

**AS
SUN
FINANCE
GROUP**

Consolidated
Annual Report

as at and for the year ended
31 December 2024

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INFORMATION ON THE PARENT COMPANY

Name of Parent Company	Sun Finance Group
Legal status of the Parent Company	Joint Stock Company
Unified number, place and date of registration	40203205428, Riga, 8 April 2019
Registered address	Skanstes Street 52, Riga, Latvia, LV-1013
Board members and their positions	Emils Latkovskis, Member of the Board (from 22.01.2020)
Council members and their positions	Toms Jurjevs, Chairperson of the Council (from 28.08.2023) Roberts Molotans, Member of the Council (from 28.08.2023) Kristaps Ozols, Deputy chairperson of the Council (from 28.08.2023)
Reporting period	01.01.2024 – 31.12.2024
Previous reporting period	01.01.2023 – 31.12.2023
Information on shareholders	AS Puzzle International: 73.00% Other shareholders: 27.00%
Auditors	SIA “BDO ASSURANCE” Commercial licence No. 82 Mihaila Tala street 1, Riga, Latvia, LV-1045 Certified auditor in charge Raivis Jānis Jaunkalns Sworn auditor, Certificate No. 237

One of the fastest-growing online lending platforms in Europe, driven by tech innovation, efficient risk management, and advanced data science solutions

9

Operating countries

1,121

Employees across the Group

24.5m+

Loan applications since inception

18.8m+

Registered customers

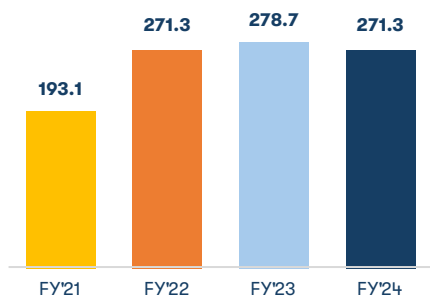
EUR 3.6bn+

Loans issued

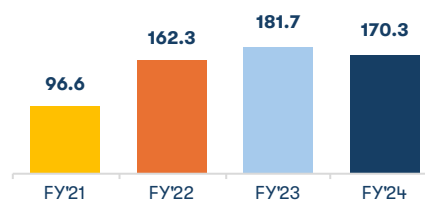
EUR 52.6m

Bonds listed on Nasdaq First North

REVENUE (€M)

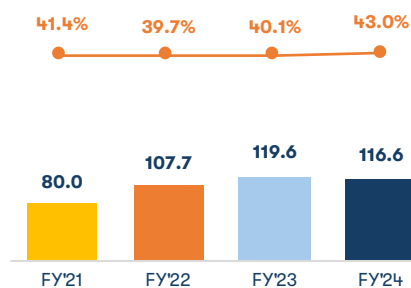


NET PORTFOLIO (€M)



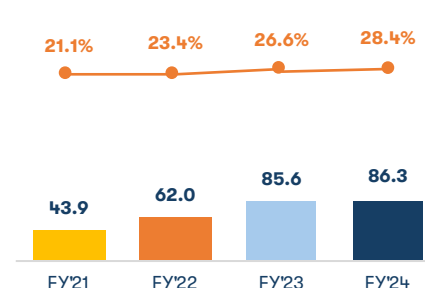
EBITDA (€M)

(EBITDA MARGIN %)



OPERATING COSTS (€M)

(COST/INCOME RATIO, %)





NO.1 FASTEST-GROWING FINTECH IN EUROPE IN 2021

Among the fastest growing European companies for the 5th time

For the fifth consecutive year, Sun Finance has been recognised by The Financial Times as one of the Fastest Growing European Companies. In 2021, the Group was ranked the fastest growing fintech company in Europe, while in 2022, it secured the 3rd position. Since then, the Group has sustained its growth trajectory, securing a position among the fastest growing European companies every year, with 2025 being no exception. To date, only 11 European companies have managed to earn a spot in this ranking five times in a row.



Company of the Year – Baltic Fintech Awards

For the first time ever, the Baltic Fintech Awards ceremony was held as part of the Baltic Fintech Days conference in April 2025. The ceremony celebrated the achievements of industry leaders and innovators who have driven the development of the region’s fintech industry. As a testament to its continuous growth globally, Sun Finance received the main award – Company of the Year.



Caring for others

For several years, Sun Finance main office in Riga has actively participated in the WWF Green Office program, which is dedicated to reducing greenhouse gas emissions and minimizing the ecological footprint of the workplace. The Group has attained the highest level of the Carbon Footprint Standard and, back in 2021, achieved the status of a Carbon Neutral Company. Additionally, Sun Finance is deeply committed to charitable endeavours, particularly those focused on aiding shelter animals and less fortunate segments of society. As part of our corporate culture, we encourage employees to engage with their local communities through various initiatives, offering an additional day off for such purpose and providing financial support for their chosen projects.

MANAGEMENT REPORT

General information

AS Sun Finance Group (the “Parent Company”) and its subsidiaries (the “Group”) is one of the leading online and mobile lending platforms headquartered in Europe, with established operations in Poland, Latvia, Kazakhstan, Mexico, Sweden, Philippines, Sri Lanka, Kenya and Spain.

The Group offers a range of online lending services tailored to tech-driven, predominantly young individuals (gen-z and millennials) who value convenience, speed and transparent pricing. Currently, the Group provides three types of unsecured lending products across its operational markets: instalment loans, lines of credit, and microloans with a term of up to 30 days.

The Parent Company was established on 8 April, 2019. The share capital of the Parent Company as at 31 December 2024 was EUR 340 thousand divided into 3 281 850 (2023: 3 229 434) ordinary shares, 66 300 (2023: 66 300) non-voting shares and 51 850 (2023: 104 266) employees shares with nominal value of EUR 0.1 each.

A strengthened financial foundation to support future growth

During the reporting period, the Group maintained strong financial performance across all key financial metrics while realigning its geographic scope of operations. By the end of 2024, the Group’s net portfolio amounted to EUR 170.3 million, a decline of 6.3% compared to EUR 181.7 million at the end of 2023. Interest income slightly decreased by 2.6% compared to the same period previous year (2023 – EUR 278.7 million), amounting to EUR 271.3 million. In 2024, the Group recorded a net profit of EUR 71.6 million, marking a 0.7% decrease compared to the 2023 result (EUR 72.1 million).

The Group’s loan issuance volume reached EUR 862.6 million during the period, being an increase of 4.7% compared to EUR 823.8 million issued in the same period last year. The growth was delivered by further strengthening the Group’s position in European markets, as well as scaling products in the newer markets, such as the Philippines, Sri Lanka and Kenya.

In March, Sun Finance was once more recognised as one of the Fastest Growing European Companies by The Financial Times, maintaining its position in the ranking for the 4th consecutive year - a notable achievement not only for the Baltic region but also at the European level.

In April, the Group reached a milestone of EUR 3 billion in loans issued to customers, further cementing its position as one of the industry leaders in the region.

The Group continues operating in a regional hub structure, streamlining its operations, and maintaining a lean organizational structure. As a result of this approach, the Group has maintained a cost-to-income ratio of 28.4%* during the period. During 2024, the Group’s total number of employees amounted to 1 121 (in 2023: 1 333).

Financing

In March 2024, the Group’s EUR 27 million 3.5-year senior unsecured bond with an annual rate of 11% + 3M EURIBOR and the maturity on 30 November 2026 was admitted to trading on the Nasdaq First North market. It became the Group’s fourth bond issuance listed on the stock exchange, further reinforcing its capital markets track record.

To refinance EUR 20 million 3-year bond maturing in June 2024 and to further support the geographic and product line expansion, the Group registered a new senior unsecured bond issue at the end of May 2024, with a maturity on 30 November 2027, bearing a fixed annual interest rate of 11%. The issuance was organized in the form of a private placement and the final issue size amounted to EUR 25.6 million. The bonds have been listed on the Nasdaq First North market since 28 February 2025.

Additionally, the Group continued to work on previously initiated funding diversification projects, including cooperation with the largest European peer-to-peer lending marketplace Mintos (www.mintos.com).

* Cost-to-income ratio is calculated as Operating costs divided by the sum of Interest income, Fee and commission income and Other operating income.

MANAGEMENT REPORT

Future developments

The Group's long-term strategy involves a matrix expansion approach, focusing on geographic footprint expansion as a horizontal metric, while product offering diversification being a vertical driver.

As such, in the upcoming periods, the Group will be focusing on the following:

- Horizontal growth: geographies. The Group is in the process of reviewing new geographies and preliminary testing and setting up operations in new countries across different regional HUBs.
- Vertical growth: product offering. Following the strategy to expand our ability to serve customer needs, the Group is continuously working on improvements in the current product offering as well as developing new products. As part of this process, the Group maintains a focus on enhancing the product range offered in the current operational markets.

Sustainability

While the Parent Company is not yet in scope for mandatory sustainability disclosures under the CSRD, the Group recognises the importance of environmental, social, and governance (ESG) practices.

The Group has initiated preliminary efforts to assess ESG risks and opportunities across its operations, with a particular focus on:

- Responsible lending practices and enabling access to financing for underserved customer groups
- Minimising operational environmental footprint
- Employee diversity and development

The Group aims to provide a more comprehensive overview of its ESG activities and an analysis of their impact on the set ESG goals in future periods.

Key highlights of the Group's financial performance during the period

Interest income for the twelve months ended 31 December 2024 amounted to EUR 271.3 million, compared to EUR 278.7 million in 2023, which represents a decrease of 2.6%. The slight decline in interest income was primarily attributable to the strategic decision to reduce exposure in the Central Asia market.

The balance of outstanding net loan portfolio at the end of 2024 was EUR 170.3 million, a 6.3% reduction compared to EUR 181.7 million as of 31 December 2023. The decrease was largely driven by the downsizing in the Central Asia market; however, other operational regions, particularly Europe, demonstrated strong growth.

The Group's net profit for the year ended 31 December 2024 amounted to EUR 71.6 million, a 0.7% decrease from EUR 72.1 million reported for the twelve months ended 31 December 2023. Despite a decline in the Group's total operating income, the net profit remained broadly stable, due to the Group's advanced risk strategies and tight operational cost oversight.

Overall, the Group delivered stable financial performance during the reporting period by continuously improving the products offered to its loyal customer base in established operational markets, while also expanding its presence into new geographical regions.

Other information

The Group applies Group-level policies for overall risk management, and there are Group policies covering specific areas such as credit risk, liquidity risk, market risk, interest rate risk, operational risk and reputational risk. Management has implemented procedures to control the key risks as described below. More detailed information on risks and relevant policies can be seen in Note 4.

MANAGEMENT REPORT

Credit risk

Credit risk is the risk of a financial loss to the Group if a counterparty/customer fails to meet its contractual obligations, and arises primarily from the Group's loans and advances to customers. This includes scenarios where the customer makes payments late, only partially, or not at all. The Industry's customers generally have higher frequency of delinquencies, higher risk of non-payment and, thus, higher credit losses than customers who are served by traditional providers of consumer credit. The Group's Credit Policy defines lending guidelines according to the business strategy and efficient risk management, protecting the Group's assets as well as complying with the local regulatory requirements.

Liquidity risk

The Group manages its liquidity positions through its Treasury department. The Group manages its liquidity risk by arranging an adequate amount of committed credit facilities with related parties and by issuing bonds. In addition, the Group attracts a significant amount of funding through peer-to-peer platforms which are more flexible than traditional funding options and allows the management to increase or reduce the amount of funding available to the Group on a timely manner.

Market risk

Market risk is the risk that movements in market prices, including foreign exchange rates, interest rates, credit spreads and equity prices will affect the Group's income or the value of its portfolios. The Group specifically manages interest rate risk, currency risk and price risk as part of the broader market risk umbrella which are explained in more detail below.

Interest rate risk

Interest rate risk is the risk that movements in interest rates will affect the Group's income or the value of its portfolios of financial assets. Management believes that for the Group, interest rate risk is not material since all loans are issued and received at fixed rates. Whilst the majority of the Group's borrowings are subject to floating interest rates, the variable component is linked to the interest rate set by the European Central Bank, which has gradually decreased the reference rate since September 2023. Currently, there are no indications of expected increases. Management actively manages this risk, and more recent borrowings are structured with fixed interest rates.

Currency risk

The Group has assets and liabilities denominated in several foreign currencies. Foreign currency risk arises when the actual or forecasted assets in a foreign currency are either greater or less than the liabilities in that currency. Please see Note 38 for more detailed analysis of Group's sensitivity to different currencies in which we operate in.

Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or factors affecting all instruments traded in the market. Price risk arises when the Group takes a long or short position in a financial instrument. The Group is not exposed to price risk as it does not hold financial instruments dependant on changes in market prices.

Sun Finance Group/ Ownership

AS Sun Finance Group is the Parent Company of the Sun Finance Group (the "Group"). As of 31 December 2024, the Group has active lending operations in 9 countries. Each country's subsidiary is entitled to take operational decisions regarding its business activities. Countries located in a certain region are combined in "HUBs" coordinated by sub-holding companies controlled by the Parent Company. Each Hub is entitled to take decisions regarding the activities of the countries included in the Hub as well as general Hub activities.

The share capital of the Parent Company is indirectly held by the two founders of the Group and strategic investors attracted in 2018, AS Puzzle International.

MANAGEMENT REPORT

Subsequent events

On 28 February 2025, the Group listed the 3.5-year corporate bond with an issue size of EUR 25.6 million and a fixed annual interest rate of 11.0%, registered in May 2024, for trading on the Nasdaq First North market. The bond maturity is November 2027.

To refinance the Group's 3-year EUR 50 million corporate bond with the maturity date on 30 September 2025, the Group registered a new 3.5-year corporate bond on 7 April 2025, with an issue size of up to EUR 50 million. The new bond, maturing in September 2028, is organized as a private placement with a fixed annual coupon rate of 10%, paid monthly.

On 26 March 2025, the Group announced about exercising the right of early redemption of the 3-year EUR 50 million corporate bond. The bond has been redeemed in full ahead of schedule on 30 April 2025.

See also Note 40 section Regulatory environment and contingencies.

Management acknowledges the recent developments regarding the imposition of U.S. tariffs and has conducted an internal assessment along with an analysis of cooperation partners, concluding that there is no direct or indirect impact on the Group's operations, strategic planning, or financial results, as the Group's main business activity is consumer lending and it does not engage in the export of goods to the U.S.

Emils Latkovskis
Member of the Board
27 June 2025



CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	2024 EUR	2023 EUR Reclassified*
Interest income	6	151 033 463	155 152 423
Interest expense	8	(18 126 056)	(17 785 932)
Net interest income		132 907 407	137 366 491
Fee and commission income	7	120 300 666	123 558 269
Net impairment losses on loans and advances to customers	9	(45 267 274)	(22 891 935)
Gain/(losses) from derecognition of financial assets measured at amortised cost	20	(56 736 043)	(92 285 427)
Operating costs	10,35	(86 313 752)	(85 581 058)
Other operating income	11	32 135 978	42 303 374
Other operating expense	12	(5 630 123)	(9 083 129)
Net foreign exchange result	13	(168 820)	(1 227 742)
Profit before tax		91 228 039	92 158 843
Corporate income tax	14	(22 143 075)	(20 731 397)
Deferred corporate income tax	15	2 464 609	487 661
Profit for the period from continuing operations		71 549 573	71 915 107
Profit from the period from discontinued operations	32	-	146 716
PROFIT FOR THE PERIOD		71 549 573	72 061 823
* See Note 3 for details of reclassification.			
<u>Profit attributable to:</u>			
Equity holders of the Group		68 502 701	69 725 011
Non-controlling interests		3 046 872	2 336 812
Profit for the period		71 549 573	72 061 823
<u>Other comprehensive income / (loss)</u>			
Foreign currency translation differences on foreign operations			
Equity holders of the Group		309 213	(646 535)
Non-controlling interests		(37 430)	23 197
Total comprehensive income for the period		71 821 356	71 438 485
<u>Total comprehensive income/(loss) attributable to:</u>			
Equity holders of the Group		68 811 915	69 078 476
Non-controlling interests		3 009 442	2 360 009
Total comprehensive income for the period		71 821 357	71 438 485

The accompanying notes on pages 16 to 79 form an integral part of these Consolidated Financial Statements.

