financial liabilities subject to SFAs and where these are recorded in the financial statements.

The portion of financial liabilities within SFAs where suppliers have already received payment.

The range of payment due dates for both SFA-related liabilities and comparable trade payables.

Non-cash changes in financial liabilities included in SFAs.

Liquidity risk concentration with finance providers related to SFAs.

Entities are required to aggregate information about SFAs but must also disaggregate disclosures for arrangements with significantly different terms and conditions.

The amendments did not have a material impact on the Company.

Note 2.4 Standards issued but not yet effective and not early adopted

The following new standards, interpretations and amendments are not yet effective for the annual reporting period ended 31 December 2024 and have not been applied in preparing these financial statements. The Company plans to adopt these pronouncements when they become effective.

IAS 21 – Lack of Exchangeability

(Effective for annual periods beginning on or after 1 January 2025. Early application is permitted.)

In August 2023, the IASB introduced amendments to IAS 21, clarifying how entities should determine whether a currency is exchangeable into another currency and how to estimate the spot exchange rate when it is not.

Previously, IAS 21 only defined the exchange rate to use when exchangeability is temporarily lacking—not when the lack of exchangeability is prolonged.

The new requirements provide guidance for assessing whether a currency meets the exchangeability criteria and how to estimate the appropriate exchange rate.

The Company does not expect the amendments to have a material impact on its financial statements when initially applied.

Amendments to the Classification and Measurement of Financial Instruments – IFRS 9 & IFRS 7

(Effective for annual periods beginning on or after 1 January 2026. Early application is permitted.)

On 30 May 2024, the IASB released targeted amendments to IFRS 9 – Financial Instruments and IFRS 7 – Financial Instruments: Disclosures to address common challenges in financial instrument classification and measurement.

Key amendments include:

- ◆ Clarification on the recognition and derecognition of certain financial assets and liabilities, with specific guidance for transactions involving electronic cash transfer systems.
- ◆ Additional disclosure requirements for financial instruments with contractual terms linked to ESG performance targets.
- ◆ Expanded classification criteria to assess whether financial assets meet the Solely Payments of Principal and Interest (SPPI) condition.

Updated disclosures for equity instruments measured at fair value through other comprehensive income (FVOCI).

- ◆ New disclosure requirements for loan agreements classified as non-current, clarifying how deferred settlement rights affect classification.

The Company does not expect the amendments to have a material impact on its financial statements when initially applied.

IFRS 18 – Presentation and Disclosure in Financial Statements

(Effective for annual periods beginning on or after 1 January 2027. Early application is permitted.)

IFRS 18 introduces significant changes to financial statement presentation by replacing IAS 1 – Presentation of Financial Statements, with a focus on the Statement of Profit or Loss:

Defines a consistent structure for the statement of profit or loss, including mandatory subtotals.

- ◆ Requires entities to determine the most useful categorization for presenting operating expenses in the statement of profit or loss.
- ◆ Enhances transparency by requiring key disclosures for performance measures reported outside the financial statements (e.g., management-defined performance measures).

Strengthens aggregation and disaggregation principles in financial statements and accompanying notes.

The Company does not expect the amendments to have a material impact on its financial statements when initially applied.

IFRS 19 – Subsidiaries Without Public Accountability: Disclosures

This new standard works alongside other IFRS Accounting Standards. An eligible subsidiary applies the requirements in other IFRS Accounting Standards except for the disclosure requirements; and it applies instead the reduced disclosure requirements in IFRS 19. IFRS 19's reduced disclosure requirements balance the information needs of the users of eligible subsidiaries' financial statements with cost savings for preparers. IFRS 19 is a voluntary standard for eligible subsidiaries.

A subsidiary is eligible if:

It does not have public accountability; and

- ◆ It has an ultimate or intermediate parent that produces consolidated financial statements available for public use that comply with IFRS Accounting Standard.

All other new standards and amendments do not have impact to the financial statements.

Note 2.5. Functional and presentation currency

These financial statements are presented in (thousands of) euros, which is the Company's functional currency.

Note 2.6. Assumptions and judgements

The preparation of financial statements requires management to make judgements, estimates, and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income, and expenses. These estimates are made based on available information and management's judgment of current events, but the actual outcome may differ from these estimates.

Estimates and judgements are continuously reviewed based on historical experience and other factors, including external market conditions and expectations of future events that management believes to be reasonable in the circumstances. Changes in management's estimates are reported prospectively.

Judgements

Information about judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

-Note 3: Establishing the criteria for determining whether credit risk on a financial asset has significantly increased since initial recognition, determining the methodology for incorporating forward-looking information into the measurement of ECL, and selecting and approving models used to measure ECL.

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended 31 December 2024 is included in the following notes:

-Note 2.7, section "Financial assets and financial liabilities" and Note 3: Impairment of financial instruments: determination of inputs into the ECL measurement model, including key assumptions used in estimating recoverable cash flows and incorporating forward-looking information.

- ◆ The ECL model relies on key assumptions such as probability of default (PD), loss given default (LGD), and macroeconomic scenario weightings. These assumptions are reassessed periodically to reflect changes in economic conditions and credit risk trends.

- ◆ Management considers projected GDP growth, inflation and interest rates, and unemployment trends as key macroeconomic factors influencing credit risk models.

-Note 4: fair value of financial instruments: determining the fair value of assets and liabilities.

- ◆ The fair value of financial instruments involves estimation uncertainties, particularly for Level 3 instruments, which rely on unobservable inputs in valuation models. Changes in discount rates, market conditions, and risk assumptions can have a material impact on these fair value measurements.

The estimation of expected credit losses and fair value of financial instruments involves the use of models and assumptions that are based on the best available information at the reporting date.

Explanation of changes in past assumptions

Management continuously assesses the reasonableness of assumptions used in credit risk estimation. During the reporting period, refinements in expected credit loss estimation were made to incorporate updated historical loss data and revised macroeconomic expectations.

Note 2.7. Accounting policies

The significant accounting policies applied in the preparation of these financial statements are set out below. The accounting policies described have been applied consistently, unless otherwise stated in the following text.

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, non-restricted cash equivalents.

Cash and cash equivalents are carried at amortised cost in the statement of financial position.

In the statement of cash flows the operating cash flows are presented using the indirect method. The financing cash flows and investing cash flows are presented using the direct method.

Interest

i. Effective interest rate

Interest income and expense are recognized in profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

When calculating the effective interest rate for financial instruments other than purchased or originated credit-impaired assets, the Company estimates future cash flows considering all contractual terms of the financial instrument, but not ECL.

The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

ii. Amortised cost and gross carrying amount

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for an expected credit loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any expected credit loss allowance.

iii. Calculation of interest income and expense

The effective interest rate of a financial asset or financial liability is calculated on initial recognition of a financial asset or a financial liability. In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit impaired) or to the amortised cost of the liability. The effective interest rate is revised as a result of periodic re-estimation of cash flows of floating-rate instruments to reflect movements in market rates of interest. The effective interest rate is also revised for fair value hedge adjustments at the date on which amortisation of the hedge adjustment begins.