Emils Latkovskis
Member of the Board
27 June 2025



Elina Zerne
Group Chief Financial Officer
27 June 2025



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	31.12.2024 EUR	31.12.2023 EUR Reclassified*
ASSETS			
Property and equipment, leasehold improvements	16	1 365 748	1 598 165
Right-of-use assets	16	2 894 515	2 190 739
Intangible assets	17	3 147 808	2 590 976
Goodwill	17	11 313 714	11 255 566
Tangible and intangible assets		18 721 785	17 635 446
Loans and advances to customers	20	10 699 938	20 302 398
Other loans and receivables	18	4 155 396	44 832
Other non-current financial assets	19	4 416 215	70 069
Non-current financial assets		19 271 549	20 417 299
Deferred tax asset	15	6 031 428	2 827 507
Total non-current assets		44 024 762	40 880 252
Loans and advances to customers	20	159 621 384	161 431 373
Prepaid expense	21	1 693 737	1 213 992
Other receivables	22	18 700 234	28 467 803
Other loans and receivables	18	357 557	11 780
Cash and cash equivalents	23	34 843 331	22 641 935
Total current assets		215 216 243	213 766 883
TOTAL ASSETS		259 241 005	254 647 135

* See Note 3 for details of reclassification.

The accompanying notes on pages 16 to 79 form an integral part of these Consolidated Financial Statements.

Emils Latkovskis
Member of the Board
27 June 2025



Elina Zerne
Group Chief Financial Officer
27 June 2025



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	31.12.2024 EUR	31.12.2023 EUR Reclassified*
SHAREHOLDERS' EQUITY			
Share capital	24	340 000	340 000
Share premium		27 040	27 040
Reserves (Share-based payments)	2,35	1 540 000	1 654 000
Foreign currency translation reserve		341 362	32 149
Retained earnings		90 685 244	90 772 364
Total equity attributable to equity holders of the Parent Company		92 933 646	92 825 553
Non-controlling interest		1 980 025	1 997 014
TOTAL EQUITY		94 913 671	94 822 567
LIABILITIES			
Loans and borrowings	25	58 873 133	78 989 228
Deferred tax liabilities	15	616 012	162 046
Provisions	30	877 762	1 628 734
Non-current liabilities		60 366 907	80 780 008
Loans and borrowings	25	72 438 246	47 686 412
Prepayments and other payments received from clients	26	5 980 328	6 176 647
Trade and other payables	27	9 314 311	8 158 751
Corporate income tax payable	14	10 581 690	11 140 334
Taxes payable	28	3 139 760	2 686 643
Accrued liabilities	29	2 506 092	3 195 773
Current liabilities		103 960 427	79 044 560
TOTAL LIABILITIES		164 327 334	159 824 568
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		259 241 005	254 647 135

* See Note 3 for details of reclassification.

The accompanying notes on pages 16 to 79 form an integral part of these Consolidated Financial Statements.

Emils Latkovskis
Member of the Board
27 June 2025



Elina Zerne
Group Chief Financial Officer
27 June 2025



CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	2024 EUR	2023 EUR
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxes		91 228 039	92 305 559
Adjustments for:			
Depreciation and amortization	10, 32	2 697 362	2 645 064
Goodwill write-off	12, 17	-	250 214
Sold portfolio write-off		103 932 226	158 975 445
Increase in impairment allowance	9, 32	45 267 274	35 516 919
Write-off and disposal of intangible and property and equipment assets	16, 17	343 068	565 351
Provisions (except doubtful debt allowance)		(211 604)	1 219 257
Increase/ (decrease) of reserves		(114 000)	123 947
Non-controlling interest retained earnings		(482 042)	314 041
Interest income	11	(384 707)	(19 819)
Interest expenses	8	18 126 056	17 785 932
Loss from discontinued operations	32	-	2 652 019
Other non-cash items, including loss/(gain) on disposals		-	(757 867)
Profit or loss before adjustments for the effect of changes to current assets and short-term liabilities		260 401 672	311 576 062
Adjustments for:			
Increase in loans and advances to customers		(137 787 050)	(211 414 456)
(Increase)/ decrease in other assets		1 740 773	(5 850 972)
Increase in accounts payable to suppliers, contractors, and other creditors		1 861 367	3 402 533
Gross cash flows from operating activities		126 216 762	97 713 167
Corporate income tax paid		(20 237 109)	(13 291 076)
Net cash flows from operating activities		105 979 653	84 422 091
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment and intangible assets	16, 17	(4 090 847)	(3 222 626)
Loans issued to related and other parties		(8 832 094)	(1 768 159)
Received loan repayment		3 416 125	224 185
Interest received		116 687	56 997
Acquisition of subsidiaries, net of cash acquired		(36 331)	1 324 933
Disposal of discontinued operations, net of cash disposed	32	-	(3 245 644)
Net cash flows used in investing activities		(9 426 460)	(6 630 314)

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	2024 EUR	2023 EUR
CASH FLOWS FROM FINANCING ACTIVITIES			
Loans received and notes issued		64 660 970	84 334 428
Repayment of loans		(43 139 121)	(81 934 938)
Interest payments		(17 264 639)	(14 318 087)
Funding received from P2P		5 787 594	87 970 063
Repayment of funding received from P2P		(22 572 621)	(99 461 298)
Return to Investors		(71 171 641)	(42 812 637)
Net cash flows used in financing activities		(83 699 458)	(66 222 469)
Net increase in cash and cash equivalents		12 853 735	11 569 308
Cash and cash equivalents at the beginning of the period		22 641 935	10 784 579
Effect of exchange rate fluctuations on cash		(652 339)	288 048
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	23	34 843 331	22 641 935

The accompanying notes on pages 16 to 79 form an integral part of these Consolidated Financial Statements.

Emils Latkovskis
Member of the Board
27 June 2025



Elina Zerne
Group Chief Financial Officer
27 June 2025



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Currency translation reserve	Other reserves	Retained earnings	Total	Non-controlling interests	Total
Group	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
01.01.2023	340 000	27 040	678 684	1 530 053	62 815 417	65 391 194	642 685	66 033 879
Changes in ownership								
Acquisition/ (Disposal) of non-controlling interest without change in control	-	-	-	-	(9 064)	(9 064)	691 586	682 522
Total comprehensive income								
Profit for the reporting period	-	-	-	-	69 725 011	69 725 011	2 336 812	72 061 823
Other comprehensive income	-	-	(646 535)	-	-	(646 535)	23 197	(623 338)
Transactions with shareholders recorded directly in equity								
Value of employee services (Note 35)	-	-	-	135 000	-	135 000	-	135 000
Reserves	-	-	-	(11 053)	-	(11 053)	-	(11 053)
Earnings Allocation	-	-	-	-	(41 759 000)	(41 759 000)	(1 697 266)	(43 456 266)
31.12.2023	340 000	27 040	32 149	1 654 000	90 772 364	92 825 553	1 997 014	94 822 567
Changes in ownership								
Acquisition/ (Disposal) of non-controlling interest without change in control	-	-	-	-	430 179	430 179	(1 044 463)	(614 284)
Total comprehensive income								
Profit for the reporting period	-	-	-	-	68 502 701	68 502 701	3 046 872	71 549 573
Other comprehensive income	-	-	309 213	-	-	309 213	(37 430)	271 783
Transactions with shareholders recorded directly in equity								
Value of employee services (Note 35)	-	-	-	(114 000)	-	(114 000)	-	(114 000)
Reserves	-	-	-	-	-	-	-	-
Earnings Allocation	-	-	-	-	(69 020 000)	(69 020 000)	(1 981 968)	(71 001 968)
31.12.2024	340 000	27 040	341 362	1 540 000	90 685 244	92 933 645	1 980 026	94 913 671

The accompanying notes on pages 16 to 79 form an integral part of these Consolidated Financial Statements.

Emils Latkovskis
Member of the Board
27 June 2025



Elina Zerne
Group Chief Financial Officer
27 June 2025



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(1) Reporting entity

AS Sun Finance Group (the “Parent Company”) is registered in Skanstes 52, Riga, Latvia, LV-1013 (reg.no: 40203205428). The Parent Company is operating as the holding company for several subsidiaries in Europe, Scandinavia, Central Asia, Southeast Asia, Latin America and Africa (together referred to as the ‘Group’). The Group entities provide consumer loans to customers and currently the Group has active lending operations in Poland, Latvia, Kazakhstan, Kyrgyzstan, Mexico, Sweden, Azerbaijan, Sri Lanka, Philippines, Kenya and Spain.

AS Sun Finance Group was established in April 2019.

(2) Basis of preparation

These consolidated annual financial statements as of and for the year ended 31 December 2024 are prepared in accordance with IFRS Accounting standards (IFRS) as adopted by the European Union (EU). The Group’s consolidated annual financial statements and its financial result are affected by accounting policies, assumptions, estimates and management judgement (Note 3), which necessarily have to be made in the course of preparation of the annual consolidated financial statements.

The Group’s management makes estimates and assumptions that affect the reported amounts of assets and liabilities within the current and next financial period. All estimates and assumptions required in conformity with IFRS are best estimates undertaken in accordance with the applicable standard. Estimates and judgements are evaluated on a continuous basis, and are based on past experience and other factors, including expectations with regard to future events. Accounting policies and management’s judgements for certain items are especially critical for the Group’s results and financial situation due to their materiality. Future events occur which cause the assumptions used in arriving at the estimates to change. The effect of any changes in estimates will be recorded in the financial statements, when determinable.

These consolidated financial statements were approved by the Parent Company’s Board on 27 June 2025. The shareholders have the power to reject the financial statements prepared and presented by the Board, and the right to request that new financial statements are prepared.

a) Basis of Measurement

The consolidated financial statements are prepared on a historical cost basis except for some financial assets and liabilities measured at fair value.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 5. The Management has assessed all the main risks and considers it appropriate to adopt going concern basis of accounting in preparing these financial statements.

Going concern

The consolidated financial statements have been prepared on a going concern basis. Management has assessed the Group’s ability to continue as a going concern for a period of at least twelve months from the reporting date.

This assessment included consideration of expected profitability, debt repayment obligations, bond covenant compliance, liquidity reserves, and access to financing. Based on this assessment, management believes the Group has adequate resources to continue operating for the foreseeable future and no material uncertainties have been identified that cast significant doubt on the Group’s ability to continue as a going concern.

Accordingly, the financial statements have been prepared on a going concern basis and do not include any adjustments that would be necessary if the Group were unable to continue as a going concern.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(b) Functional and presentation currency

The consolidated financial statements are presented in euro (EUR), unless stated otherwise. EUR is chosen as presentation currency since most of the Group's operational activities are based in European Union. During 2024 Group's subsidiaries companies operated in the functional currencies of EUR, PLN, KZT, SEK, MXN, PHP, USD, LKR and KES, respectively. The Parent Companies functional currency is EUR.

(3) Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements except for new International Accounting Standards Board standards and pronouncements which are applied when they become effective.

Basis of Consolidation

(i) Subsidiaries

Subsidiaries are those entities controlled by the Parent Company as at 31 December 2024. List of subsidiaries is presented in Note 41. Control exists when the Parent Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Thus, the Group controls an entity if and only if the Group has all the following:

- (a) power over the entity
- (b) exposure, or rights, to variable returns from its involvement with the entity and
- (c) the ability to use its power over the entity to affect the amount of the investor's returns.

Subsidiaries are excluded from consolidated financial statements from the date when control effectively ceases.

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to the Parent Company. They are presented separately within equity in the consolidated statement of financial position, but separately from the equity of the owners of the parent. The share of profit or loss and other comprehensive income attributable to non-controlling interests is also presented separately in the consolidated Statement of Profit or Loss and Other Comprehensive Income.

(ii) Interest in joint arrangements, associates and other unconsolidated subsidiaries

Significant judgements and assumptions are made assessing the interest in joint arrangements, associates and other unconsolidated subsidiaries. The Parent Company assesses the interest according to IFRS 12 and IFRS 10. The Parent Company has no interest in joint arrangements, associates or other unconsolidated subsidiaries.

(iii) Transactions eliminated on consolidation

Intra-Group balances and transactions, and any unrealised gains/losses arising from intra-Group transactions, are eliminated in preparing the consolidated financial statements.

(iv) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currency of the operation at the exchange rate set by the European Central Bank or, when no ECB rate is available for a particular currency, from the relevant local central bank. Monetary assets and liabilities denominated in foreign currencies are translated into the euro applying the reference exchange rate established by the Central Bank at the last day of the reporting year. The differences arising on settlements of transactions or on reporting foreign currency transactions at rates different from those at which these transactions have originally been recorded are recorded in the income statement accounts.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in Statement of Profit or Loss.

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Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated into EUR using the following exchange rates:

	31.12.2024	31.12.2023	2024 average	2023 average
PLN	4.2750	4.3395	4.3058	4.5420
DKK	-	7.4529	7.4589	7.4509
KZT	546.4700	502.2400	507.5063	493.1945
LKR	304.5646	358.7451	333.7313	354.1131
MXN	21.5241	18.7231	19.8314	19.1830
SEK	11.4590	11.0960	11.4325	11.4788
PHP	60.4738	61.2830	62.0072	60.1626
USD	1.0387	1.1050	1.0824	1.0813
KES	134.2899	173.7797	147.0274	151.0894

(ii) Foreign operations

The assets and liabilities of foreign operations are translated into EUR the Group's presentation currency at exchange rates set by the Central Bank at the reporting date. The income and expenses of foreign operations are translated into the Group's functional currency at exchange rates at the dates of the transactions. Foreign currency retranslation differences are recognized in other comprehensive income.

(v) Cash and cash equivalents

Cash and cash equivalents comprise call deposits in banks and cash on hand that are subject to insignificant risk of changes in their fair value and are used by the Group in the management of its short-term commitments.

(vi) Financial Instruments

(i) Recognition

Financial assets and liabilities are recognized in the statement of financial position when the Group becomes a party to the contractual provisions of the instrument. Loans and advances to customers are recognized when funds are transferred to the customers' accounts. All regular way purchases of financial assets are accounted for at the settlement date.

(ii) Classification and Measurement

Financial asset and financial liabilities are initially measured at fair value. For financial assets and liabilities not measured at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue are added to the initial carrying amount. Trade and other receivables without a significant financing component are measured at their transaction price.

The Group's assessment on particular asset classification is based on the Group's business model on how a particular asset is managed and based on contractual cash flow characteristics of that asset. At initial recognition the Group, as prescribed by IFRS 9, distributes all financial assets into 3 measurement categories:

- Amortised cost (AC) - The amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and adjusted for any loss allowance;
- Fair value through other comprehensive income (FVOCI) - Financial asset measured at fair value with unrealized changes in fair value recognized in other comprehensive income;

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- Fair value through profit or loss (FVTPL) - Financial asset measured at fair value with realized and unrealized changes in fair value recognized in profit or loss.

Purchased or originated credit-impaired financial assets require special AC measurement treatment. For third party purchased credit-impaired financial assets AC measurement a credit adjusted effective interest rate is applied, meaning that projected future cash-flows need to include expected cash losses compared to contractual cash flow amounts.

Subsequent to initial recognition, financial assets, including derivatives that are assets, are measured at their fair values, without any deduction for transaction costs that may be incurred on sale or other disposal, except for loans and advances to customers that are measured at amortized cost using the effective interest method.

All financial liabilities, other than those designated at fair value through profit or loss, are measured at amortised cost. Amortised cost is calculated using the effective interest rate method. Premiums and discounts, including initial transaction costs, are included in the carrying amount of the related instrument and amortised based on the effective interest rate of the instrument.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

(iii) Business model assessment

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective - the risks that affect the performance of the business model and the way those risks are managed. The expected frequency, value and timing of sales are also important aspects of the Group's assessment. The business model assessment is based on reasonably expected. If cash flows after initial recognition are realized in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward. The assessed business model is with the intention to hold financial assets in order to collect contractual cash flows, but when assets no longer meet the credit risk criteria of the Group credit policy - to sell the underperformed portfolio.

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

A financial asset is classified as measured at amortized cost when it meets SPPI criteria and is managed under held to collect business model. The SPPI test requires consideration whether the contractual terms of the financial asset give rise, on specific dates, to cash flows that are solely payment of principal and interest. The most significant elements of interest for the Group are typically the consideration for the time value of money and credit risk.

All of the Group's lending products are tested and meet the SPPI criteria. SPPI tests are mandatory and are performed during new product development or modification of current product features.

(v) Derecognition

A financial asset is derecognised when the contractual rights to the cash flows from the financial asset expire or when the Group transfers substantially all of the risks and rewards of ownership of the financial asset. Any rights or obligations created or retained in the transfer are recognized separately as assets or liabilities. A financial liability is derecognised when it is extinguished.

If the Group repurchases a part of a financial liability, the Group allocates the previous carrying amount of the financial liability between the part that continues to be recognised and the part that is derecognised based on the relative fair values of those parts on the date of the repurchase. The difference between (a) the carrying amount allocated to the part derecognised and (b) the consideration paid, including any non-cash assets transferred or liabilities assumed, for the part derecognised recognised in profit or loss.

(vi) Modification of financial assets and liabilities

Any modification to financial contract that is measured at amortised cost needs to be either derecognised or appropriately measured if modification is considered as non-substantial. Both qualitative and quantitative factors are considered in order to

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assess if the modification is substantial or not. For modifications that do not result in derecognition, the gross carrying amount of the asset is recalculated by discounting the modified contractual cash flows using credit-impaired effective interest rate (EIR). A credit-adjusted effective interest rate is used for expected credit losses of purchased or originated credit-impaired financial assets. The credit-adjusted effective interest rate reflects expected credit losses of the financial asset. When assessing whether or not financial asset is credit impaired, the Group evaluates whether the cash flows of the modified asset are substantially different and the Group considers the following qualitative factors:

- Significant changes in expected cash-flows
- Significant change in agreement terms
- Whether legal obligations have been extinguished.

Changes in the contractual cash flows of the asset are recognized in Statement of Profit or Loss and any costs or fees incurred adjust the carrying amount of the modified financial asset and are amortized over the remaining term of the modified instrument. Therefore, the original effective interest rate (EIR) determined at initial recognition is revised on modification to reflect any costs or fees incurred.

(vii) Fair value measurement principles

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 Group has access at that date. The fair value of a liability reflects its non-performance risk. Fair value measurement is conducted in accordance with IFRS 13 Fair Value Measurement.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

When applicable, the Group measures the fair value of an instrument using 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.

When there is no quoted price in an active market, the Group 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 take into account in pricing a transaction.

The key financial instruments of the Parent Company and the Group are cash, trade receivables and loans to customers, loans received and bonds issued, trade payables and other creditors arising from the business activities.

(viii) Loans and advances to customers

Loans and advances to customers are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. All Group loans are managed under „held to collect“ business model with contractual cash-flows representing solely payments of principal and interest.

For the purposes of these consolidated financial statements trade receivables and loans to customers are accounted for at amortized cost using the effective interest rate method. An impairment loss allowance for credit losses is established.

Credit losses are measured in accordance with the expected credit loss (ECL) model described in Note 20.

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(ix) Write-off

The Group considers any kind of financial asset completely unrecoverable and write off the financial asset from balance sheet entirely, if all legal actions have been performed to recover financial asset and the Group has no reasonable expectations of recovering the exposure.

(vi) Property, plant and equipment

The Group accounts for property, plant and equipment in accordance with International Accounting Standard (IAS) 16.

(i) Owned assets

Items of property, plant and equipment are stated at acquisition cost less accumulated depreciation and any impairment in value. Where an item of property and equipment comprises major components having different useful lives, they are accounted for as separate items of property and equipment.

(ii) Depreciation

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of the individual assets. Depreciation commences on the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and ready for use. The carrying values of equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount. The estimated useful lives are as follows:

Computer equipment	3 years
Furniture	3 years
Leasehold improvements	over lease term

(vii) Intangible assets and Goodwill

Intangible non-current assets, other than Goodwill, are stated at cost and amortized over their estimated useful lives on a straight-line basis. The carrying values of intangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. Losses from impairment are recognized where the carrying value of intangible non-current assets exceeds their recoverable amount.

Amortization is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets. The estimated useful lives are as follows:

Concessions, patents, licenses, trademarks and similar rights	5 years
Software and other intangible assets	3-4 years

(i) Internally generated intangible assets

Internally generated intangible assets primarily include the development costs of Group's information management systems. These costs are capitalized only if they satisfy the criteria as defined by IAS 38 and described below.

Internal and external development costs on management information systems arising from the development phase are capitalized. Significant maintenance and improvement costs are added to the initial cost of assets if they specifically meet the capitalization criteria.

Internally generated intangible assets cost value is increased by Group's information technology costs - salaries and social security contribution capitalization. Asset useful life is reassessed by management at each year end and amortization periods adapted accordingly.

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Internally generated intangible assets are amortized over their useful lives of 4 years, software and other intangible assets - over 3 years. The main internally generated intangible assets are CRM systems, workflow management platforms, and customer-facing applications.

According to IAS38, development costs shall be capitalized if, and only if, the Group can meet all of the following criteria:

- the project is clearly identified and the related costs are itemized and reliably monitored;
- the technical and industrial feasibility of completing the project is demonstrated;
- there is a clear intention to complete the project and to use or sell the intangible asset arising from it;
- the Group has the ability to use or sell the intangible asset arising from the project;
- the Group can demonstrate how the intangible asset will generate probable future economic benefits;
- the Group has adequate technical, financial and other resources to complete the project and to use or sell the intangible asset.

When these conditions are not satisfied, development costs generated by the Group are recognized as an expense when incurred.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is completed and the asset is available for use.

Impairment is recognised when there is an indication that the asset may be impaired, such as underperformance of the related system. Recoverable amount is lower of fair value less costs to sell and value in use, based on future cash flow projections.

Additional information is included in Note 17.

(ii) Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any. For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination. Such units represent the smallest groups of assets that generate cash inflows from continuing use that are largely independent of the cash flows of other assets or CGUs. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is recognized. The recoverable amount of cash generating units has been determined based on value of used calculations. The Group applies the requirements of IAS 36 Impairment of Assets when testing goodwill. Impairment losses recognised for goodwill are not reversed in subsequent periods, even if the recoverable amount of the CGU subsequently increases. These calculations require the use of estimates as disclosed in Note 17.

(viii) Impairment

(i) Financial assets – loans and advances to customers

At each reporting date the Group assesses whether there is objective evidence that financial assets not carried at fair value through profit or loss are impaired. The Group analyses its portfolio of loans and advances to customers by segregating receivables in categories according to each receivables days past due (DPD) metrics. The collective expected credit loss model (ECL) that is predominantly based on DPD is applied by the Group in assessment of impairment for loans and advances to customers.

The Group continuously monitors all assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments is subject to 12mECL or LT (lifetime)ECL, the Group assesses whether there has been a significant increase in credit risk (SICR) since initial recognition.

The Group segregates loans and advances to customers in the following categories:

1. Not past due
2. 1-30 days past due

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3. 31-60 days past due
4. 61-90 days past due
5. 91+ days past due

Definition of default

The Group considers majority of financial instruments as defaulted based on each market basis when the contractual payments are overdue more than 90 days. In European markets financial instrument is considered as defaulted when contractual payments are overdue more than 45 and 61 days. In certain cases, however, a financial asset might be considered as defaulted when internal or external information indicates that it is unlikely that the Group will receive all outstanding contractual cash-flows without taking any debt collection actions.

Loans and advances to customers are grouped into Stage 1, Stage 2 and Stage 3, based on the applied impairment methodology, as described below:

- Stage 1 – Initial recognition of loans. Part of loan portfolio where no significant increase in credit risk has occurred (0 -30 days past due), Group recognizes an allowance based on twelve month expected credit losses for single payment loans and twelve months expected credit losses for line of credit.
- Stage 2 - Loans with significant increase in credit risk (31 – 90 days past due). When a loan shows a significant increase in credit risk since initial recognition, Group records an allowance for the lifetime expected credit loss. In certain significant markets where the Group operates Stage 2 for ECL is not applied. As a result, financial assets that become more than 30 DPD are deemed to have transitioned directly to a credit-impaired status and are therefore classified as Stage 3 under the ECL model. Consequently, the intermediate classification of Stage 2 is not utilized in these markets, and exposures transition directly from Stage 1 to Stage 3 upon the occurrence of such delays.
- Stage 3 - Defaulted loans. Financial assets are recognized in Stage 3 when there is objective evidence that the loan is impaired (91+ days past due, for specific markets 45+ and 61+ days past due). Group recognizes the lifetime expected credit losses for these loans setting PD at level of 100%.

Healed portfolio share refers to the proportion of exposures that have transitioned from Stage 2 or Stage 3 to a lower credit risk category (i.e., Stage 1 or Stage 2), based on active products. This metric is calculated using data from the last three trailing months (TMs) employed for provisioning purposes.

The healed portfolio share is assessed for materiality based on the following criterion:

- If the share of exposures moving to Stage 1 or Stage 2 remains below 5% over the three-month observation period, it is deemed insignificant, indicating no material improvement in credit risk.
- Consequently, no additional adjustments to staging or credit risk assessment are applied in such cases.

If the healed portfolio share is equal to or exceeds 5% for three consecutive months, it is considered a significant indicator of improving credit quality. In such instances, a healing period is applied before exposures can be transferred to a lower-risk stage, as follows:

- Transition from Stage 2 or Stage 3 to Stage 1:
 - o A two-month healing period is required.
 - o During this time, exposures remain in Stage 2 to confirm sustained improvement in credit risk before reclassification to Stage 1.
- Transition from Stage 3 to Stage 2:
 - o A one-month healing period is applied.
 - o Exposures will remain in Stage 3 for at least one additional month, even if they otherwise meet the criteria for Stage 2.

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These measures ensure that improvements in credit risk are stable and sustainable before exposures are reclassified to a lower-risk stage.

The expected credit loss is calculated as a function of the probability of default (PD), the exposure at default (EAD) and the loss given default (LGD). Where:

- The Probability of Default (PD) is an estimate of the likelihood of default over a given time horizon;
- The Exposure at Default (EAD) is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments, whether scheduled by contract or otherwise;
- The Loss Given Default (LGD) is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realization of any collateral sell of defaulted loans. It is usually expressed as a percentage of the EAD. LGD is based on discounted cash flows on defaulted loans.

The amount of the expected credit losses is measured as the difference between all contractual cash flows that are due in accordance with the contract and all the cash flows that are expected to be received (i.e., all cash shortfalls), discounted at the original effective interest rate (EIR).

The carrying amount of the asset is reduced through the use of an allowance account and recognition of the loss in Statement of Profit or Loss. Allowances for credit losses on loans and advances to customers are assessed collectively. Collectively assessed impairment allowances cover credit losses inherent in portfolios of loans and advances to customers with similar credit risk characteristics when there is objective evidence to suggest that they contain impaired financial assets, but the individual impaired items cannot yet be identified.

In assessing collective impairment, the Group uses statistical modelling of historical trends of the probability of default, timing of recoveries and the amount of expected loss, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical modelling. Default rates, loss rates and the expected timing of future recoveries are regularly benchmarked against actual outcomes to ensure that they remain appropriate. Specific individual impairment testing is not undertaken since the loan portfolio consists of a large number of small exposure loans that would make individual impairment testing impractical.

The Group integrates reasonable and supportable forward-looking information into the measurement of expected credit losses. This includes macroeconomic forecasts (unemployment rate, inflation rate and GDP annual growth rate) and relevant external and internal information that affect the credit risk and the expected performance of financial assets. Forecasted macroeconomic variables and the macro effect is calculated based on recent macro-economic data outlook by using fixed regression coefficients and are integrated in ECL models. Each half a year there is a review and update of forecasted macro variables values, and the macro effect is recalculated based on recent macro-economic data outlook by using fixed regression coefficients.

Impairment losses on portfolios of assets carried at amortized cost are measured as the difference between the carrying amount of the financial asset and the present value of estimated discounted future cash flows. Impairment losses are recognized in the Statement of Profit or Loss and reflected in an allowance account against loans receivable. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the Statement of Profit or Loss. The maximum period for which the credit losses are determined is the contractual life of a financial loan.

Modifications

The Group in specific cases provide customers with option to make amendments to the original terms of the agreement. These substantial amendments are treated as a new agreement rather than modification to the original agreement under the SPPI criteria test.

(ii) Impairment of financial assets other than loans and receivables due from customers

Financial assets where the Group calculates ECL on an individual basis or collective basis are:

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- Other receivables from customers - on collective basis
- Trade receivables - on individual basis
- Loans to related parties – on individual basis
- Cash and cash equivalents - on individual basis

Impairment for other assets - for other receivables that are not related to loans and advances to customers, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The ECL recorded is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

An impairment loss is reversed only if the reversal can be objectively related to an event occurring after the loss was recognised, and the asset's carrying amount does not exceed the amount that would have been determined if no impairment loss had been recognised.

Impairment for loans to related parties - Receivables from related parties inherently are subject to the Group's credit risk. Therefore, a benchmarked PD and LGD rate - based on corporate statistics studies has been applied in determining the ECLs.

Impairment of cash and cash equivalents - For cash and cash equivalents default is considered as soon as balances are not cleared beyond conventional banking settlement timeline, i.e., a few days. Therefore, transition is straight from Stage 1 to Stage 3 given the low number of days that it would take the exposure to reach Stage 3 classification, meaning default.

(ix) Provisions and contingencies

Management has applied significant judgement in estimating regulatory-related provisions. The measurement of these provisions is based on best estimates of potential economic outflows, supported by legal opinions. All assumptions are reviewed at each reporting date and provisions are reversed if the likelihood of outflow becomes remote.

Provisions are recognized in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets when the Group has a present legal or constructive obligation arising from a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. Where the time value of money is material, the provision is measured at the present value of expected future cash flows, discounted using a pre-tax rate that reflects current market assessments of the time value of money and, where applicable, the risks specific to the liability.

Expenses related to provisions are presented in the Statement of Profit or Loss of any expected reimbursements when the Group has a present obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. The expense relating to any provision is presented in the Statement of Profit of Loss net of any reimbursement.

Group has implemented IFRIC 23 Uncertainty over Income Tax Treatment. Under IFRIC 23 the Group recognize the provisions for the potential tax liabilities if is not probable that the taxation authority will accept an uncertain tax treatment. Provisions estimated using either of the following methods, depending on which method the entity expects to better predict the resolution of the uncertainty: (a) the most likely amount - the single most likely amount in a range of possible outcomes; or (b) the expected value -the sum of the probability-weighted amounts in a range of possible outcomes.

A contingent liability is disclosed when there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or a present obligation that arises from past events, but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be

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measured with sufficient reliability. The provision is measured using either the most likely amount or the expected value approach, depending on which better predicts the resolution. Tax provisions are reassessed at each reporting date.

A contingent asset is disclosed, but not recognised, when an inflow of economic benefits is probable. If the realisation of income becomes virtually certain, the asset is no longer contingent and is recognised.

Provisions for tax liabilities

Significant management judgement is used for estimating provisions in relation to tax amounts disputed with tax authorities. The Group's management has assessed all potential contingencies regarding taxes and evaluated probability of any contingencies arising from them to be low, therefore no reliable contingent liability should be disclosed.

Accruals for unused vacations

As at the period end, an accrued expense for unused vacations has been recognized in accordance with local legislation in each separate country of operation and is based on the number of vacation days unused as at 31 December 2024 and historical remuneration. Accruals for unused vacation days are recognised as short-term employee benefits in accordance with IAS 19.

(x) Share Capital and reserves

(i) Currency revaluation reserve (IAS 21)

The currency revaluation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations into functional and presentation currencies.

(ii) Share based payments (IFRS 2)

The cost of equity-settled transactions is determined by the fair value at the grant date using an appropriate valuation model. Fair value is measured using discounted cash flow and market multiple approach. Applied discount rate is based on cost of equity calculated on market specific country risk premiums (30.5%) and average market multiple at grant date equal to 3. That cost is recognized in employee benefits in Profit or Loss, together with a corresponding increase in equity (Other reserves), over the period when the performance conditions are fulfilled (the vesting period). The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest.

(iii) Non-controlling interests

Non-controlling interests are measured at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

(xi) Loans and borrowings

Loans and borrowings at initial recognition are recognized at present value. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized; interest expense is recognized through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the Statement of Profit or Loss. This category generally applies to interest-bearing loans and borrowings.