However, for financial assets that have become credit-impaired after initial recognition interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

For financial assets that were credit-impaired on initial recognition, interest income is calculated by applying the credit-adjusted effective interest rate to the amortised cost of the asset. The calculation of interest income does not revert to a gross basis, even if the credit risk of the asset improves.

iv. Presentation

Interest income calculated using the effective interest method presented in the statement of profit and loss and OCI includes interest on financial assets and financial obligations measured at amortised cost.

Interest expense presented in the statement of profit and loss and OCI includes financial liabilities measured at amortised cost.

Fees and commission

Fee and commission income and expense that are integral to the effective interest rate on a financial asset or financial liability are included in the effective interest rate.

Other fee and commission income (e.g., account servicing fees) are recognized as the related services are performed.

Other fee and commission expense relate mainly to transaction and service fees, which are expensed as the services are received.

Financial assets and financial liabilities

i. Recognition and initial measurement

The Company initially recognizes loans and advances on the date on which they are originated. All other financial instruments are recognized on the trade date, which is the date on which the Company becomes a party to the contractual provisions of the instrument.

A financial asset or a financial liability is measured initially at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. The fair value of a financial instrument at initial recognition is generally its transaction price.

ii. Classification

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost, FVOCI or FVTPL.

A financial asset is measured at amortised cost if it meets both the following conditions and is not designated as FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis.

All other financial assets are classified as measured at FVTPL.

In addition, on initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business model assessment

The Company makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate

profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets;

- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model and its strategy for how those risks are managed;
- the frequency, volume, and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. This information about sales activity is not considered in isolation, but as part of an overall assessment of how the Company's stated objective for managing the financial assets is achieved and how cash flows are realized.

The Company's retail business comprises of loans to customers that are held for collecting contractual cash flows. In the retail business the loans comprise of hire purchase, overdraft, and credit agreements.

Assessment of whether contractual cash flows are solely payments of principal and interest (SPPI)

For the purposes of this assessment, "principal" is defined as the fair value of the financial asset on initial recognition. "Interest" is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as profit margin. In assessing whether the contractual cash flows are SPPI, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Company considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Company's claim to cash flows from specified assets; and
- features that modify consideration of the time value of money.

All financial assets of the Company meet the SPPI criterion.

Reclassifications

Financial assets are not reclassified after their initial recognition, except in the period after the Company changes its business model for managing financial assets.

iii. Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognized) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognized in OCI is recognized in profit or loss.

In transactions in which the Company transfers assets recognised in its financial statements but retains all or significant risks and rewards of the transferred assets, the Company does not derecognise the transferred assets.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expired.

iv. Modifications of financial assets and financial liabilities

Financial assets

If the terms of a financial asset are modified, then the Company evaluates whether the cash flows of the modified asset are substantially different.

If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognized, and a new financial asset is recognized at fair value plus any eligible transaction costs. Any fees received as part of the modification are accounted for as follows:

- fees that are considered in determining the fair value of the new asset and fees that represent reimbursement of eligible transaction costs are included in the initial measurement of the asset; and
- other fees are included in profit or loss as part of the gain or loss on derecognition.

If cash flows are modified when the borrower is in financial difficulties, then the objective of the modification is usually to maximize recovery of the original contractual terms rather than to originate a new asset with substantially different terms. If the Company plans to modify a financial asset in a way that would result in forgiveness of cash flows, then it first considers whether a portion of the asset should be written off before the modification takes place. This approach impacts the result of the quantitative evaluation and means that the derecognition criteria are not usually met in such cases.

If the modification of a financial asset measured at amortised cost or FVOCI does not result in derecognition of the financial asset, then the Company first recalculates the gross carrying amount of the financial asset using the original effective interest rate of the asset and recognises the resulting adjustment as a modification gain or loss in profit or loss. For floating-rate financial assets, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs or fees incurred, and modification fees received adjust the gross carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.

If such a modification is carried out because of financial difficulties of the borrower (see “impairment” section below), then the gain or loss is presented together with the impairment losses. In other cases, it is presented as interest income calculated using the effective interest rate method.

Financial liabilities

The Company derecognises a financial liability when the contractual terms are modified and the new cash flows from the financial liability are substantially different. In that case the, the new financial liability based on the amended terms is recognised at fair value. The difference between the carrying amount of the financial liability terminated or the financial liability (or part of a financial liability) transferred to another party and the consideration paid, including any non-monetary assets transferred or liabilities assumed, is recognised in profit or loss.

If the modification of a financial liability is not accounted for as derecognition. Then the amortised cost of the liability is recalculated by discounting the modified cash flows at the original effective interest rate and the resulting gain or loss is recognised in profit or loss. For floating-rate financial liabilities, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs and fees incurred are recognised as an adjustment to the carrying amount of the liability and amortised over the remaining term of the modified financial liability by re-computing the effective interest rate on the instrument.

V. Offsetting

Financial assets and liabilities are offset, and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts, and there is an intention to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRS Standards.

vi. Fair value measurement

“Fair value” is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or. In its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

When one is available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Company uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all the factors that market participants would consider in pricing a transaction.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e., the fair value of the consideration given or received. If the Company determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the difference, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

The Company recognizes transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

vii. Impairment

The Company recognizes loss allowances for ECL on the following financial instruments that are not measured at FVTPL:

- financial assets that are debt instruments.

The Company measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

- financial instruments on which credit risk has not increased significantly since their initial recognition.

12-month ECL represent the portion of lifetime expected credit losses that result from default events that are possible within 12 months after the reporting date, regardless of when those losses are ultimately realized. Financial instruments for which 12-month ECL are recognized are referred to as “Stage 1 financial instruments”. Financial instruments allocated to Stage 1 have not undergone a significant increase in credit risk since initial recognition and are not credit impaired, forborne or restructured exposures, exposures with no-repayment periods are not included.

Lifetime ECL are the ECL that result from all possible default events over the expected life of the financial instrument or the maximum contractual period of exposure. Financial instruments for which lifetime ECL are recognized but that are not credit-impaired are referred to as “Stage 2 financial instruments”. Financial instruments allocated to Stage 2 are those that have experienced a significant increase in credit risk since initial recognition but are not credit impaired.

Financial instruments for which lifetime ECL are recognized and that are credit-impaired are referred to as “Stage 3 financial instruments”.

Measurement of ECL

ECL are probability-weighted estimate of credit losses. They are measured as follows:

- *financial assets that are not credit-impaired at the reporting date:* as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive);
- *financial assets that are credit-impaired at the reporting date:* as the difference between the gross carrying amount and the present value of estimated future cash flows.

When discounting future cash flows, the following discount rates are used:

- *financial assets:* the original effective interest rate or an approximation thereof.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit impaired referred to as “Stage 3 financial assets”. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower;
- a breach of contract such as default or past-due event of 90 days or more;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization.

A loan that has been renegotiated due to deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECL are presented in the statement of financial position as follows:

- *financial assets measured at amortised cost*: as a deduction from the gross carrying amount of the assets.

Write-off

Loans are written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Company or its debt collectors determines that the borrower does not have assets or sources of income that could generate any cash flows to repay the amounts subject to the write-off.

Recoveries of amounts previously written off are recognized when cash is received and are included in “other income” in the statement of profit and loss and OCI.

Net loss arising from derecognition of financial assets measured at amortized cost

Loans that are sold to external parties after termination due to non-complying to payment terms are written off from the loan receivables.

Sale income generated from the sold loans are recognised via statement of profit and loss.

Property and equipment

i. Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property and equipment have different useful lives, then they are accounted for as separate items (major components) of property and equipment.

Any gain or loss on disposal of an item of property and equipment is recognized within other income in profit or loss.

ii. Subsequent costs

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company. Ongoing repairs and maintenance are expensed as incurred.

iii. Depreciation

Depreciation is calculated to write off the cost of items of property and equipment less their estimated residual values using the straight-line method over their estimated useful lives and is generally recognized in profit or loss.

The estimated useful lives of property and equipment for the current and comparative periods are as follows:

computers and computer equipment	3-5 years
other tangible fixed assets	5-10 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Intangible assets

i. Recognition and measurement

Intangible assets acquired by the Company are measured at cost less accumulated amortization and any accumulated impairment losses.

ii. Subsequent costs

Subsequent expenditure on intangible assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in profit or loss as it is incurred.

iii. Amortisation

Intangible assets are amortised on a straight-line basis in profit or loss over its estimated useful life, from the date on which it is available for use. The estimated useful life for intangible assets is 5 to 10 years for the current and comparative periods.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that is largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, 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 or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss.

Employee benefits

Short-term employee benefits include salary and social security contributions, benefits related to the regulatory rights of employment (holiday pay or other similar benefits) if it is expected to occur within 12 months after the end of the period in which the employee worked. Company does not have share options for employees.

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 2024, the Company has not recognised any provisions, as there were no legal or constructive obligations that met the recognition criteria of IAS 37.

Income tax

Under the Income Tax Act, in Estonia income tax is not levied on corporate profit. Income tax is paid on dividends, employee benefits, gifts, donations, entertainment expenses, non-business payments and transfer price adjustments. Dividends paid out of retained earnings are generally taxed at an income tax rate of 20/80 of the net amount of dividends distributed (equal to 20% of the gross amount of distributable profits). As of 1 January 2025, the standard rate increases to 22/78, equal to 22% of the grossed-up amount.

Related parties

The Company considers parties to be related if one controls the other or exerts significant influence on the other's operating decisions. Related parties include:

Owners.

Members of the company's management and supervisory boards.

Close family members of and companies related to the above persons.

Events after the reporting period

The annual financial statements reflect all significant events affecting the valuation of assets and liabilities that became evident between the reporting date and the date on which the financial statements were authorised for issue but are related to the reporting or prior periods.

Subsequent events that are indicative of conditions that arose after the reporting date, but which will have a significant effect on the result of the next financial year are disclosed in the notes to the annual financial statements.

Note 3. Financial risk management and review

Introduction and overview

The Company has exposure to the following risks from financial instruments:

- credit risk;
- liquidity risk;
- market risks; and
- operational risk.

Credit risk

Credit risk reflects the potential loss, which arises from the counterparty's inability or unwillingness to meet its contractual obligations towards ESTO. Credit risk arises primarily from the loans and receivables issued to households, and to some extent, also to corporates and credit institutions.

ESTO issues loans in three countries: Estonia, Lithuania, Latvia. Credit risk management of ESTO in all its countries of operation is primarily governed by the various legal acts and guidelines established in accordance to the EU Consumer Credit Directive, as well as the corresponding internal regulations of ESTO, the core principle of which is responsible lending. ESTO also considers concentration risk and country credit risk, as part of credit risk. ESTO's credit risk management focuses on the avoidance of excessive risk and risk mitigation, using the following measures:

- below average contract maturity of issued loans;
- significantly below average amounts of issued loans;
- well diversified portfolio and limited risk exposures;
- optimal risk/return ratio for issued loans;
- taking of controlled risks and continuous risk profile monitoring;
- regularly carried out stress tests and scenario analyses.

Risk management function provides the Management Board of ESTO AS with at least monthly reviews of compliance with credit risk limits. Any limit breaches are escalated immediately.

- The credit risk committee is appointed once for each financial year.
- The management board appoints the members of the credit risk committee.

i.Credit quality analysis

The following tables set out information about the credit quality of financial assets measured at amortised cost without considering collateral or other credit enhancement (if any). Unless specifically indicated, for financial assets the amounts in the table represent gross carrying amounts.

Explanation of the terms "Stage 1", "Stage 2" and "Stage 3" is included in Note 2.7 "Financial assets and financial liabilities" subsection "Impairment".

(in thousands of euros)

31.12.2024

	Stage 1	Stage 2	Stage 3	Total
Loans and advances to customers at amortised cost				
Gross carrying amount	57,672	2,275	979	60,926
Loss allowance	(838)	(396)	(865)	(2,099)
Carrying amount	56,834	1,879	114	58,827

31.12.2023

	Stage 1	Stage 2	Stage 3	Total
Loans and advances to customers at amortised cost				
Gross carrying amount	52,400	2,066	1,197	55,663
Loss allowance	(1,339)	(379)	(907)	(2,625)
Carrying amount	51,061	1,688	290	53,038

The comparative loss allowance figures for the year ended 31 December 2023 have been restated due to a change in the Company's accounting policy regarding the measurement of expected credit losses. See Note 2.2 for further details.

The table below sets out information about the loan portfolio write-off due to sale.

(in thousands of euros)

	2024	2023
Loans issued to customers	61,183	59,909
Loans written off	(6,552)	(6,640)
Write-off to issuance ratio (%)	10.71%	11.08%

Gross carrying amount of loan portfolio as of 31 December 2024 grew by 9% in comparison to loan portfolio as of 31 December 2023. The portfolio issuance remained stable in 2024 and Company maintains a lower level of write-off of defaulted loans to issuance ratio: 10.71% in 2024, 11.08% in 2023.

The table below shows amounts related to the derecognition of financial assets measured at amortised cost, including loans written off and proceeds from sold portfolios. Impairment losses are presented separately in the Statement of profit and loss and OCI.

(in thousands of euros)

	2024	2023
Loans written off	(6,552)	(6,640)
Income from sold written-off loans	3,553	3,671
Net loss arising from derecognition of financial assets measured at amortised cost	(2,999)	(2,970)

Cash and cash equivalents

The Company held cash and cash equivalents of € 897 thousand at 31 December 2024 (2023: €1,477 thousand). The cash and cash equivalents are held with financial institution counterparties that are rated at least A based on Standard &

Poor's ratings. The cash and cash equivalents of ESTO AS are considered as Stage 1 assets as of 31 December 2024 and 31 December 2023.

ii. Amounts arising from ECL

Inputs, assumptions, and techniques used for estimating impairment

See accounting policy in Note 2.7. "Financial assets and financial liabilities" subsection "Impairment".