(xii) Leases – the Group as lessee

At inception of a contract, the Group assesses whether a contract is or contains, a lease. A contract is or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the

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lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate. The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Initial recognition exemptions applied

As a recognition exemption the Group elects not to apply the recognition requirements of right-of-use asset and lease liability to:

- Short term leases – for all classes of underlying assets; and
- Leases of low-value assets – on a lease-by-lease basis.

For leases qualifying as short-term leases and/or leases of low-value assets, the Group does not recognize a lease liability or right-of-use asset. The Group recognizes the lease payments associated with those leases as an expense on a straight-line basis over the lease term.

Short term leases:

A short-term lease is a lease that, at the commencement date, has a lease term of 12 months or less. A lease that contains a purchase option is not a short-term lease. This lease exemption is applied for all classes of underlying assets.

Leases of low-value assets:

The Group defines a low-value asset as one:

- that has a value, when new of EUR 2 000 or less. Group assesses the value of an underlying asset based on the value of the asset when it is new, regardless of the age of the asset being leased;
- the Group can benefit from use of the assets on its own, or together with, other resources that are readily available to the Group; and
- the underlying asset is not dependent on, or highly interrelated with, other assets.

(xiii) Transactions with peer-to-peer platforms

Certain subsidiary, as loan originators, have signed cooperation agreements with operator of a peer-to-peer (P2P) investment internet-based platform. Cooperation agreements and the related assignment agreements are in force until parties agree to terminate. Purpose of the cooperation agreement for the Group is to attract funding through the P2P platform. The Group retains substantially all credit risk and rewards of ownership of the financial asset.

A receivable arises when investor funds are committed but not yet transferred to the Group. A payable arises for repurchase obligations under defaulted assets.

P2P platform is acting as an agent in transferring cash flows between the Group and investors. Receivable for attracted funding from investors through P2P platform corresponds to the due payments from P2P platform. The Group retains the legal title to

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its debt instruments (including payment collection) but transfers a part of equitable title and interest to investors through P2P platform.

Receivable is arising from assignments made through P2P platform where the related investment is not yet transferred to the Group (Note 22).

P2P platform commissions and service fees incurred by the Group are fees charged by P2P platform for servicing the funding attracted through peer-to-peer platform and are disclosed in Note 8 and Note 10.

Funding attracted through P2P platform

Liabilities arising from assignments with or without recourse rights are initially recognized at cost, being the fair value of the consideration received from investors net of issue costs associated with the loan.

Liabilities to investors are recognized in statement of financial position caption Loans and borrowings attracted through P2P platform (Note 25) and are treated as loans received.

Assignments with recourse rights (buy back guarantee)

Assignments with recourse rights provide for direct recourse to the Group, thus do not meet the requirements to be classified as pass-through arrangement in accordance with IFRS 9. Specifically, neither investors, nor the P2P platform bear any risks in relation to creditworthiness of the Group's borrower. The Group is obliged, on first demand of the P2P platform, to repay all monies due if loan agreement with borrower defaults. Additionally, the Group retains the risks and rewards of ownership of the financial asset.

Therefore, the Group's respective debt instruments do not qualify to be considered for partial derecognition and interest expense paid to investors is shown in gross amount under Interest expense calculated using effective interest method.

(xiv) Dividends

Dividend distribution to the shareholders of the Group is recognized as a liability and as distribution of retained earnings in the financial statements in the period in which the dividends are approved by the shareholders, the later applicable also for interim dividends.

(xv) Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the income statement except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

(i) Current tax – general terms

Current tax is the expected tax payable on the taxable income derived from current year's earned profit and adjustments of taxable income, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

(ii) Current tax for entities in Latvia

In Latvia legal entities are not required to pay income tax on earned profits in accordance with local legislation on Corporate Income Tax. Instead of this, Corporate income tax would be paid at 20% rate of gross amount on distributed profits and deemed profit distributions. Corporate income tax on dividends would be recognized in the Statement of Profit or Loss as expense in the reporting period when respective dividends are declared, while, as regards other deemed profit items, at the time when expense is incurred in the reporting year.

(iii) Deferred tax – general terms

Deferred tax is provided for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(iv) Deferred tax for entities in Latvia

Under IAS 12 Income taxes, deferred tax assets and liabilities should be recognized by applying a rate expected to be applied to retained earnings. Taking into account the specific nature of Corporate income tax law the rate 20% is only applied to distributed profits, while the 0% rate applied to retained earnings. The Group has decided to use these beneficial tax regimes to reinvest profits in further development of respective subsidiaries in Latvia, therefore it does not plan to distribute dividends from these subsidiaries in foreseeable future, therefore, no deferred income tax liabilities are recognised. Maximum possible tax liability in case all retained earnings were distributed is disclosed in Note 15.

(xvi) Income and expense recognition

(i) Interest income and expense

Interest income and expense are recognised in Statement of Profit or Loss using the effective interest rate method under IFRS9. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability. When calculating the effective interest rate, the Group estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

The Group stops accruing interest income once a Single Payment Loan passes its due date, and Long-term products are typically sold through a forward flow agreement before they become credit-impaired (Stage 3).

(ii) Fee and commission income according to the effective interest rate method

Fee and commission income is recognized based on the effective interest rate method in accordance with IFRS 9. This includes loan issuance fees and any other fees that are integral to the loan contract.

(iii) Fee and commission income that is not integral part of the effective interest rate

Other fees and commissions, that are not integral part of the effective interest rate, are recognised as the related services are performed and control over a service is transferred to a customer. These services are provided only upon voluntary requests by clients and include credit restructuring assistance, communication with banks to facilitate sooner payments processing and others. Over time revenue recognition is proportional to progress towards satisfying a performance obligation by transferring control of promised services to a customer. Income which does not qualify for recognition over time is recognised at a point in time when the service is rendered and payment is received, according to IFRS 15.

Fee and commission income contains also loan extension fees and guarantee fees that customers apply for to extend the loan period which guarantees the payment in case of default.

(iv) Delay fee income

Penalty fee income and delay fee income are recognised under IFRS 15 on cash basis at the point in time when the contractual condition giving rise to the penalty is met and collection is considered probable.

(v) Income from Debt Sales

Income from debt sales represents proceeds received from the sale of financial assets (loans and advances to customers) to third-party debt purchasers. The Group derecognizes the related financial asset in accordance with the requirements of IFRS 9 – Financial Instruments, when substantially all the risks and rewards of ownership have been transferred to the buyer. Income is recognized at the point in time when control of the financial asset is transferred, and the Group no longer retains continuing

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involvement in the asset. The gain or loss on sale is measured as the difference between the carrying amount of the financial asset at the time of derecognition and the consideration received.

(vi) Income from management services

The Group provides management services to its related and non-related parties. Income is recognized at an amount that reflects the consideration to which the Group expects to be entitled in exchange for providing these services, in accordance with IFRS 15. The performance obligation is satisfied as the respective service is being provided.

The pricing of these related-party transactions is determined in accordance with the arm's length principle. The Group maintains appropriate transfer pricing documentation to support the pricing of provided services and regularly reviews its policies to ensure compliance with applicable local tax laws and regulations.

(vii) Profit sharing arrangements

The Group has concluded profit sharing contracts with a third-party according to law of the Republic of Latvia. Based on the profit-sharing arrangement the Group has granted to third party an opportunity to provide credit scoring services to the Group's customers in some countries. Within such a cooperation the Group has unconditional rights and third-party shareholder has an obligation to pay to the Group a substantial part of its net profit from cooperation with the Group upon the approval of monthly operational financial statements. These contracts fall within the scope of IFRS 15, and the Group recognizes the income when the profit is earned, i.e., when it becomes entitled to the profit under the contract terms. The Group has made an assessment according to IFRS 10 and IAS 24 and third party does not qualify for the Group subsidiary or related party.

(viii) Other income/Income from insurance agent activities

Income from insurance broker activities include income whereby the loan issuers act as agents offering third party insurance company services to clients. Loan issuers do not bear the insurance risk – loan default risks due to accidents which might lead to default event on these transactions. Income is recognized as the service has been performed and control over service is transferred to the customer according to IFRS15. The Group's subsidiaries do not issue insurance policies, nor carry any related risks to insurance transactions.

(ix) Other income/Income from guarantee agreement

The Group has concluded agreement with third-party for credit enhancement against default risk. As the result of this agreement the Group recognizes income. Income is recognized at an amount that reflects the consideration to which the Group expects to be entitled in exchange for providing these services, in accordance with IFRS 15. The performance obligation is satisfied as the respective service is being provided.

(xvii) Fair value of employee share options

Group's employees have entered a share option agreements with Parent Company or Subsidiaries. Under the agreements respective employees obtain rights to acquire Parent Company's or certain subsidiaries' shares under several graded vesting scenarios. The respective options are classified as an equity-settled share-based payment transaction in Group's financial statements in accordance with IFRS 2. There are cash settlement alternatives. Cash settlement risk has been assessed as not probable, and that estimate is based on current conditions. Group records expenses over the vesting period related to this transaction and corresponding increase in Equity – Reserves. No expense is recognised for awards that fail due to service or non-market performance conditions.

(xviii) Related parties

The parties are considered related when one party has a possibility to control the other one or has significant influence over the other party in making financial and operating decisions. Related parties of the Group are shareholders who could control or who have significant influence over the Group in accepting operating business decisions, key management personnel of the Group including members of Supervisory body – close family members of any above-mentioned persons, as well as entities over which those persons have a control or significant influence.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The Group has defined that a person or a close member of that person's family is related to a reporting entity if that person:

- has control or joint control of the reporting entity
- has control or joint control of the reporting entity;
- is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

An entity is related to a reporting entity if any of the following conditions applies:

- The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
- One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
- Both entities are joint ventures of the same third party;
- One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- The entity is a post employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity;
- The entity is controlled or jointly controlled by a person identified that has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity);
- The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

All related party transactions were conducted on an arm's length basis, consistent with the Group's transfer pricing policy and in accordance with the OECD Transfer Pricing Guidelines.

(xix) Non-controlling interest

Non-controlling interest is that part of the net results and of the equity of a subsidiary attributable to interests which are not owned, directly or indirectly, by the Group. Non-controlling interest forms a separate component of the Group's equity.

(xx) Business combinations

Acquisitions of businesses, including acquisitions under common control in situations the common control transaction has commercial substance, are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 respectively. Goodwill is measured as the excess of the sum of the consideration transferred over the fair value of net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. Goodwill is tested for impairment at least once a year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(xxi) Changes in accounting policies

The Group has consistently applied the accounting policies set out in Note 3.

a) New standards, interpretations and amendments adopted from 1 January 2024

The following amendments are effective for the period beginning 1 January 2024:

- Supplier Finance Arrangements (Amendments to IAS 7 & IFRS 7);
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16);
- Classification of Liabilities as Current or Non-Current (Amendments to IAS 1); and
- Non-current Liabilities with Covenants (Amendments to IAS 1).

These amendments to various IFRS Accounting Standards are mandatorily effective for reporting periods beginning on or after 1 January 2024.

Supplier Finance Arrangements (Amendments to IAS 7 & IFRS 7)

On 25 May 2023, the IASB issued Supplier Finance Arrangements, which amended IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures.

The amendments require entities to provide certain specific disclosures (qualitative and quantitative) related to supplier finance arrangements. The amendments also provide guidance on the characteristics of supplier finance arrangements.

Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)

On 22 September 2022, the IASB issued amendments to IFRS 16 – Lease Liability in a Sale and Leaseback (the Amendments).

Prior to the Amendments, IFRS 16 did not contain specific measurement requirements for lease liabilities that may contain variable lease payments arising in a sale and leaseback transaction. In applying the subsequent measurement requirements of lease liabilities to a sale and leaseback transaction, the Amendments require a seller-lessee to determine 'lease payments' or 'revised lease payments' in a way that the seller-lessee would not recognize any amount of the gain or loss that relates to the right of use retained by the seller-lessee. These amendments had no effect on the consolidated/separate financial statements of the Group/Entity.

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

The IASB issued amendments to IAS 1 in January 2020: Classification of Liabilities as Current or Non-current, and subsequently, in October 2022: Non-current Liabilities with Covenants.

The amendments clarify the following:

- An entity's right to defer settlement of a liability for at least twelve months after the reporting period must have substance and must exist at the end of the reporting period.
- If an entity's right to defer settlement of a liability is subject to covenants, such covenants affect whether that right exists at the end of the reporting period only if the entity is required to comply with the covenant on or before the end of the reporting period.
- The classification of a liability as current or non-current is unaffected by the likelihood that the entity will exercise its right to defer settlement.
- In the case of a liability that can be settled, at the option of the counterparty, by the transfer of the entity's own equity instruments, such settlement terms do not affect the classification of the liability as current or non-current only if the option is classified as an equity instrument.

These amendments have no effect on the measurement of any items in the consolidated/separate financial statements of the Group/Entity. However, the classification of certain borrowings has changed from non-current to current as a result of the application of the amendments for the current financial year as well as the comparative period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

b) New standards, interpretations, and amendments not yet effective

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Group/Entity has decided not to adopt early.

The following amendments are effective for the annual reporting period beginning 1 January 2025:

- Lack of Exchangeability (Amendment to IAS 21 The Effects of Changes in Foreign Exchange Rates).

The following amendments are effective for the annual reporting period beginning 1 January 2026:

- Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 Financial Instruments and IFRS 7).
- Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7).

The following standards and amendments are effective for the annual reporting period beginning 1 January 2027:

- IFRS 18 Presentation and Disclosure in Financial Statements
- IFRS 19 Subsidiaries without Public Accountability: Disclosures

The Group/Entity is currently assessing the effect of these new accounting standards and amendments.

IFRS 18 Presentation and Disclosure in Financial Statements

This standard, issued by the IASB in April 2024, supersedes IAS 1 and results in major consequential amendments to IFRS Accounting Standards, including IAS 8 Basis of Preparation of Financial Statements (renamed from Accounting Policies, Changes in Accounting Estimates, and Errors). Even though IFRS 18 will not have any effect on the recognition and measurement of items in the consolidated/separate financial statements of the Group/Entity, it is expected to have a significant effect on the presentation and disclosure of certain items. These changes include categorization and sub-totals in the Statement of Profit or Loss, aggregation/disaggregation and labelling of information, and disclosure of management-defined performance measures.

IFRS 19 Subsidiaries without Public Accountability: Disclosures

The Group/Entity does not expect to be eligible to apply IFRS 19.

The Group has not yet assessed the impact of the above standards, amendments and interpretations on the Group's accounting policies and financial statements.