Significant increase in credit risk

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and expert credit assessment and including forward-looking information.

The objective of the assessment is to identify whether a significant increase in credit risk has occurred for an exposure.

The Company uses the following criteria for determining whether there has been a significant increase in credit risk:

- qualitative and quantitative indicators; and
- a backstop of 30 days past due.

Determining whether credit risk has increased significantly

The Company assesses whether credit risk has increased significantly since initial recognition at each reporting date.

A significant increase in credit risk is generally not evident on an individual instrument basis before the financial instrument becomes past due. This is because there is little or no updated information that is routinely obtained and monitored on an individual instrument until a customer breaches the contractual terms. This is applicable for retail loans offered by the Company. For these loans, an assessment of whether there has been a significant increase in credit risk on an individual basis would not faithfully represent changes in credit risk since initial recognition. Therefore, Company does significant increase assessment on a collective basis.

To assessing significant increases in credit risk on a collective basis, financial instruments are grouped based on shared credit risk characteristics.

- instrument type;
- geographic location of the borrower.

The aggregation of financial instruments may change over time as new information becomes available.

As a backstop, the Company considers that a significant increase in credit risk occurs no later than when an asset is more than 30 days past due. Days past due are determined by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received. Due dates are determined without considering any grace period that might be available to the borrower.

Definition of default

The Company considers a financial asset to be in default when:

- ◆ The borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realizing security (if any is held).

The borrower has more than 90 days past due on any material credit obligation to the Company.

- ◆ It is becoming probable that the borrower will restructure the asset because of bankruptcy due to the borrower's inability to pay its credit obligations.

The contract has been sold, with outstanding and unmet legal obligations (or conditions) from the borrower.

In assessing whether a borrower is in default, the Company considers indicators that are:

- qualitative: e.g., breaches of contract terms;
- based on internally developed data.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

Incorporation of forward-looking information

The Company incorporates forward-looking information into the measurement of expected credit losses for financial assets measured at amortised cost. The ECL model applied by the Company includes both historical data and forecasted macroeconomic information to estimate future credit risk conditions and default behavior.

Key macroeconomic variables currently incorporated into the Company's forward-looking assessment include:

GDP growth

Unemployment rate

Interest rate

Inflation rate

These variables are used to adjust risk parameters through a scenario-based framework. Each macroeconomic variable is assigned a weighting and sensitivity based on its relevance to credit risk, with scenario adjustments reflecting moderate, significant, or severe changes in conditions. Adjustments are made based on an established methodology supported by external forecasts (IMF, World Bank, ECB, and national sources), which are reviewed regularly.

The Company uses three probability-weighted scenarios (base, upside, and downside) to model a range of potential macroeconomic outcomes. The resulting adjustments are applied to Probability of Default (PD) and Loss Given Default (LGD) estimates across Stages 1 and 2, consistent with the forward-looking credit loss model prescribed by IFRS 9.

The Company monitors the correlation between macroeconomic variables and observed credit performance to support the relevance and predictability of forward-looking inputs.

The management board assesses material macroeconomic developments and applies expert judgment, where appropriate, to ensure that forward-looking adjustments remain aligned with the current and expected credit environment.

Modified assets

The contractual terms of a loan may be modified for a number of reasons, including changing market conditions, customer retention and other factors not related to a current or potential credit deterioration of the customer. An existing loan which terms have been modified may be derecognized and the renegotiated loan recognized as a new loan at fair value in accordance with the accounting policy set out in accounting policy "Financial assets and financial liabilities" subsection "Modifications of financial assets and financial liabilities".

When modification that is not related to current or potential credit deterioration of the customer results in derecognition, a new loan amount is recognised and allocated to Stage 1 (assuming it is not credit-impaired at that time).

Additionally, the Company renegotiates loans to customers in financial difficulties (forbearance activities) to maximise collection opportunities and minimise the risk of default. Under the Company's forbearance policy, loan forbearance is granted on a selective basis if the debtor is currently in default on its debt or if there is a high risk of default, there is evidence that the debtor made all reasonable efforts to pay under the original contractual terms and the debtor is expected to be able to meet the revised terms.

The revised terms usually include extending the maturity, changing the timing of interest payments, and amending the terms of loan covenants.

Generally, forbearance is a qualitative indicator of a significant increase in credit risk and an expectation of forbearance may constitute evidence that an exposure is credit impaired. A customer needs to demonstrate consistently good payment behaviour over a period of time before the exposure is no longer considered to be credit-impaired/in default or the PD is considered to have decreased such that it falls within the 12-month PD ranges for the asset to be considered Stage 1.

Measurement of ECL

The key inputs into the measurement of ECL are the term structure and the following variables:

probability of default (PD);

loss given default (LGD); and

exposure at default (EAD).

ECL for exposures in Stage 1 are calculated by multiplying the 12-month PD by LGD and EAD. Lifetime ECL are calculated by multiplying the lifetime PD by LGD and EAD.

PD is an estimate of the likelihood of default over a given time horizon. The PD is grouped by product type, days past due and by length of exposure. PD is estimated based on the Markov chain model, where the transition matrices of the previous 6-month period are used to predict the probabilities of future cumulative transitions.

LGD is the magnitude of the likely loss if there is a default. The Company estimates LGD parameters based on the history of recovery rates of claims against defaulted customers. LGD estimates are recalibrated for different economic scenarios. LGD are calculated on a discounted cash flow basis using the effective interest rate as the discounting factor.

EAD represents the expected exposure in the event of a default. The Company derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract and arising from amortization. The EAD of a financial asset is its gross carrying amount at the time of default. For lending commitments, the EADs are potential future amounts that may be drawn under the contract.

As described above, and subject to using a maximum of a 12-month PD for Stage 1 financial assets, the Company measures ECL considering the risk of default over the maximum contractual period over which it is exposed to credit risk. The maximum contractual period extends to the date of which the Company has the right to require repayment of an advance or terminate a loan commitment.

Where modelling of a parameter is carried out on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics, which may include:

- instrument type;
- credit risk grade;
- date of initial recognition;
- remaining term to maturity;
- industry; and
- geographic location of the borrower.

The following tables show reconciliations from the opening to the closing balance of the loss allowance by credit risk stage. The basis for determining transfers due to changes in credit risk is set out in accounting policy.

(In thousands of euros)

	2024			
	Stage 1	Stage 2	Stage 3	Total
Loans and advances to customers at amortised cost				
Balance at 1 January	1,339	379	907	2,625
Net remeasurement of loss allowance	(564)	(13)	(108)	(685)
New financial assets originated	1,137	537	1,173	2,846
Repayments of financial assets	(983)	(464)	(1,015)	(2,462)
Write-offs	(90)	(43)	(93)	(226)
Balance at 31 December	838	396	865	2,099

2023

	Stage 1	Stage 2	Stage 3	Total
Loans and advances to customers at amortised cost				
Balance at 1 January	1,487	418	410	2,315
Net remeasurement of loss allowance	(258)	(43)	274	(27)
New financial assets originated	1,854	524	1,256	3,635
Repayments of financial assets	(1,584)	(475)	(926)	(2,985)
Write-offs	(160)	(45)	(108)	(313)
Balance at 31 December	1,339	379	907	2,625

The Company does not pursue further enforcement activity on financial assets once they are written off, as these assets are sold at the time of write-off. Accordingly, no contractual amounts written off during the reporting period remain subject to enforcement actions.

Comparative figures for the year ended 31 December 2023 have been restated retrospectively due to a change in the Company's accounting policy regarding the measurement of expected credit losses. For more information see Note 2.2.

Liquidity risk

Liquidity risk is defined as a risk that ESTO's solvency is not sufficient to meet the contractual obligations within the time limit set without incurring significant costs, i.e. ESTO's companies cannot finance their activities sustainably and in a timely manner or they cannot liquidate their positions for fulfilment of their contractual obligations.

The key measure used to manage ESTO's liquidity position is the approach based on the analysis of maturity mismatch of assets and liabilities. In addition, liquidity risk is mitigated by maintaining liquidity reserves in order to be able to manage imbalances in the duration. Within the liquidity risk management framework, also the main liquidity ratios as well as the proportions of assets and liabilities maturity dates are regularly fixed. ESTO conducts stress tests on a regular basis and has established an effective contingency plan for addressing liquidity shortfalls in crisis situations. Liquidity risk management methodologies are based on liquidity risk policy and other internal regulations.

The company maintains internal limits for all key liquidity indicators.

Risk management function provides the Management Board of ESTO AS with at least monthly reviews of compliance with liquidity risk limits. Any limit breaches are escalated immediately.

- The liquidity risk committee is appointed once for each financial year.
- The management board appoints the members of the liquidity risk committee.

i. Maturity analysis for financial liabilities and financial assets

The following tables set out the remaining contractual maturities of the Company's financial liabilities and financial assets for liquidity concentration disclosure.

(In thousands of euros)

Contractual cash flows				
As at 31.12.2024	Up to 3 months	3-12 months	1-5 years	Carrying amount
Financial liability by type				
Loans and borrowings (Note 9)	-	19,046	26,384	45,430
Interest payables (Note 9)	991	1,909	14,986	991
Trade payables (Note 10)	804	-	-	804
Other payables (Note 10)	104	-	-	104
Total	1,899	20,954	41,370	47,328
Financial asset by type				
Cash and cash equivalents (Note 5)	897	-	-	897
Loans and advances to customers (Note 6)	5,938	49,194	13,619	68,751
Other assets (Note 7)	824	-	-	824
Total	7,659	49,194	13,619	70,472
Net position	5,761	28,240	(27,751)	23,144

(in thousands of euros)

Contractual cash flows				
As at 31.12.2023	Up to 3 months	3-12 months	1-5 years	Carrying amount
Financial liability by type				
Loans and borrowings (Note 9)	-	14,431	29,095	43,526
Interest payables (Note 9)	4,906	725	17,354	4,906
Trade payables (Note 10)	811	-	-	811
Other payables (Note 10)	90	23	-	113
Total	5,807	15,180	46,448	49,356
Financial asset by type				
Cash and cash equivalents (Note 5)	1,477	-	-	1,477
Loans and advances to customers (Note 6)	5,861	44,977	8,287	59,125
Other assets (Note 7)	489	-	-	489
Total	7,827	44,977	8,287	61,090
Net position	2,020	29,798	(38,162)	11,734

Comparative figures for the year ended 31 December 2023 have been restated retrospectively due to a change in the Company's accounting policy regarding the measurement of expected credit losses. For more information see Note 2.2.

The amounts in the table above have been compiled as follows.

Type of financial instrument	Basis on which amounts are compiled
Financial liabilities and financial assets	Undiscounted cash flows, which include estimated interest payments

ii. Liquidity reserves

As part of the management of liquidity risk arising from financial liabilities, the Company holds liquid assets comprising cash and cash equivalents. The Company mitigates liquidity risk via liquidity risk committee, which has regular once a month meeting.

The Company maintains internal limits for all key liquidity indicators (liquidity ratios):

Equity ratio: no less than 20% to loan book

- ◆ Upkeep of equity ratio helps the ESTO to keep its own capital in its risk assets hence making the ESTO more attractive debt capital investment prospect for external creditors.

Interest coverage ratio (ICR) no less than 2.0

- ◆ Upkeep of ICR helps the ESTO to keep control on the cost of capital and cost of operating expenses, which in turn makes the ESTO more attractive debt capital investment prospect for external creditors.

Cash buffer to loan book: no less than 2%

- ◆ Upkeep of cash buffer helps the ESTO to manage the volatility of cash flows derived from portfolio and external creditors.

As of 31 December 2024, the requirements of equity ratio and ICR were met. The cash buffer was less than 2%. As of 31 December 2023, all requirements were met.

Market risks

In general, market risk arises from the core business activities of the ESTO, taking market risks is not a core activity of the ESTO. The nature of the ESTO's business activities implies that it has no commodity risk and equity risk exposures. Thus, the only types of market risk that the ESTO is exposed to as a result of its current business activities, are the interest rate risk and currency risk.

Market risk is the risk that changes in market prices – e.g., interest rates, foreign exchange rates – will affect the ESTO income or the value of its holdings of financial instruments. The objective of the ESTO market risk management is to manage and control market risk exposures within acceptable parameters to ensure the ESTO's solvency while optimizing the return on risk.

Currency risk could arise from the change in price of one currency in relation to another. Exchange rate risk in the Company is minimal since ESTO AS operates only in Estonian market, using the same currency as ESTO's operational currency - euros.

i. Interest rate risk

Interest rate risk is a current or potential risk that unfavourable changes in the interest rates of ESTO's assets and liabilities may negatively affect its profit and equity. ESTO is exposed to interest rate risk if the timings of revaluation of its main assets and liabilities as well as the maturity dates are different, if the interest rates of assets and liabilities can be adjusted at different time intervals or if the structure of assets and liabilities differs in currencies. ESTO strives to secure low interest rate risk through limiting and matching the structure and maturities of interest-sensitive assets and liabilities. Interest income from issued loans significantly exceeds the interest expense paid for received loans, which allows to offset the potential adverse effect of interest rate risk to ESTO. ESTO monitors and manages the interest rate risk pursuant to internal limits set by the Liquidity committee of ESTO AS. To comply with the limits, ESTO can adjust the rates on its loans or enter into hedging instruments such as interest rate swaps. ESTO calculates and monitors its interest rate risk on a continuous basis.

The Company has not used hedging instruments in 2024 and 2023 to hedge the interest rate risk.