(xxii) Subsequent events

Post-period-end events that provide additional information about the Group's position at the statement of financial position date (adjusting events) are reflected in the consolidated financial statements. Post-period-end events that are not adjusting events are disclosed in the notes when material.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(xxiii) Changes in classification

During 2024, the Group made certain classification changes in the Consolidated Statement of Profit or Loss and Other Comprehensive Income and the Statement of Financial Position to better reflect the nature of transactions. Comparative figures have been reclassified, where necessary, to conform to the current year's presentation. These reclassifications did not have any impact on the Group's total comprehensive income or equity for the periods presented.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	2023 EUR		2023 EUR
	In annual report for 2023	Reclassification	After reclassification
Interest income	278 710 692	(123 558 269)	155 152 423
Interest expense	(17 785 932)		(17 785 932)
Net interest income	260 924 760	(123 558 269)	137 366 491
Fee and commission income	-	123 558 269	123 558 269
Net impairment losses on loans and advances to customers	(22 891 935)	-	(22 891 935)
Gain/(losses) from derecognition of financial assets measured at amortised cost	(92 285 427)	-	(92 285 427)
Operating costs	(85 581 058)	-	(85 581 058)
Other operating income	42 450 090	(146 716)	42 303 374
Other operating expense	(5 021 856)	(4 061 273)	(9 083 129)
Net foreign exchange result	(1 227 742)	-	(1 227 742)
Profit before tax	96 366 832	(4 207 989)	92 158 843
Corporate income tax	(24 305 009)	3 573 612	(20 731 397)
Deferred corporate income tax	-	487 661	487 661
Profit from continuing operations	72 061 823	(146 716)	71 715 107
Profit from discontinued operations	-	146 716	146 716
PROFIT FOR THE PERIOD	72 061 823	-	72 061 823

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Statement of Financial Position

	31.12.2023 EUR		31.12.2023 EUR
Assets	In annual report for 2023	Reclassification	After reclassification
Property and equipment, leasehold improvement	3 788 904	(2 190 739)	1 598 165
Right-of-use assets	-	2 190 739	2 190 739
Intangible assets	13 846 542	(11 255 566)	2 590 976
Goodwill	-	11 255 566	11 255 566
Tangible and intangible assets	17 635 446	-	17 635 446
Loans and advances to customers	-	20 302 398	20 302 398
Other loans and receivables	44 832	-	44 832
Other non-current financial assets	70 069	-	70 069
Non-current financial assets	114 901	20 302 398	20 417 299
Deferred tax asset	2 827 507	-	2 827 507
Total non-current assets	20 577 854	20 302 398	40 880 252
Loans and advances to customers	181 733 771	(20 302 398)	161 431 373
Prepaid expense	1 213 992	-	1 213 992
Other receivables	28 467 803	-	28 467 803
Other loans and receivables	11 780	-	11 780
Cash and cash equivalents	22 641 935	-	22 641 935
TOTAL CURRENT ASSETS	234 069 281	(20 302 398)	213 766 883
TOTAL ASSETS	254 647 135	-	254 647 135

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Shareholders' equity

	2023 EUR		2023 EUR
TOTAL EQUITY	94 822 567	-	94 822 567
Liabilities			
Loans and borrowings	78 989 228	-	78 989 228
Deferred tax liabilities	162 046	-	162 046
Provisions	-	1 628 734	1 628 734
NON-CURRENT LIABILITIES	79 151 274	1 628 734	80 780 008
Loans and borrowings	47 686 412	-	47 686 412
Prepayments and other payments received from clients	6 176 647	-	6 176 647
Trade and other payables	8 158 751	-	8 158 751
Corporate income tax payable	11 140 334	-	11 140 334
Taxes payable	2 686 643	-	2 686 643
Accrued liabilities	4 824 507	(1 628 734)	3 195 773
Current liabilities	80 673 294	(1 628 734)	79 044 560
TOTAL LIABILITIES	159 824 568	-	159 824 568
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	254 647 135	-	254 647 135

(xxii) Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represent a separate major line of business or geographical area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations;
- are operations that are ceased.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale in accordance with IFRS 5. When an operation is classified as a discontinued operation, the comparative Statement of Profit or Loss and other comprehensive income (OCI) is represented as if the operation had been discontinued from the start of the comparative year.

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(4) Risk management

Key financial risks related to the Group's financial instruments are:

- Credit risk
- Liquidity Market risks
- Operational risks
- Reputational risks

Management has implemented procedures to control the key risks.

(a) Credit risk

Credit risk is the risk of a financial loss to the Group if a counterparty/customer fails to meet its contractual obligations, and arises primarily from the Group's loans and advances to customers. This includes scenarios where the customer makes payments late, only partially, or not at all. The Group's customers generally have higher frequency of delinquencies, higher risk of non-payment and, thus, higher credit losses than customers who are served by traditional providers of consumer credit. The Group's Credit Policy defines lending guidelines according to the business strategy and efficient risk management, protecting the Group's assets as well as complying with the local regulatory requirements. Loan credit risk is managed by multiple triggers that are analysed prior to the loan being issued, including customer credit history checks and revenue levels. The triggers exclude any possibility of judgment as scoring is done automatically and is based on statistical evidence. Specific credit scoring models are adjusted to specific countries requirements and tendencies. Credit scoring models are periodically reviewed and if necessary, adjusted to follow market and specific client group tendencies.

Performance of different customer groups is analysed on a regular basis. The Group has established efficient debt collection processes across all the Group's business units. All debt collection methods in each operating market, procedures and instructions which are in place, are adjusted to comply with local legislation and reflect, in the Group's view, best practices in the market. The Group's regular debt collection processes are executed already before payment due date in order to collect cash and to reduce the volume of potentially delayed payments. If cash flows after initial recognition are realized in a way that is different from the Group's original expectations – held to collect, the Group does not change the classification of the remaining financial assets held in that business model as initially business model is based on held to collect principle. The assessed business model is with the intention to hold financial assets in order to collect contractual cash flows. Sales that take place from these portfolios relate to credit events. Loans from portfolios might be sold to debt collector agencies when underlying debtors have defaulted on their obligations. When, and only when, an entity changes its business model for managing financial assets it shall reclassify all affected financial assets.

No financial liability reclassifications take place. The Group has also implemented strong Non-Performing Loans (NPL) management driven by automatic forward sales of overdue loans in most of the markets. The Group's key elements of success are high quality loan portfolio, best practices sharing process across countries, implementation of continuous improvements in its debt collection approach and team of qualified and motivated specialists. Management believes that current procedures are sufficient to effectively monitor credit risk of customer groups, in addition the structure of portfolio is based on many small value loans as a result separate customer exposure cannot cause material losses to the Group. Quantitative information on the Group's credit risks is disclosed in Note 39.

(b) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity position of the Group is managed by the Treasury department. The Group manages its liquidity risk by arranging an adequate amount of committed credit facilities with related parties and by issuing bonds. The Management believes that current procedures are sufficient to effectively monitor and manage liquidity risk of the Group. Maturity analysis on the Group's financial assets and liabilities is disclosed in Notes 36.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(c) Market risk

Market risk is the risk that movements in market prices, including foreign exchange rates, interest rates, credit spreads and equity prices will affect the Group's income or the value of its portfolios. Market risks comprise currency risk, interest rate risk and other price risk. Market risk arises from open positions in interest rate and currency financial instruments, which are exposed to general and specific market movements and changes in the level of volatility of market prices.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, whilst optimizing the return on risk.

(d) Interest rate risk

Interest rate risk is the risk that movements in interest rates will affect the Group's income or the value of its portfolios of financial assets. Management believes that for the Group, interest rate risk is not material since all loans are issued and received at fixed rates. Whilst the majority of the Group's borrowings are subject to floating interest rates, the variable component is linked to the interest rate set by the European Central Bank, which has gradually decreased the reference rate since September 2023. Currently, there are no indications of expected increases. Management actively manages this risk, and more recent borrowings are structured with fixed interest rates.

(e) Currency risk

The Group has assets and liabilities denominated in several foreign currencies. Foreign currency risk arises when the actual or forecasted assets in a foreign currency are either greater or less than the liabilities in that currency.

Group is exposed to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position (Note 13) and cash flows.

The Group monitors foreign currency exposure on key currency pairs and performs periodic sensitivity analysis to assess the impact of changes in currency exchange rates on profit or loss.

The sensitivity analysis presented reflects a 5% movement in exchange rates against the Group's functional currency. This percentage is based on historical volatility of exchange rates over the past 12–24 months and reflects management's assessment of a reasonably possible change in foreign currency rates during the next reporting period.

An analysis of sensitivity of the Group's net income for the year and equity to changes in the foreign currency exchange rates based on positions existing as at 31 December 2024 and a simplified scenario of a 5% change in PLN, SEK, KZT, MXN, KES and PHP to EUR exchange rates is as follows:

	31 December 2024		31 December 2023	
	Net income EUR '000	Equity EUR '000	Net income EUR '000	Equity EUR '000
5% appreciation of PLN against EUR	1 813	1 813	1,363	1,363
5% depreciation of PLN against EUR	(1 813)	(1 813)	(1,363)	(1,363)
5 % appreciation of SEK against EUR	1 066	1 066	893	893
5% depreciation of SEK against EUR	(1 066)	(1 066)	(893)	(893)
5 % appreciation of KZT against EUR	902	902	4,209	4,209
5% depreciation of KZT against EUR	(902)	(902)	(4,209)	(4,209)
5% appreciation of MXN against EUR	530	530	505	505
5% depreciation of MXN against EUR	(530)	(530)	(505)	(505)
5% depreciation of KES against EUR	304	304	128	128
5% depreciation of KES against EUR	(304)	(304)	(128)	(128)
5% appreciation of PHP against EUR	254	254	186	186
5% depreciation of PHP against EUR	(254)	(254)	(186)	(186)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(f) Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or factors affecting all instruments traded in the market. Price risk arises when the Group takes a long or short position in a financial instrument.

The Group is not exposed to price risk as it does not hold financial instruments dependant on changes in market prices.

(g) Operational risks

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Group's operations.

The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of overall Group standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorisation of transactions
- regulatory and compliance risks
- documentation of controls and procedures
- anti-money laundering and Know Your Customer laws compliance risk
- data protection compliance risk.

(h) Capital management

Capital management of the Group is not controlled by any requirements set by regulatory institutions or international bodies. The Group considers both equity capital as well as borrowings a part of overall capital risk management strategy. The Group manages its equity capital position on a regular basis, to ensure that it will be able to continue as a going concern. The Group monitors equity capital on the basis of the capitalization ratio as defined in Terms of the Notes Issues. This ratio is calculated as Net worth (the sum of paid in capital, retained earnings and reserves) divided by Net Loan portfolio. In order to maintain or adjust the overall capital structure, the Group may issue new Notes, borrow in P2P platform or sell assets to reduce debt. For commitments and contingencies related to capital management refer to Note 40.

(5) Use of estimates and critical accounting judgments

The preparation of consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

In preparing these consolidated financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements of the Group as at and for the year ended 31 December 2023. Key sources of estimation uncertainty are:

- **Recoverable amount of goodwill (see Note 17)**

Goodwill is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. Determining whether goodwill is impaired requires the management to estimate the future cash flows expected to arise from the cash-generating unit. Where the actual future cash flows are less than expected, a material impairment loss may arise.

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- **Allowances for expected credit losses on loans and advances to customers (see Note 2, Note 20)**

The measurement of impairment losses under IFRS 9 across all categories of financial assets in scope requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Group's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include Probability of Default and Loss Given Default, judgment is applied also when determining significant increase in credit risk. The Group considers majority of financial instruments as defaulted when the contractual payments are overdue more than 90 days. Specific market financial instrument is considered as defaulted when contractual payments are overdue more than 45 and 61 days. In certain cases a financial asset might be considered as defaulted when internal or external information indicates that it is unlikely that the Group will receive all outstanding contractual cash-flows without taking any debt collection actions. The Group defines significant increase in credit risk (SICR) and default using different DPD thresholds depending on the nature of the financial asset.

The Group integrates reasonable and supportable forward-looking information into the measurement of expected credit losses. This includes macroeconomic forecasts such as PD performance indicator, inflation rates, unemployment rates, gross domestic product rates (GDP) and relevant external and internal information that affect the credit risk and the expected performance of financial assets. Forecasted macroeconomic variables and the macro effect is calculated based on recent macro-economic data outlook by using fixed regression coefficients and are integrated in ECL models.

- **Recoverability of deferred tax asset (see Note 15)**

Deferred tax assets are recognized for unused tax losses and other temporary differences to the extent that it is probable that taxable profit will be available against which the losses and temporary differences can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The deferred tax assets are recognized based on profitability assumptions over 3 year horizon. In developing these assumptions, the Group considers both positive and negative evidence of past performance and future development plans to ensure that assumptions used are reasonable, realistic and achievable. Budgeting models used are the same as the ones used in goodwill impairment tests. At each reporting date, the Group's management analyses the recoverability of deferred tax and reduces the deferred tax asset if it is no longer probable that during the period of utilization of tax losses future taxable profits will be available against which unused tax losses can be utilized.

- **Capitalization of development costs**

For capitalization of expenses in process of developing Group's enterprise resource planning (ERP) system and other IT systems management uses certain assumptions. Capitalization of salary expenses of IT personnel is based on employee time sheets and personnel involved in development dedicate up to 70% of their time on developing new functionality. Therefore, up to 70% of salary expenses of involved personnel are capitalized under Other intangible assets while remaining 30% are recognized as salary expenses in Statement of Profit or Loss (see Note 17).

- **Fair value of employee share options (see Note 35)**

The Group's employees have entered a share option agreement with the Parent Company or the Parent Company's shareholders and Subsidiaries. Under the agreements respective employees obtain rights to acquire Parent Company's or certain subsidiaries' shares under several graded vesting scenarios. The respective option would be classified as an equity-settled share-based payment transaction in Group's consolidated financial statements in accordance with IFRS 2. There are cash settlement alternatives. Given absence of an ongoing sale of any of Subsidiaries or the Parent or any listing process initiated and other relevant cash settlement events, then cash settlement is considered not to be probable, and the Group does

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

not have a present obligation to settle in cash. In estimating fair value for the share option, the most appropriate valuation model would depend on the terms and conditions of the grant. In 2019 fair value of employee share options has been estimated by first establishing the fair value at the grant date of the relevant issuer company/Group applying discounted cash flow valuation methodology and same assumptions as the ones used in value in use estimation. Subsequently, the estimate is adjusted by the number of options granted, vesting period and the employee turnover rates in the respective grade. During the fair value estimation process the Management has considered the financial position of the Subsidiaries that have issued share options, the particular features mentioned in the option agreements, such as buy-back options, non-competition clauses embedded in the agreements, restrictions of sales of shares, as well as dividend policy of the Parent Company (for both of the plans described in Note 35).

- **Lease term and incremental borrowing rate determination under IFRS 16 (see Note 16)**

IFRS 16 requires that in determining the lease term and assessing the length of the non-cancellable period of a lease, an entity shall determine the period for which the contract is enforceable. In assessment of lease term determination, the Group considers the enforceable rights and obligations of both parties. If both the lessee and the lessor can terminate the contract without more than an insignificant penalty at any time at or after the end of the non-cancellable term, then there are no enforceable rights and obligations beyond the non-cancellable term. For lease agreements without a fixed term and agreements that are “rolled over” on monthly basis until either party gives notice the Group considers that it does have enforceable rights and obligations under such agreements, therefore a reasonable estimate of the lease term assessment is made.

When determining the lease term, the Group considers all relevant facts and circumstances that create an economic incentive for the lessee to exercise an option to renew or not to exercise an option to terminate early. When assessing whether the Group is reasonably certain to exercise an option to extend, or not to exercise an option to terminate early, the economic reasons underlying the Group’s past practice regarding the period over which it has typically used particular types of assets (whether leased or owned) are considered. Furthermore, the following factors are considered: level of rentals in any secondary period compared with market rates, contingent payments, renewal and purchase options, costs relating to the termination of the lease and the signing of a new replacement lease, costs to return the underlying asset, nature and the level of specialization of the leased assets, asset location, availability of suitable alternatives and existence of significant leasehold improvements.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group’s incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate. The Group has used market rates in each of the countries as its incremental borrowing rate. The discount rate applied is obtained from official state government institutions as the average market rate available at the beginning of the lease agreement for loans over a similar term, security, value and applied in similar economic environment. The Group considers market rates used as an appropriate measure for incremental borrowing rates as they correctly reflect the ability the respective subsidiary to finance a specific asset purchase in each of the jurisdictions given the Group’s wide geographical coverage, its track record in ability to raise public debt and the overall financial results of the Group and each subsidiary individually.

- **Control and business combinations**

The Group consolidates entities over which it has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if it has:

- Power over the investee (i.e., existing rights that give the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect the amount of the investor’s returns.

The Group reassesses whether it controls an investee if facts and circumstances indicate changes to one or more of the control elements.

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Business combinations are accounted for using the acquisition method in accordance with IFRS 3. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value, and the amount of any non-controlling interest in the acquiree.

Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Goodwill is recognized as the excess of the consideration transferred over the net identifiable assets acquired.

Acquisition-related costs are expensed as incurred. If the Group obtains control over a previously held equity interest (step acquisition), any previously held equity interest is remeasured to fair value at the acquisition date, with the resulting gain or loss recognized in profit or loss.

- **Provisions and contingencies (see Note 40)**

In determining whether to recognize a provision or disclose a contingent liability, management evaluates each situation individually. The key factors considered include the probability of outflows, the ability to estimate financial impact, and the existence of a legal or constructive obligation. These judgments are based on available evidence, legal opinions, past experience, and the stage of negotiations or litigation.

A provision is recognised in the statement of financial position when the Group has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. The nature of the industry in which the Group operates is associated with inherent contingencies related to legal, tax and regulatory matters, see Note 40. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Contingent liabilities are not recognized in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognized in the financial statements but disclosed when an inflow of economic benefits is probable.