The principal risk to which non-trading portfolios are exposed is the risk of loss from fluctuations in the future cash flows or fair values of financial instruments because of a change in market interest rates.

The tables below summarize the Company's exposure to interest rate risks. In the table are included the Company's financial assets and liabilities at carrying amounts categorized by maturity.

(in thousands of euros)

31.12.2024	Total	Maturity within 1 year	Maturity 1-5 years
Assets bearing fixed interest rate risk			
Loans and advances to customers	68,751	55,132	13,619
Assets bearing fixed interest rate risk total	68,751	55,132	13,619
Liabilities bearing fixed interest rate risk			
Loans from investors	26,594	210	26,384
Liabilities bearing fixed interest rate risk total	26,594	210	26,384
Interest gap	42,157	54,922	(12,765)
Assets bearing floating interest rate risk			
Loans and advances to customers	-	-	-
Assets bearing floating interest rate risk total	-	-	-
Liabilities bearing floating interest rate risk			
Loans from investors	18,836	18,836	-
Liabilities bearing floating interest rate risk total	18,836	18,836	-
Interest gap	(18,836)	(18,836)	-

31.12.2023	Total	Maturity within 1 year	Maturity 1-5 years
Assets bearing fixed interest rate risk			
Loans and advances to customers	59,125	50,838	8,287
Assets bearing fixed interest rate risk total	59,125	50,838	8,287
Liabilities bearing fixed interest rate risk			
Loans from investors	29,095	-	29,095
Liabilities bearing fixed interest rate risk total	29,095	-	29,095
Interest gap	30,030	50,838	(20,808)
Assets bearing floating interest rate risk			
Loans and advances to customers	-	-	-
Assets bearing floating interest rate risk total	-	-	-
Liabilities bearing floating interest rate risk			
Loans from investors	14,431	14,431	-
Liabilities bearing floating interest rate risk total	14,431	14,431	-
Interest gap	(14,431)	(14,431)	-

Comparative figures for the year ended 31 December 2023 have been restated retrospectively due to a change in the Company's accounting policy regarding the measurement of expected credit losses. For more information see Note 2.2.

Operational risk

Operational risk is a risk of incurring a loss from the inadequacy of internal processes, people or systems not operating in the manner expected or from external events. Operational risk includes additionally legal risk, compliance risk and personnel risk.

The main operational risks that ESTO faces are associated with the ESTO's significant growth. An increasing number of employees, growing volume of transactions and introduction of new products mean a constant need for new structures and processes as well as development of systems. Operational risk management includes the identification of key business processes and the key risks in each process, the implementation of adequate controls and their follow-up checks. ESTO has implemented processes to manage incidents and approve new products as well as established a business continuity plan for crisis situations.

Risk management function provides the Management board of ESTO AS with at least monthly reviews of compliance with operational risk limits. Any limit breaches are escalated immediately.

The operational & compliance risk committee is appointed once for each financial year.

- ◆ The management board appoints the members of the operational & compliance risk committee.

Capital management

ESTO's own funds provide the capacity to absorb unexpected losses that cannot be avoided or mitigated and ensure that at all times a sufficient buffer of financial resources exist to meet obligations to stakeholders. In this way, ESTO's capital functions as a last resort protection against risk. The company manages these capital components: equity capital, debt capital, working capital.

The company's capital management runs on three pillars:

1. Strong liquidity – cash position at least 10% to loan book
2. Strong equity – equity position at least 20% to loan book
3. Diverse and long term capital sources

ESTO is not obliged to keep capital reserves outside of the capital requirements imposed by the Estonian Commercial Code.

The Supervisory Board of ESTO AS is responsible for the overall planning of the capital structure. Relevant capital planning contributes to ESTO be well-equipped to meet a situation that requires additional capital, and to provide an adequate buffer to support growth in existing markets as well as to enter new markets. ESTO's capital planning takes into consideration the following factors:

the minimum capital required by laws and regulations, including buffers;

the level of capital that is needed to cope with contingencies and stress situations;

the shareholders' required rate of return and effective capital management;

- ◆ the level of capital required for counterparts to consider ESTO a reliable partner and to ensure a more efficient access to the funding market.

Note 4. Fair value of financial instruments

Measurement of fair values

The Company measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

- *Level 1:* quoted prices (unadjusted) in active markets for identical instruments
- *Level 2:* inputs other than quoted prices included in Level 1 that are observable for the instruments, either directly or indirectly. This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.
- *Level 3:* inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs that are not observable, and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Valuation techniques for the Company currently include net present value and discounted cash flow models, comparison with similar instruments for which observable market prices exists and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premiums used in estimating discount rates, bond prices, foreign currency exchange rates and expected price volatilities and correlations.

The objective of valuation techniques is to arrive at fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

Classification of financial instruments and their fair values

All the Company's financial assets and liabilities are recognised in the statement of financial position or as contingent assets or liabilities in the notes to the financial statements. Items included in the statement of financial position include loans and advances to customers, other accrued income, cash and cash equivalents, borrowings, trade payables, payables to employees and other liabilities.

The fair value of the borrowings is, in the opinion of the Company's management, equal to their carrying amount, as the applicable interest rates of the agreements correspond to market interest rates.

The following tables analyses carrying amounts and fair values of financial assets and liabilities, including their fair value levels.

(in thousands of euros)

	Carrying amount 31.12.2024	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Fair value 31.12.2024
Financial assets measured at amortized cost					
Loans and advances to customers (Note 6)	68,751	-	-	83,373	83,373
Other assets (Note 7)	824	-	-	824	824
Cash and cash equivalents (Note 5)	897	897	-	-	897
Intangible assets (Note 8)	51	-	-	56	56
Total financial assets at amortized cost	70,523	897	-	84,253	85,150
Financial liabilities at amortized cost					
Loans and borrowings (Note 9)	45,430	-	62,324	-	62,324
Trade payables (Note 10)	804	-	-	804	804
Other payables (Note 10)	104	-	-	104	104
Total financial liabilities at amortized cost	46,338	-	62,324	908	63,232

(in thousands of euros)

	Carrying amount 31.12.2023	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Fair value 31.12.2023
Financial assets measured at amortized cost					
Loans and advances to customers (Note 6)	59,125	-	-	70,402	70,402
Other assets (Note 7)	489	-	-	489	489
Cash and cash equivalents (Note 5)	1,477	1,477	-	-	1,477
Intangible assets (Note 8)	66	-	-	73	73
Total financial assets at amortized cost	61,157	1,477	-	70,964	72,440
Financial liabilities at amortized cost					
Loans and borrowings (Note 9)	43,526	-	61,605	-	61,605
Trade payables (Note 10)	811	-	-	811	811
Other payables (Note 10)	113	-	-	113	113
Total financial liabilities at amortized cost	44,450	-	61,605	924	62,529

Comparative figures for the year ended 31 December 2023 have been restated retrospectively due to a change in the Company's accounting policy regarding the measurement of expected credit losses. For more information see Note 2.2.