Main type of contingent liabilities and the significant judgements made by management disclosed in Note 40.

- **Analysis of the component of effective interest rate (see Note 6)**

Significant management judgement is used for estimating the components of the effective interest rate of financial instruments carried at amortised cost.

The EIR includes not only contractual interest but also fees and transaction costs that are integral to the yield. Management estimates the expected contractual cash flows over the expected life of the financial instruments, which requires assumptions about loan maturity, fee recognition patterns, and product performance.

(6) Interest income

Interest income represents revenue generated during the reporting period from the Group's activities – consumer loans. Interest income includes loan interest income, commission income and issuance fees. Interest income for loans issued to related and other parties is classified under Other operating income (see Note 11).

	2024 EUR	2023 EUR Reclassified*
Interest income from loans and advances to customers according to effective interest rate method	132 812 890	137 685 169
Fees and commission income according to the effective interest rate method	18 220 573	17 467 254
TOTAL	151 033 463	155 152 423

* See Note 3 for details of reclassification.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(7) Fee and commission income

Fee and commission income represents income earned for services provided in connection with loans issued to customers, recognized in the period when the services are rendered, as well as penalty fees and delay fee income on late payments.

	2024 EUR	2023 EUR Reclassified*
Fee and commission income that is not integral part of effective interest rate method	120 300 666	123 558 269
TOTAL	120 300 666	123 558 269

* See Note 3 for details of reclassification.

(8) Interest expense

	2024 EUR	2023 EUR
Interest expense on issued bonds	11 498 608	11 089 868
Interest expense for loans from related parties*	5 403 377	1 664 938
Interest expenses for loans from P2P platform investors**	648 661	3 529 315
Interest expense for loans from non-related parties	395 570	1 421 634
Interest expense for lease liabilities	179 840	80 177
TOTAL	18 126 056	17 785 932

* Interest income for loans from related parties increased as a result of additional financing received during 2024 as part of business expansion strategy, see Note 25.

** Interest expenses on loans from P2P declined due to a significant reduction in exposure, see Note 25.

(9) Net impairment losses on loans and advances to customers

	2024 EUR	2023 EUR
Change in impairment losses on loans and advances to customers (Note 20)	112 718 126	111 778 297
Reversal of provision on debt portfolio sales	(90 435 304)	(103 007 572)
Written-off debts	22 984 452	14 121 210
TOTAL	45 267 274	22 891 935

The Group considers any kind of financial asset completely unrecoverable and write off the financial asset from balance sheet entirely, if all legal actions have been performed to recover financial asset and the Group has no reasonable expectations of recovering the exposure.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(10) Operating costs

	2024 EUR	2023 EUR
Personnel costs (including equity-settled share-based payment, see Note 35)	21 707 911	19 295 683
Data costs	17 435 664	14 265 531
Marketing costs	12 995 655	16 613 984
Professional services	9 100 520	10 669 781
Bank services	5 125 852	3 155 386
Debt collection costs	4 419 333	4 859 181
IT expenses	3 557 637	3 601 776
Legal and consulting	3 229 234	2 264 033
Amortization and depreciation	2 697 362	2 639 392
Communication expenses	2 622 203	3 084 844
Rent expenses and utilities	1 639 180	2 019 239
Office expenses	656 570	733 301
Service fee for 2P2 platform	187 973	568 397
Other costs	938 658	1 810 530
TOTAL	86 313 752	85 581 058

KEY MANAGEMENT PERSONNEL COMPENSATION	2024 EUR	2023 EUR
Members of the board		
Remuneration*	1 508 231	1 053 057
Social security contribution expenses	240 220	169 422
TOTAL	1 748 451	1 222 479

* Including vacation accruals

AVERAGE NUMBER OF EMPLOYEES	2024	2023
Senior management/Executives	41	66
Employees	1 080	1 267
TOTAL	1 121	1 333

Key management personnel are considered to be all Group top management employees, regional management employees and country managers. There are no emoluments granted for current and for former members of the management and commitments in respect of retirement pensions for former members of the management. See also Note 35 Share-based payments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(11) Other operating income

	2024 EUR	2023 EUR Reclassified*
Income from insurance agent activities	13 005 297	7 889 758
Income from profit sharing arrangements **	12 934 545	28 365 531
Income from management services***	2 098 737	4 943 579
Income from guarantee agreement****	1 197 074	-
Interest income from issued loans to related and other parties	384 707	8 247
Other income	2 515 618	1 096 259
TOTAL	32 135 978	42 303 374

* See Note 3 for details of reclassification.

** In 2024 volume of provided services has declined, accordingly decrease in income from profit sharing arrangements was recorded.

*** The Group provides management services to other parties over that Group does not have control.

**** Income recognized from guarantee agreement that proves credit enhancement against default risk.

(12) Other operating expense

	2024 EUR	2023 EUR
Withholding tax	3 197 040	4 061 273
Loss allowance on other loans and receivables*	1 179 937	653 467
Other personnel expenses	552 121	361 422
Donation	84 017	509 201
Penalties paid	83 797	211 483
Write-off of assets**	1 670	411 364
Provisions (see Note 40)	-	1 628 734
Goodwill write-off (see Note 17)	-	250 214
Other expenses***	531 541	995 971
TOTAL	5 630 123	9 083 129

* Expected credit loss allowance recognized on loans issued to third-parties.

** Write-off of intangible as well as fixed assets.

*** For the year 2023: mostly consist of contribution to the budget of Stabilization Fund in Kyrgyzstan (see Note 40).

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(13) Net foreign exchange result

	2024 EUR	2023 EUR
Unrealised foreign exchange gain	1 260 416	715 889
Realised foreign exchange (loss)	(1 429 236)	(1 943 631)
TOTAL	(168 820)	(1 227 742)

(14) Corporate income tax

	2024 EUR	2023 EUR
Corporate income tax	22 143 075	20 731 397
Deferred corporate income tax (see Note 15)	(2 464 609)	(487 661)
TOTAL	19 678 466	20 243 736

	31.12.2024 EUR	31.12.2023 EUR
Corporate income tax payable	10 581 690	11 140 334

Current corporate income tax rate for the Group subsidiaries are the following: in Latvia – 20% or 20/80 of the net amount of distributed profit or deemed profit (in addition see Note 15), in Kazakhstan – 20%, in Poland – 19%, in Sweden – 20.6%, in Mexico – 30%, in Kenya – 30%. Income tax expenses in other countries are not significant.

Reconciliation of effective income tax:

	2024 EUR	2023 EUR
Accounting profit before income tax	91 228 039	92 305 559
Theoretical corporate income tax at the applicable rate *	17 227 079	18 705 869
Tax effect of permanent differences related to non-deductible expenses	2 724 669	1 050 206
Tax effect of temporary differences and tax loss carry-forward	(273 283)	487 661
Corporate income tax for the reporting year	19 678 465	20 243 736

The effective tax rate of the Group in 2024 was 21.57%* (2023 was 21.93%). The effective tax rate in 2024 and 2023 was mainly impacted by the fact that the impairment (provisions) for loans and advances to customers are recognised as non-deductible for the corporate income tax purposes in Poland and Azarbaijan thus is considered as a permanent difference. Management utilizes both in-house tax expertise and external consultants to ensure compliance with tax legislation in the countries in which the Group operates.

* Applicable tax rate used for each subsidiary of the Group

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(15) Deferred tax asset and liabilities

Deferred tax relates to the following temporary differences:

Movement in temporary differences during the year ended 31 December 2024

EUR	Balance as at 01.01.2024			Acquisition of a subsidiary	Effect of changes in foreign exchange rates	Balance as at 31.12.2024	
	Deferred tax assets	Deferred tax liabilities	Profit or loss statement 2024			Deferred tax assets	Deferred tax liabilities
Tax loss carry-forward	795 493	-	(178 709)	-	(49 022)	567 762	-
Impairment and write-off losses on loans and advances to customers	1 031 288	-	2 675 639	-	319 161	4 026 088	-
Unused vacation and other cost accru-als	41 419	-	167 536	-	(1 022)	207 933	-
Fixed assets	7 789	(162 046)	(1 117)	-	14 487	8 044	(148 931)
Other assets	951 518	-	(198 740)	-	1 742	1 221 601	(467 081)
Net deferred corporate income tax assets	2 827 507	(162 046)	2 464 609	-	285 346	6 031 428	(616 012)

Movement in temporary differences during the year ended 31 December 2023

EUR	Balance as at 01.01.2023			Acquisition of a subsidiary	Effect of changes in foreign exchange rates	Balance as at 31.12.2023	
	Deferred tax assets	Deferred tax liabilities	Profit or loss statement 2023			Deferred tax assets	Deferred tax liabilities
Tax loss carry-forward	770 018	-	94 845	(52 301)	(17 069)	795 493	-
Impairment and write-off losses on loans and advances to customers	169 575	-	(99 294)	1 079 163	(118 156)	1 031 288	-
Unused vacation and other cost accru-als	42 049	-	(1 989)	-	1 359	41 419	-
Fixed assets	750	(165 130)	3 941	3 560	2 622	7 789	(162 046)
Other assets	656 443	-	490 158	(229 209)	34 126	951 518	-
Net deferred corporate income tax assets	1 638 835	(165 130)	487 661	801 213	(97 118)	2 827 507	(162 046)

At the year-end 2024 the Group has recognised a deferred corporate income tax asset in total amount of EUR 6 031 428 (31.12.2023: EUR 2 827 507) and a deferred tax liability of EUR 616 012 (31.12.2023: EUR 162 046) in subsidiaries located in following countries: Kazakhstan, Poland, Philippines, Mexico, Azarbaijan and Kenya. During 2024, deferred corporate income tax assets increased by EUR 3 203 921 and deferred tax liabilities increased by EUR 453 966 compared to the previous year, while, as a result of which changes in the net value of deferred tax impacted the Group's profit or loss statement of the year ended 31 December 2024. All the tax asset recognised is considered as recoverable based on projected performance, results of subsidiaries.

The Group has not recognized deferred tax liabilities for taxable temporary differences associated with the investment in subsidiaries as the Group is not planning to distribute the untaxed retained earnings from subsidiaries to the Parent companies in the foreseeable future.

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(16) Movements in Property and equipment, Right-of-use assets and Leasehold improvements

Movements in Property and equipment, Right-of-use assets and Leasehold improvements:

	Computer equipment	Other equipment	Leasehold improvements	Right-of-use assets (office premises)	Total
	EUR	EUR	EUR	EUR	EUR
01.01.2023	1 441 034	764 301	264 215	3 701 317	6 170 867
Additions	423 583	317 588	21 172	553 736	1 316 079
Acquisition of a subsidiary	191 147	32 114	90 787	-	314 048
Disposals and write-offs	(133 026)	(109 513)	(15 271)	(234)	(258 044)
Effect of changes in foreign exchange rates	(17 497)	(21 284)	(8 862)	1 002	(46 641)
31.12.2023	1 905 241	983 206	352 041	4 255 821	7 496 309
01.01.2024	1 905 241	983 206	352 041	4 255 821	7 496 309
Additions	351 154	246 400	29 440	2 133 879	2 760 873
Acquisition of a subsidiary	10 364	-	-	-	10 364
Disposals and write-offs	(258 960)	(282 060)	-	(1 230 152)	(1 771 172)
Effect of changes in foreign exchange rates	16 412	1 546	15 662	(86 157)	(52 537)
31.12.2024	2 024 211	949 092	397 143	5 073 391	8 443 837

Accumulated depreciation

01.01.2023	632 375	241 820	73 107	1 232 478	2 179 780
Depreciation	341 201	181 383	31 765	829 837	1 384 186
Acquisition of a subsidiary	170 376	31 356	80 692	-	282 424
Disposals and write-offs	(86 197)	(47 237)	(251)	-	(133 685)
Effect of changes in foreign exchange rates	5 662	(5 745)	(7 984)	2 767	(5 300)
31.12.2023	1 063 417	401 577	177 329	2 065 082	3 707 405
01.01.2024	1 063 417	401 577	177 329	2 065 082	3 707 405
Depreciation	391 380	171 407	29 167	1 315 689	1 907 643
Acquisition of a subsidiary	2 994	-	-	-	2 994
Disposals and write-offs	(155 235)	(106 434)	-	(1 172 444)	(1 434 113)
Effect of changes in foreign exchange rates	12 847	2 329	13 920	(29 451)	(355)
31.12.2024	1 315 403	468 879	220 416	2 178 876	4 183 574
Balance as at 01.01.2024	841 824	581 629	174 712	2 190 739	3 788 904
Balance as at 31.12.2024	708 808	480 213	176 727	2 894 515	4 260 263

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(17) Intangible assets and goodwill

	31.12.2024 EUR	31.12.2023 EUR Reclassified*
Goodwill	11 313 714	11 255 566
Internally developed intangible assets	2 519 562	1 992 257
Other intangible assets**	628 246	598 719
TOTAL	14 461 522	13 846 542

* See Note 3 for details of reclassification.

** Other intangible assets mainly include trademarks, licences, software.

Movements in Intangible assets and Goodwill

Cost	Goodwill	Internally developed intangible assets	Other intangible assets	Total
		Total	EUR	EUR
01.01.2023	18 194 805	3 526 044	286 176	22 007 025
Additions	-	1 257 009	661 578	1 918 587
Acquisitions through business combinations	5 154 612	-	785 510	5 940 122
Disposals	-	(841 211)	(120 101)	(961 312)
Effect of changes in foreign exchange rates	300 458	-	18 749	319 207
31.12.2023	23 649 875	3 941 842	1 631 912	29 223 629
01.01.2024	23 649 875	3 941 842	1 631 912	29 223 629
Additions		1 082 143	247 830	1 329 973
Acquisitions through business combinations	30 388	-	732	31 120
Disposals	-	-	(6 009)	(6 009)
Effect of changes in foreign exchange rates	27 760	-	45 062	72 822
31.12.2024	23 708 023	5 023 985	1 919 527	30 651 535
Accumulated amortisation and impairment				
01.01.2023	12 144 095	1 389 880	102 802	13 636 777
Amortisation	-	1 026 170	234 708	1 260 878
Impairment	250 214	-	-	250 214
Acquisitions through business combinations	-	-	716 596	716 596
Amortisation of disposals	-	(466 465)	(52 540)	(519 005)
Effect of changes in foreign exchange rates	-	-	31 627	31 627
31.12.2023	12 394 309	1 949 585	1 033 193	15 377 087
01.01.2024	12 394 309	1 949 585	1 033 193	15 377 087
Amortisation	-	554 838	234 969	789 807
Acquisitions through business combinations	-	-	136	136
Amortisation of disposals	-	-	-	-
Effect of changes in foreign exchange rates	-	-	22 983	22 983
31.12.2024	12 394 309	2 504 423	1 291 281	16 190 013
Balance as at 01.01.2024	11 255 566	1 992 257	598 719	13 846 542
Balance as at 31.12.2024	11 313 714	2 519 562	628 246	14 461 522

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Business combination and goodwill

	Sun Finance Latin America (Proximus)	Zenka Group	Luma Finans	Other	Total
	EUR	EUR	EUR	EUR	EUR
01.01.2023	2 547 304	-	3 128 109	375 297	6 050 710
Considerations paid	-	1	-	-	1
Total identifiable net assets	-	(5 397 500)	-	-	(5 397 500)
Non-controlling interest	-	(242 888)	-	-	(242 888)
Goodwill at acquisition	-	5 154 612	-	-	5 154 612
Exchange differences	290 184	-	7 273	3 001	300 458
Write-off	-	-	-	(250 214)	(250 214)
31.12.2023	2 837 488	5 154 612	3 135 382	128 084	11 255 566
01.01.2024	2 837 488	5 154 612	3 135 382	128 084	11 255 566
Considerations paid	-	-	-	126 953	126 953
Total identifiable net assets	-	-	-	(96 053)	(96 053)
Goodwill at acquisition	-	-	-	30 388	30 388
Exchange differences	-	-	-	27 760	27 760
31.12.2024	2 837 488	5 154 612	3 135 382	186 232	11 313 714

2024:

Dostukcha (Kyrgyzstan)

To expand its operation in existing market the Group acquired 100% of shares of LLC Microcredit company Dostukcha from unrelated party on 23.07.2024. Total cost of acquisition amounted to EUR 126 953 which represents the fair value of the total consideration paid. At the time of the acquisition, the carrying value of net identifiable assets matched their fair value, thus no adjustments to the recognition of assets/liabilities were necessary. Fair value and carrying value of acquired net assets is EUR 96 053 (assets EUR 101 008, liabilities EUR 4 955) as at the end of the reporting period.