Note 5. Cash and cash equivalents

(in thousands of euros)

	31.12.2024	31.12.2023
Unrestricted bank accounts	897	1,477
Total	897	1,477

Note 6. Loans and advances to customers

(in thousands of euros)

	31.12.2024	31.12.2023
Loans and advances to customers	70,850	61,750
Less impairment loss allowance	(2,099)	(2,625)
Total	68,751	59,125

The comparative loss allowance figures for the year ended 31 December 2023 have been restated retrospectively due to a change in the Company's accounting policy regarding the measurement of expected credit losses. For more information see Note 2.2.

Loans and advances to customers at amortised cost

(in thousands of euros)

	31.12.2024			31.12.2023		
	Gross carrying amount	ECL allowance	Carrying amount	Gross carrying amount	ECL allowance	Carrying amount
Hire Purchase loans	9,596	(184)	9,412	12,507	(322)	12,185
Credit agreements	47,317	(1,792)	45,526	43,151	(2,303)	40,849
Consumer loans	4,012	(123)	3,889	4	-	4
Other loans	9,924	-	9,924	6,087	-	6,087
Total	70,850	(2,099)	68,751	61,750	(2,625)	59,125

More information is disclosed in Note 3.

Comparative figures for the year ended 31 December 2023 have been restated retrospectively due to a change in the Company's accounting policy regarding the measurement of expected credit losses. For more information see Note 2.2.

Note 7. Other assets

(in thousands of euros)

	31.12.2024	31.12.2023
Trade receivables	824	489
Total	824	489

More information is disclosed in Note 3.

Note 8. Intangible assets

(in thousands of euros)

	Other intangible assets	Development costs	Total
Carrying amounts at 01.01.2023	85	-	85
Additions	-	3	3
Amortisation	(22)	-	(22)
Cost in 2023	-	3	3
Accumulated amortisation at 31.12.2023	(70)	-	(70)
Carrying amounts at 31.12.2023	63	3	66
Additions	-	2	2
Amortisation	(17)	-	(17)
Cost in 2024	-	2	2
Accumulated amortisation at 31.12.2024	(87)	-	(87)
Carrying amounts at 31.12.2024	46	5	51

Note 9. Loans and borrowings

The terms and conditions of outstanding loans are as follows:

(in thousands of euros)

2024

	Repayment schedule					
	31.12.2024	Current loans (Within 12 months)	Non-current loans (Within 1-5 years)	Interest rate	Currency	Due date
Loans	22,594	210	22,384	12-16%	EUR	2025-2028
Marketplace loan	18,836	18,836	-	7-12%	EUR	2025
Subordinated loans	4,000	-	4,000	12%	EUR	2027
Total	45,430	19,046	26,384	-	-	-

2023

	Repayment schedule					
	31.12.2023	Current loans (Within 12 months)	Non-current loans (Within 1-5 years)	Interest rate	Currency	Due date
Loans	25,095	-	25,095	12-13.5%	EUR	2025
Marketplace loan	14,431	14,431	-	7-11%	EUR	2024
Subordinated loans	4,000	-	4,000	12%	EUR	2025
Total	43,526	14,431	29,095	-	-	-

More information is disclosed in Note 3, Note 4 and Note 19.

The carrying amount of loans and borrowings as at 31 December 2024 was €45,430 thousand (31 December 2023: €43,526 thousand).

The Company has pledged part of its consumer credit portfolio to guarantee the obligations of the creditors.

Due to marketplace loan agreement, Company is a subject to the financial covenants on quarterly basis: interest coverage ratio should not be less than 1.5 and equity ratio cannot be less than 20%. As at 31 December 2024 and 31 December 2023, the Company was in compliance with all financial covenants.

As at 31 December 2024, interest payables amounted to €991 thousand (31 December 2023: €4,906 thousand) and represent accrued but unpaid interest on financial liabilities, primarily related to borrowings disclosed above.

Note 10. Trade payables and other payables

(in thousands of euros)

	31.12.2024	31.12.2023
Trade payables	804	811
Total trade payables	804	811
Payables to employees	83	90
Other accrued expenses	21	23
Total other payables	104	113
Total trade payables and other payables	908	924
Short-term	908	924
Long-term	-	-
Total	908	924

More information is disclosed in Note 3.

Note 11. Tax liabilities

(in thousands of euros)

	31.12.2024	31.12.2023
Value added tax	10	(22)
Personal income tax	12	20
Social tax	21	30
Pension contribution	1	1
Unemployment insurance contribution	1	2
Total	46	30

More information is disclosed in Note 3.

Note 12. Share capital and reserves

Share capital

Share capital in amount of € 99,8 thousand (31 December 2023: € 99,8 thousand) is divided into 99800 ordinary shares (31 December 2023: 99800 ordinary shares) with a nominal value of 1 euro (31 December 2023: 1 euro) per share.

Number of shares	31.12.2024	31.12.2023
In the beginning of the period	99,800	99,800
Changes during the year	-	-
At the end of the period	99,800	99,800

Retained earnings

Information on the Company's retained earnings and contingent income tax liability is provided in Note 13.

Reserves

Reserves included in the equity are as follows:

(in thousands of euros)

	31.12.2024	31.12.2023
Statutory legal reserve	11	11
Total	11	11

Statutory legal reserve

Statutory legal reserve is formed from annual net profit allocations and other transfers entered in the legal reserve pursuant to law or the articles of association. The size of the statutory legal reserve is prescribed by the articles of association and may not be less than 1/10 of the share capital. Statutory legal reserve complied with the requirements arising from the Estonian Commercial Code on 31 December 2024 and 31 December 2023. At least 1/20 of the net profit must be transferred to the reserve capital in each financial year. If the reserve capital reaches the amount prescribed in the articles of association, the increase of the statutory legal reserve shall be ceased.

By the decision of the general meeting of shareholders, statutory legal reserve may be used to cover a loss, or to increase share capital, if it is not possible to cover it from the Company's unrestricted equity. Payments to shareholders from statutory reserve are not allowed.

Share premium

Share premium of the Company as at 31 December 2024 consisted of € 155 thousand (31 December 2023: € 155 thousand). The balance remained unchanged during the year and reflects amounts historically received from shareholders above the nominal value of shares.

Note 13. Contingent liabilities

The Company's retained earnings at the end of the reporting period amounted to €23,446 thousand (31 December 2023: €12,192 thousand euros). The maximum possible amount of income tax liability that may result from the payment of all retained earnings as dividends is €4,228 thousand (31 December 2023: €2,032 thousand), so it would be possible to pay out €19,218 thousand as a net dividend (31 December 2023: €10,160 thousand euros).

The calculation of the maximum possible income tax liability assumes that the amount of distributable net dividends and income tax on dividends recognised in profit and loss for 2024 may not exceed the distributable profit at the end of the reporting period.

Note 14. Net interest and similar income from loans

(in thousands of euros)

	2024	2023
Interest and similar income from loans		
Interest income from loans	19,379	15,601
Interest income from corporate loans	854	21
Contract fee income	30	23
Loan management fee income	540	342
Total interest and similar income from loans	20,803	15,988
Interest expense		
Interest amount due to creditors	(5,235)	(4,493)
Total interest expense	(5,235)	(4,493)
Net interest and similar income from loans	15,568	11,495

In the current reporting period, the Company revised the presentation of interest income to include fee-based income components (such as contract fees and loan management fees) that are considered an integral part of the effective interest rate (EIR) in accordance with IFRS 9. These items were previously presented under other fee and commission income. Comparative figures for the year ended 31 December 2023 have been reclassified accordingly to ensure consistent presentation. This reclassification had no impact on net profit or equity.

Note 15. Other interest income

(in thousands of euros)

	2024	2023
Other interest income		
Other financial interest income	30	19
Total other interest income	30	19

Other financial interest income earned by the company consists of bank interest received on cash deposits.

Note 16. Net fee and commission income

Disaggregation of fee and commission income

In the following table, fee, and commission income from contracts with customers in the scope of IFRS 15 are disaggregated by service lines.

(in thousands of euros)

	2024	2023
Service lines		
Financial service fees	541	362
Platform and subscription fees	158	60
Payment processing and transaction fees	1,513	1,256
Other fee and commission income	317	297
Total fee and commission income from contracts with customers	2,529	1,975
Fee and commission expense	(1,402)	(1,200)
Net fee and commission income	1,127	775

In the current reporting period, the Company revised the presentation of net fee and commission income to exclude certain fee-based income components (contract fee and loan management fee income). These items are now presented within interest and similar income from loans. In addition, certain operating costs directly related to the generation of commission income have been reallocated to fee and commission expense to better reflect the nature of those costs. Comparative figures for the year ended 31 December 2023 have been reclassified accordingly to ensure consistent presentation. This reclassification had no impact on net profit or equity.

Performance obligations and revenue recognition policies

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

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

Service lines	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition under IFRS 15
Financial service fees	Charged at point of time once service occurs.	Revenue is recognized at a point in time, when the transaction is processed.
Platform and subscription fees	Billed monthly, for access to digital platforms or premium service.	Revenue is recognized over time throughout the subscription period.
Payment processing and transaction fees	Fee charged per transaction upon execution. Payment is immediate or due shortly after.	Revenue is recognized at a point in time, when the transaction is processed.
Other fee and commission income	Fee charged per transaction upon execution. Payment is immediate or due shortly after.	Revenue is recognized at a point in time, when the transaction is processed.

Note 17. Other operating expenses

(in thousands of euros)

	2024	2023
Rent expenses	(95)	(94)
Advertising and marketing expenses	(163)	(460)
Technology and data costs	(360)	(616)
Product development costs	(22)	(35)
Customer support expenses	(147)	(42)
Collection management expenses	(44)	-
Training, consultancy and auditing costs	(441)	(358)
Communication and postage	(127)	(8)
Travel and transportation costs	(16)	(16)
Other labour costs	(23)	(21)
Other expenses	(58)	(49)
Value added tax	(398)	(384)
Total	(1,894)	(2,083)

In the current reporting period, the Company revised the classification of certain other operating expenses to improve the presentation of operating costs. This included reclassifying some items between specific expense categories and realigning costs to better reflect their nature and function. Comparative figures for the year ended 31 December 2023 have been reclassified accordingly to ensure consistent presentation. These changes did not impact the Company's net profit or equity.

Note 18. Personnel expenses

(in thousands of euros)

	2024	2023
Wages, salaries and bonuses	(775)	(774)
Social security contributions and other taxes	(260)	(260)
Total	(1,035)	(1,034)

Average number of employees reduced to full-time equivalents	25	29
Average number of employees by type of employment	25	29
A number of persons employed under the employment contract	25	29

Note 19. Related party disclosures

Balances with related parties

(in thousands of euros)

	31.12.2024		31.12.2023	
	Receivables	Liabilities	Receivables	Liabilities
Owners (legal entities) with a qualifying interest and entities under their control or significant influence	9,941	27,373	6,100	33,750
Close family members of members of the executive and higher management and owners (private individuals) with a qualifying interest, and entities under their control or significant influence	-	101	-	263

Loans 2024

(in thousands of euros)

	Loans received	Repayment of loans received	Interest accrued	Interest paid	Interest rate	Currency
Owners (legal entities) with a qualifying interest and entities under their control or significant influence	5,260	7,676	3,485	7,418	12-16%	EUR
Loans received and repayments	5,260	7,676	3,485	7,418	12-16%	EUR
Close family members of members of the executive and higher management and owners (private individuals) with a qualifying interest, and entities under their control or significant influence	-	-	14	14	12%	EUR
Loans received and repayments	-	-	14	14	12%	EUR

Loans 2023*(in thousands of euros)*

	Loans received	Repayment of loans received	Interest accrued	Interest paid	Interest rate	Currency
Owners (legal entities) with a qualifying interest and entities under their control or significant influence	7,971	7,006	4,155	617	12%- 13.5%	EUR
Loans received and repayments	7,971	7,006	4,155	617	12%-13.5%	EUR
Close family members of members of the executive and higher management and owners (private individuals) with a qualifying interest, and entities under their control or significant influence	-	-	21	22	12%	EUR
Loans received and repayments	-	-	21	22	12%	EUR

More information is provided in the Note 9.

The Company considers parties to be related if one controls the other or exerts significant influence on the other's operating decisions. Transactions with related parties include transactions with shareholders, members of the company's management and supervisory boards, and close family members of and companies related to the above persons.

Remuneration and other significant benefits provided to the executive and higher management*(in thousands of euros)*

	2024	2023
Remuneration	78	81

Signatures of the management board to the annual report

The management board has prepared the management report and the financial statements of ESTO AS for the financial year ended 31 December 2024.

The management board confirms that the management report provides a true and fair view of the business operations, financial results and financial condition of the Company.

The management board confirms that according to their best knowledge the financial report presents a fair view of the assets, liabilities, financial position and profit or loss of the Company according to the International Financial Reporting Standards.

30.04.2025

Martin Ustaal

ESTO AS Management board member





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Independent Auditors' Report

(Translation of the Estonian original)

To the shareholder of ESTO AS

Opinion

We have audited the financial statements of ESTO AS (the Company), which comprise the statement of financial position as at 31 December 2024, the statement of profit and loss and other 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 financial statements mentioned above present fairly, in all material respects, the financial position of the Company as at 31 December 2024, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

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 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.

Other Information

Management is responsible for the other information. The other information comprises the management report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. In addition, our responsibility is to state whether the information presented in the management report has been prepared in accordance with the applicable legal and regulatory requirements.

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 and we state that the information presented in the management report is materially consistent with the financial statements and in accordance with the applicable legal and regulatory requirements.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due 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 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 Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 financial statements.

As part of an audit in accordance with 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 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 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 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, 30 April 2025