The Balance sheet at fair value as of 23.07.2024 was as follows:

	23.07.2024 EUR
Cash and cash equivalents	90 622
Tangible and intangible assets	8 205
Other receivables	2 181
Other liabilities	(4 955)
Total net assets	96 053

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Dostukcha acquisition resulted in the recognition of goodwill of EUR 30 388. Core business of the subsidiary is holding of CGU in Kyrgyzstan with main identifiable assets – loans and advances to customers.

Impact on consolidated financial statements from acquisition date till year end (23.07.2024 – 31.12.2024) is loss in amount of EUR 54 162.

2023:

Zenka Group

To diversify and expand its operating activity to new jurisdictions the Group acquired 95.5% of shares of Zenka Group's subsidiaries from unrelated party on 03.07.2023 Total cost of acquisition amounted to EUR 1 which represents the fair value of the total consideration paid. Zenka acquisition resulted in the recognition of goodwill of EUR 5 154 612 in 2023. At the time of the acquisition, the carrying value of net identifiable assets matched their fair value, thus no adjustments to the recognition of assets/liabilities were necessary. Fair value of acquired net assets is EUR 5 011 660 as at the end of the reporting period.

The balance sheet at fair value as of 03.07.2023 was as follows:

	03.07.2023 EUR
Non-current assets (including deferred tax assets of EUR 0.8 million)	903 720
Loans and advances to customers	2 479 407
Cash and cash equivalents	1 324 934
Other receivables	507 525
Loans and borrowings	(9 472 131)
Trade and other payables	(1 140 953)
Total net assets	(5 397 498)

Core business of the Group is holding of CGU in Kenya with main identifiable assets – loans to customers. Zenka Group is considered as one CGU rather than independent subsidiaries CGUs due to significant support element attributable to subsidiary in Kenya from Zenka Group parent company. Zenka Group also includes non-operating markets in Uganda, Ghana and Rwanda. NCI of Zenka Group is based on their proportionate interest relatively to the purchase price which is not significant. The acquisition is expected to increase the Group's profitability due to synergies arising from the Group's technological and human capital resources and the acquiree's operational infrastructure and accessibility to Kenya market.

Goodwill impairment test

2024:

As at 31 December 2024, goodwill was tested for impairment. The goodwill impairment test was performed for each cash generating unit separately. The recoverable amounts for each unit were calculated based on their value in use, determined by discounting the future cash flows expected to be generated from the continuing activities of the units. Future cash flows discounted by estimated weighted average costs of capital ("WACC"). The value-in-use calculations are most sensitive to projected operating cash-flow, terminal growth rates used to extrapolate cash flows beyond the budget period, and discount rates.

1. Projected operating cash-flows. These calculations use the pre-tax cash flow projections based on the financial budgets prepared by management covering five-year period. Sales and costs estimates are based on the past performance, current stage of business development of each CGU and management expectations of legal environment and market development.
2. Cash flows beyond the budget period of 5 years are estimated by terminal value using the exit ratio.
3. Discount rates used varies from 12% to 19% and calculated by weighted average costs of capital (WACC) of each CGU.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	Discount rate	Recoverable amount	CGU carrying amount vs recoverable amount
Sun Finance Latin America (Proximus)	14.28%	EUR 35.0 million	EUR 25.6 million
Zenka Group	19.33%	EUR 48.2 million	EUR 43.9 million
Luma Finans	11.93%	EUR 62.5 million	EUR 42.6 million

The Group has not disclosed the specific values of other key assumptions, as any reasonably possible changes to these assumptions are not expected to result in a material impact on the recoverable amount of the CGU or trigger impairment concerns.

Recoverable amounts have increased since 2023, primarily driven by improvements in customer repayment dynamics during the reporting period, which have been accordingly reflected in future period estimates.

2023:

As at 31 December 2023, goodwill was tested for impairment. The goodwill impairment test was performed for each cash generating unit separately. The recoverable amounts for each unit were calculated based on their value in use, determined by discounting the future cash flows expected to be generated from the continuing activities of the units. Future cash flows discounted by estimated weighted average costs of capital (“WACC”). The value-in-use calculations are most sensitive to projected operating cash-flow, terminal growth rates used to extrapolate cash flows beyond the budget period, and discount rates.

1. Projected operating cash-flows. These calculations use the pre-tax cash flow projections based on the financial budgets prepared by management covering five-year period. Sales and costs estimates are based on the past performance, current stage of business development of each CGU and management expectations of legal environment and market development.
2. Cash flows beyond the budget period of 5 years are estimated by terminal value using the exit ratio.
3. Discount rates used varies from 13% to 18% and calculated by weighted average costs of capital (WACC) of each CGU.

The Group does not disclose the estimated recoverable amount of CGU and values assigned to key assumptions because reasonably possible changes in key assumptions on which management has based its determination of CGU recoverable amount would not cause the CGU carrying amount to exceed its recoverable amount.

	Discount rate	Recoverable amount	CGU carrying amount vs recoverable amount
Sun Finance Latin America (Proximus)	18.30%	EUR 18.6 million	EUR 7.8 million
Zenka Group	19.09%	EUR 25.1 million	EUR 19.8 million
Luma Finans	14.00%	EUR 38.4 million	EUR 19.5 million

In 2023 the Group has reviewed its business plan for CGU in Poland (Sun Finance Treasury). In 2023 due to changes in business strategy and amendments to regulation have been introduced to the market, accordingly financial budgets for following years were adjusted. Accordingly, the Group estimated the recoverable amount of goodwill for this CGU. Taking into account the uncertainties related to the estimated cash flows the Group reassessed its estimates and impaired the goodwill in Sun Finance Treasury in full amount EUR 250 214. The impairment loss on goodwill in Sun Finance Treasury CGU is included in Other operating expense Note 12.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(18) Other loans and receivables

Other loans and receivables total	31.12.2024 EUR	31.12.2023 EUR
Loans to other companies	4 491 552	14 316
Loans to individuals	21 401	223
Loans to related parties (Note 33)	-	42 073
TOTAL	4 512 953	56 612

Non-current	31.12.2024 EUR	31.12.2023 EUR
Loans to other companies	4 135 396	2 759
Loans to individuals	20 000	-
Loans to related parties (Note 33)	-	42 073
TOTAL	4 155 396	44 832

Current	31.12.2024 EUR	31.12.2023 EUR
Loans to other companies	356 156	11 557
Loans to individuals	1 401	223
Loans to related parties (Note 33)	-	-
TOTAL	357 557	11 780

Detailed information regarding loans to related parties can be seen below:

	Currency	Maturity	Interest rate per annum	Principal amount 31.12.2024 EUR	Accrued interest 31.12.2024 EUR	Principal amount 31.12.2023 EUR	Accrued interest 31.12.2023 EUR
Loan A	EUR	Jul 2027	14,5%	4 095 274	253 240	-	-
Loan B	EUR	Apr 2025	14,3%	97 123	984	-	-
Loan C	PLN	Dec 2024	12,7%	846	200	8 526	1 783
Loan D	EUR	Mar 2026	20%	40 121	3 764	-	-
Loan E	PLN	Dec 2025	10%	-	-	2 304	233
Loan F	EUR	Mar 2024	7%	-	-	1 470	-
Related Party*	EUR	Mar 2026	20%	-	-	40 122	1 953
Individuals	MXN	May 2026	10%	21 238	163	223	-
TOTAL				4 254 602	258 351	52 645	3 969

* Borrower is not related party at the end of the year 2024.

Other loans and receivables are unsecured and are subject to the Group's credit risk assessment. Therefore, a benchmarked PD and LGD rate – based on Moody's rating corporate statistics studies has been applied in determining the ECLs. ECL was assessed for these receivables, and the ECLs have been recognized as an expense (see Note 12).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(19) Other non-current financial assets

	31.12.2024 EUR	31.12.2023 EUR
Advance for investment in equity instruments*	4 416 215	-
Investments in equity instruments	-	66 920
Other financial assets	-	3 149
TOTAL	4 416 215	70 069

* Prepayment for investment in associated company.

(20) Loans and advances to customers

Net Loans and advances to customers total	31.12.2024 EUR	31.12.2023 EUR Reclassified*
Loans and advances to customers	262 055 389	253 569 354
Allowance for impairment	(91 734 067)	(71 835 583)
TOTAL	170 321 322	181 733 771

Non-current	31.12.2024 EUR	31.12.2023 EUR Reclassified*
Loans and advances to customers	12 720 222	20 302 398
Allowance for impairment	(2 020 284)	(3 799 772)
TOTAL	10 699 938	16 502 626

Current	31.12.2024 EUR	31.12.2023 EUR Reclassified*
Loans and advances to customers	249 335 167	233 266 956
Allowance for impairment	(89 713 783)	(68 035 811)
TOTAL	159 621 384	165 231 145

* See Note 3 for details of reclassification.

Credit quality of loan and advances to customers:

	Gross loans and advances to customers 31.12.2024	Allowance for impairment 31.12.2024	Net loans and advances to customers 31.12.2024	Gross loans and advances to customers 31.12.2023	Allowance for impairment 31.12.2023	Net loans and advances to customers 31.12.2023
	EUR	EUR	EUR	EUR	EUR	EUR
Stage 1	164 277 660	13 310 487	150 967 173	190 210 027	25 999 603	164 210 424
Stage 2	15 376 247	8 335 038	7 041 209	29 788 144	17 222 938	12 565 206
Stage 3	82 401 482	70 088 542	12 312 940	33 571 183	28 613 042	4 958 141
TOTAL	262 055 389	91 734 067	170 321 322	253 569 354	71 835 583	181 733 771

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to loans and advances to customers are, as follows:

Gross Loans and advances to customers	Stage 1 EUR	Stage 2 EUR	Stage 3 EUR	Total EUR
Balance as at 1 January 2024	190 210 027	29 788 144	33 571 183	253 569 354
Transfer to Stage 1	269 203	(199 785)	(69 418)	-
Transfer to Stage 2	(1 941 774)	1 954 797	(13 023)	-
Transfer to Stage 3	(24 544 437)	(14 268 101)	38 812 538	-
New financial assets acquired	136 673 308	16 892 967	27 776 973	181 343 248
Receivables settled	(106 077 367)	(10 645 092)	(12 912 027)	(129 634 486)
Receivables written off	(3 886 643)	(3 233 722)	(2 199 454)	(9 319 819)
Receivables sold	(19 583 190)	(3 832 019)	(1 058 169)	(24 473 378)
Foreign exchange movement	(6 841 467)	(1 080 942)	(1 507 121)	(9 429 530)
Balance as at 31 December 2024	164 277 660	15 376 247	82 401 482	262 055 389

Allowance for doubtful debts	Stage 1 EUR	Stage 2 EUR	Stage 3 EUR	Total EUR
Balance as at 1 January 2024	25 999 603	17 222 938	28 613 042	71 835 583
Transfer to Stage 1	153 685	(100 560)	(53 125)	-
Transfer to Stage 2	(201 141)	211 481	(10 340)	-
Transfer to Stage 3	(4 284 309)	(7 545 748)	11 830 057	-
Impairment for new financial assets acquired	17 113 139	10 762 593	32 229 040	60 104 772
Reversed impairment for settled receivables	(19 655 085)	(6 987 820)	(26 419 626)	(53 062 531)
Reversed impairment for written off receivables	(1 962 475)	(3 092 068)	(2 162 899)	(7 217 442)
Reversed impairment for sold receivables	(3 649 297)	(2 476 197)	(924 901)	(7 050 395)
Net remeasurement of loss allowance	91 112	745 201	2 791 403	2 8747 716
Foreign exchange movement	(294 745)	(404 782)	(924 109)	(1 623 636)
Balance as at 31 December 2024	13 310 487	8 335 038	70 088 542	91 734 067

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Loan portfolio split by regions:

	Gross loans and advances to customers 31.12.2024	Allowance for impairment 31.12.2024	Net loans and advances to customers 31.12.2024	Gross loans and advances to customers 31.12.2023	Allowance for impairment 31.12.2023	Net loans and advances to customers 31.12.2023
	EUR	EUR	EUR	EUR	EUR	EUR
Europe	139 538 505	27 510 822	112 027 683	78 087 958	10 753 314	67 334 644
Central Asia	46 732 483	34 313 612	12 418 871	113 979 357	39 816 011	74 163 346
Latin America	11 813 426	3 927 666	7 885 760	12 318 159	3 756 932	8 561 227
Scandinavia	45 996 865	16 350 844	29 646 021	35 700 995	9 443 495	26 257 500
South East Asia	10 222 366	6 356 807	3 865 559	7 945 375	4 959 717	2 985 658
Africa	7 751 744	3 274 316	4 477 428	5 537 510	3 106 114	2 431 396
TOTAL	262 055 389	91 734 067	170 321 322	253 569 354	71 835 583	181 733 771

The net loans and advances to customers stood at EUR 170.3 million at the end of the period, reflecting a 6.3% decline vs end of 2023, also largely driven by the downsizing in the Central Asia market. However, other operational regions, particularly Europe, demonstrated strong growth.

Allowance for doubtful debts	31.12.2024 EUR	31.12.2023 EUR
Balance at the beginning of the period	71 835 583	66 981 629
Acquisitions through business combinations	-	6 356 788
Charge for the period	112 718 126	123 467 946
Derecognized on disposal of portfolio	(90 435 304)	(124 288 460)
Currency effect	(2 384 338)	(682 320)
Balance at period end	91 734 067	71 835 583

Net losses arising from derecognition of financial instruments through debt sales transaction is EUR 56 736 043 (in 2023: EUR 92 285 426). Loans and advances to customers mainly represent short term loans thus no significant variations between 12-month ECL and LTECL is observed due to nature of the short-term loan portfolio.

(21) Prepaid expenses

	31.12.2024 EUR	31.12.2023 EUR
Prepayments for services	901 468	55 894
Next period expenses	792 269	1 158 098
TOTAL	1 693 737	1 213 992

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(22) Other receivables

	31.12.2024 EUR	31.12.2023 EUR
Trade receivables****	5 664 917	3 515 979
Overpaid taxes	5 058 456	4 552 965
Security deposits*	2 690 357	244 926
Receivables under profit-sharing arrangements (see Note 11)**	2 670 884	6 870 032
Receivables for sold financial assets***	1 918 781	12 271 587
Advances to employees	87 850	18 105
Receivables for attracted funding through P2P platform (see Note 25)	84 557	514 369
Receivables for provided management services	849	164 564
Other debtors	523 583	315 276
TOTAL	18 700 234	28 467 803

* The increase in security deposits held with various service providers is consistent with business growth in Group's regions and is expected to provide additional safeguards for cooperation continuance.

** Recoverability of Receivables under profit-sharing arrangements are assessed by the Group based on the ECL model. Considering that there are no historical events of default and payments are made based on agreed terms, balances of Receivables under profit-sharing arrangements are classified as fully recoverable, and no significant impairment loss identified and recognized.

*** Receivables from sold financial assets decreased as a result of a reduction in the volume of the sold portfolio in 2024.

**** Recoverability of trade receivables has been assessed based on ECL model. Considering that substantial part of trade receivables has been settled fully in 2025, there are no historical events of default and payments are made based on agreed terms, balances of Trade receivables are classified as fully recoverable, and no significant impairment loss identified and recognized.

(23) Cash and cash equivalents

	31.12.2024 EUR	31.12.2023 EUR
Cash and cash equivalents	34 843 331	22 641 935
TOTAL	34 843 331	22 641 935

In certain countries the Group provides the possibility to its customer to receive and pay back loans in cash, therefore it holds petty cash at the period end. As of 31 December 2024, it is EUR 35 466 (2023: EUR 543 895).

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(24) Share capital and dividend distribution

Share capital

Parent Company is established on 8 April 2019. Share capital of Parent Company as at 31 December 2024 is EUR 340 000 and it is divided into 3 281 850 ordinary shares, 66 300 non-voting shares and 51 850 employees shares with nominal value of EUR 0.1 each. Class A shares issued are fully paid.

The holders of ordinary class A shares are entitled to receive dividends as declared from time-to-time and are entitled to one vote per share at annual and general meetings of the Group. The holders of non-voting preferred personnel shares and Class B shares are only entitled to receive dividends as declared from time-to-time. Personnel shares are not transferable and shall be returned to Parent Company upon termination of employment, per the terms of the employee share program. See also Note 35 Share-based payment.

Other reserves include cumulative value of equity-settled employee share-based payment arrangements and other items recognised directly in equity. See Note 35 and relevant policy for further details.

	Share capital EUR	Number of Class A Shares	Number of Class B Shares	Personnel shares	Total number of Shares
01.01.2023	340 000	3 177 018	51 000	171 982	3 400 000
Subscriptions	-	52 416	15 300	-	67 716
Repurchase and cancellation	-	-	-	(67 716)	(67 716)
31.12.2023	340 000	3 229 434	66 300	104 266	3 400 000
01.01.2024	340 000	3 229 434	66 300	104 266	3 400 000
Subscriptions	-	52 416	-	-	52 416
Repurchase and cancellation	-	-	-	(52 416)	(52 416)
31.12.2024	340 000	3 281 850	66 300	51 850	3 400 000

(25) Loans and borrowings

Loans and borrowings total:	31.12.2024 EUR	31.12.2023 EUR
Bonds	75 371 851	81 809 243
Loans from related parties (see Note 33)	43 182 655	16 338 483
Lease liabilities (see Note 31)	3 195 815	2 293 265
Loans from non-related parties	4 607 572	4 364 461
Financing received from P2P investors	4 953 486	21 870 188
TOTAL	131 311 379	126 675 640

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Non-current	31.12.2024 EUR	31.12.2023 EUR
Bonds	42 735 343	63 043 401
Loans from related parties (see Note 33)	13 120 044	13 299 307
Lease liabilities (see Note 31)	2 461 764	1 986 940
Loans from non-related parties	555 982	659 580
TOTAL	58 873 133	78 989 228

Current	31.12.2024 EUR	31.12.2023 EUR
Financing received from P2P investors	4 953 486	21 870 188
Bonds	32 636 508	18 765 842
Loans from non-related parties	4 051 590	3 704 881
Loans from related parties (see Note 33)	30 062 611	3 039 176
Lease liabilities (see Note 31)	734 051	306 325
TOTAL	72 438 246	47 686 412

The Group did not significantly modify any borrowing agreements in 2024. If any changes in terms occurred, their impact was assessed in accordance with IFRS 9 derecognition requirements.

Detailed information regarding Loans and borrowings can be seen below:

	Currency	Maturity	Interest rate per annum	Principal amount 31.12.2024 EUR	Accrued interest 31.12.2024 EUR	Principal amount 31.12.2023 EUR	Accrued interest 31.12.2023 EUR
Bonds	EUR	Sep 2025, Nov 2026 & Nov 2027	11% & 11%+3M EURIBOR	75 670 440	(298 589)	81 809 243	-
Financing received from P2P investors	EUR	2025	8% - 13%	4 935 948	17 538	21 759 889	110 299
Loans from related parties	EUR	2025 – 2027	10% - 14%+3M EURIBOR	42 913 924	268 731	16 035 972	302 511
Loan from non-related parties	EUR, SEK	2025 – 2027	8% - 12%	4 573 879	33 693	4 134 847	229 614
Lease liabilities (refer to Note 31)				3 195 815	-	2 293 265	-
TOTAL				131 290 006	21 373	126 033 216	642 424

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Bonds

All bonds are private placement bond issued by Sun Finance Treasury.

ISIN	Currency	Issue date	Maturity	Interest rate per annum	Coupon	31.12.2024	31.12.2023
	EUR	EUR	31.12.2023	EUR	EUR	EUR	EUR
LV0000802494	EUR	20.07.2021	20.07.2024	11%	20 million	-	18 765 842
LV0000860112	EUR	29.08.2022	29.08.2025	11% +3M EURIBOR	50 million	32 636 508	48 783 825
LV0000802692	EUR	31.05.2023	30.11.2026	11% +3M EURIBOR	27 million	18 282 352	14 259 576
LV0000803187	EUR	09.05.2024	30.11.2027	11%	25.6 million	24 452 990	-
TOTAL						75 371 850	81 809 243

Interest expenses and income from coupons are disclosed on net basis (Note 8). Please see Note 40 for further information about commitments and other additional information.

Loans from related parties

Loans from related parties comprise loans received from entities and individuals which are under control or joint control of the shareholders of the Group, but not part of the Group or of key management personnel of the Group. Received loans from related parties are unsecured.

	Currency	Maturity	Interest rate per annum	Principal amount 31.12.2024 EUR	Accrued interest 31.12.2024 EUR	Principal amount 31.12.2023 EUR	Accrued interest 31.12.2023 EUR
Shareholder 1	EUR	Jun 2025	14% + 3m EURIBOR	23 692 082	154	6 111 482	91 533
Shareholder 2	EUR	Jun 2025, Nov 2026	14% + 3m EURIBOR	4 075 293	59 434	1 069 003	15 649
Related party 1	EUR	Jun 2027	14% + 3m EURIBOR	4 000 000	58 103	1 250 000	6 230
Related party 2	EUR	Jun 2027	14% + 3m EURIBOR	4 000 000	58 103	900 000	4485
Related party 3	EUR	Aug 2026	18%	2 007 156	29 502	2 072 819	25 735
Related party 4	EUR	Jun 2027	0%	2 000 000	29 052	1 100 000	5 481
Related party 5	SEK	Dec 2025	14.5%	1 528 520	19 085	1 109 887	13 858
Related parties*	EUR & SEK	Mar 2025 – Jun 2027	10% - 14% + 3m EURIBOR	1 610 874	15 298	2 030 093	138 211
TOTAL				42 913 924	268 731	16 035 972	302 511

* Sum of Loans and borrowing from related parties with outstanding principal amount on individual level below EUR 1 million as at 31 December 2024.

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Loans from non-related parties

Loans from non-related parties comprise loans received from non-related companies and persons. Received loans received in EUR and SEK currencies and are unsecured with interest rates 8-12%.

	Currency	Maturity	Interest rate per annum	Principal amount 31.12.2024 EUR	Accrued interest 31.12.2024 EUR	Principal amount 31.12.2023 EUR	Accrued interest 31.12.2023 EUR
Non-related party 1	SEK	Jun 2025	9.5%	955 581	7 686	682 932	5 544
Non-related party 2	SEK	Jun 2025	9%	698 141	5 411	720 981	5 588
Non-related party 3	SEK	Jun 2025	9%	671 961	5 208	693 944	5 378
Non-related party 4	VND	Dec 2025	0%	584 988	-	556 431	-
Non-related party 5	SEK	Jun 2025	9%	453 792	3 517	468 637	3 632
Non-related party 6	EUR	Jul 2025	12% + 3m EURIBOR	300 000	3 858	300 000	3 985
Non-related party 7	EUR	Dec 2027	13%	200 000	1 733	200 000	1 733
Non-related parties*	SEK & EUR	Mar 2025 – Nov 2027	8-12%	709 417	6 280	511 922	203 754
TOTAL				4 573 880	33 693	4 134 847	229 614

* Sum of Loans and borrowing from non-related parties with outstanding principal amount on individual level below EUR 100 000 as at 31 December 2024.

Financing received from peer-to-peer (P2P) investors

As disclosed in Note 3 Significant accounting policies (xii) Transactions with peer-to-peer platforms the Group certain subsidiaries as loan originators are attracting funding from investors through P2P platform. The Group assigns certain debt instruments (issued loans) to investors. All assignments are with recourse rights (buy back guarantee) and these assets do not qualify for the derecognition. Please see Note 40 in respect of assets pledge given to P2P platform operator.

Funds are transferred to/from Group's bank accounts once per week. Receivable is arising from assignments made through P2P platform where the related investment is not yet transferred to the Group as at 31 December 2024 amounted to EUR 84 557 (31.12.2023: EUR 514 369). Payables for attracted funding's through P2P platform represents the returns of funds and as at December 2024 amounted to EUR 834 (31.12.2023: was EUR 84 377).

Cash flows from financing activities:

	01.01.2024 EUR	Maturity EUR	Calculated interest EUR	Foreign exchange effect EUR	Acquisition EUR	Write off EUR	31.12.2024 EUR
Bonds	81 809 243	(17 936 000)	11 498 608	-	-	-	75 371 851
Financing received from P2P investors	21 870 188	(16 785 029)	648 661	(780 334)	-	-	4 953 486
Loan from related parties	16 338 483	21 551 668	5 403 377	(110 873)	-	-	43 182 655
Loan from non-related parties	4 364 461	(81 168)	395 570	(71 291)	-	-	4 607 572
Lease liabilities	2 293 265	722 710	179 840	-	-	-	3 195 815
TOTAL	126 675 640	(12 527 819)	18 126 056	(962 498)	-	-	131 311 379

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	01.01.2023 EUR	Maturity EUR	Calculated interest EUR	Foreign exchange effect EUR	Acquisition EUR	Write off EUR	31.12.2023 EUR
Bonds	66 137 943	4 581 432	11 089 868	-	-	-	81 809 243
Subordinated loans	14 353 919	(15 165 934)	812 015	-	-	-	-
Financing received from P2P investors	21 069 077	(11 491 236)	3 529 315	1 220 801	7 542 231	-	21 870 188
Loan from related parties	12 698 633	178 432	1 664 938	13 456	1 929 899	(146 875)	16 338 483
Loan from non-related parties	5 748 291	(1 987 443)	609 619	(6 006)	-	-	4 364 461
Lease liabilities	2 367 094	(152 316)	80 177	(1 690)	-	-	2 293 265
TOTAL	122 374 957	(24 037 065)	17 785 932	1 226 561	9 472 130	(146 875)	126 675 640

(26) Prepayments and payments received from clients

	31.12.2024 EUR	31.12.2023 EUR
Overpayment received from clients	4 147 164	3 305 105
Deferred income*	1 803 763	2 840 056
Payments received from ceased receivables	29 401	31 486
TOTAL	5 980 328	6 176 647

* Deferred income consists of unearned income until the period passes.

(27) Trade and other payables

	31.12.2024 EUR	31.12.2023 EUR
Trade payables*	8 225 626	6 914 792
Salaries payable	600 968	493 585
Payables for attracted funding through P2P platform (see Note 25)	834	84 377
Other liabilities	486 883	665 997
TOTAL	9 314 311	8 158 751

* Amounts owed to suppliers for goods or services that have been received by the Group but have not yet been paid for.

(28) Taxes payable

	31.12.2024 EUR	31.12.2023 EUR
Value added tax	1 752 013	1 609 051
Social security contributions	303 038	389 581
Personal income tax	222 242	214 536
Other taxes	862 467	473 475
TOTAL	3 139 760	2 686 643

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(29) Accrued liabilities

	31.12.2024 EUR	31.12.2023 EUR Reclassified*
Accruals for vacation	852 608	885 581
Other accrued liabilities	1 653 484	2 310 192
TOTAL	2 506 092	3 195 773

* See Note 3 for details of reclassification.

(30) Provisions

	31.12.2024 EUR	31.12.2023 EUR Reclassified*
Provisions (see Note 40)	877 762	1 628 734
TOTAL	877 762	1 628 734

* See Note 3 for details of reclassification.

(31) Leases

The Group applied IFRS 16 with the date of initial application of 8 April 2019.

The Group leases mainly only office premises and vehicles. The leases typically run for a period from 1 to 10 years with an option to renew the lease after that date. Lease payments are usually increased annually to reflect market rent rates.

Discounted lease liabilities as at 31 December 2024 amount to EUR 3 195 815 (2023: EUR 2 293 265).

In 2024 EUR 1 495 529 was recognized as net expenses in the income statement in respect of operating leases, including EUR 179 840 of interest expenses (2023: EUR 64 422).

Cash inflow for leases EUR 722 709 in 2024.

(32) Discontinued operations

In 2023 Group made the decision to wind down its operations in Vietnam. In November 2023 and December 2023, the operating subsidiaries in Vietnam (Sofi Solution LTD.CO., Digital Credit Trading Service Company and Fincap VN Company Limited) were sold to other parties and simultaneously the Group lost its control over the respective entities. Non-operating holding companies' business plans are yet to be determined and hence they are presented as continued operations.

The Group had been diligently operating in Vietnam within the legal framework and complying with relevant industry regulations and the local market practices since 2019. In 2022 the regulatory bodies started applying repressive measures towards the entire industry without disclosing particular legislative or compliance breaches. Starting from April 2023 the regulatory bodies applied restrictive measures on business activity of the Group entities in Vietnam by suspending business operations. Since restrictions were applied authorities have neither officially communicated the reasons of the restrictions or any legislative non-compliances nor started any legal proceedings against the subsidiaries. A legal case been started against the member of the management of the former subsidiary in relation to the interpretation of legal framework for the issue of loans with interest over the limit set by the legal framework as interpreted by authorities.

After the disposal of the respective entities, the Group does not have information on internal communication or correspondence with the regulatory bodies, if any. The Group has obtained an external legal advisor's opinion representing a reputable law firm

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in Vietnam, who is acting as defendant's advocacy in the above mentioned case. The law firm's legal advisers are in opinion that it is unlikely that the former Group subsidiaries or other Group's entities might be challenged on legislative noncompliance by the regulatory bodies or by civil cases initiated by entities' clients and other parties on the effect of such noncompliance. However, given the substance of the case described above it is assessed that an outflow of benefits is possible hence a provision for contingent liabilities in amount of EUR 0.75 million is recognized in 2023. Due to the fact that after more than a year Group has not been involved or accountable in the case mentioned above provision for contingent liabilities has been reversed in 2024 (see Note 11).

The comparative consolidated Statement of Profit or Loss has been restated to show discontinued operations separately from continuing operations. The Group has applied interpretation of IFRS 5 disclosure requirements and has not allocated to the result of discontinued operations the effect of intergroup transactions with entities classified as Discontinued operations. Therefore interest expense in amount of EUR 0 and other operating costs for management and other services in amount of EUR 6.3 million are presented as part of the continued operations in 2023.

The contribution to results of Vietnam entities until derecognition which happened before 2023 year end are presented below:

Result of discontinued operations	2023 EUR
Interest income	19 622 128
Interest expense	-
Net interest income	19 622 128
Net impairment losses on loans and advances to customers	(12 624 984)
Gain/(losses) from derecognition of financial assets measured at amortised cost	(732 689)
Operating costs	(2 260 034)
Other operating income	18 189
Other operating expense	(244 407)
Net foreign exchange result	(32 205)
Profit / (Loss) before tax	3 745 998
Corporate income tax	(947 263)
Profit / (Loss) for the period until loss of control	2 798 735
Loss from sale of discontinued operations, net of tax	(2 652 019)
PROFIT / (LOSS) FOR THE PERIOD FROM DISCONTINUED OPERATIONS	146 716

Cash flows (used in) discontinued operations	2023 EUR
Net cash from operating activities	5 215 227
Net cash used in investing activities	(1 462 073)
Net cash used in financing activities	(882 907)
NET CASH FLOW FOR THE PERIOD	2 870 247

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Effect of disposal on the financial position of the Group at the disposal date:	Nov / Dec 2023 EUR
Tangible and intangible assets	5 264
Other loans and receivables*	1 701 174
Cash and cash equivalents **	3 245 644
Prepaid expense	11 157
Other receivables	60 676
Trade and other payable	(333 033)
Taxes payable	(1 717 864)
Other payable	(265 567)
NET ASSETS	2 707 451
Consideration received, satisfied in cash	-
Cash and cash equivalents disposed of	(3 245 644)
NET CASH OUTFLOWS	(3 245 644)
Net assets	2 707 451
Discontinued purchase price receivable	(55 432)
LOSS FROM SALE OF DISCONTINUED OPERATIONS	2 652 019

* The fair value estimate of the respective receivables is based on the available information at the time of the sale; however, the Group does not have information about the facts which could affect their recoverability after the disposal.

** At the time of disposal there were certain limitations imposed on the transferability of the respective balances.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(33) Related party transactions

The main ultimate beneficial shareholder of the Group is Aigars Kesenfelds. Entities controlled by shareholders or close family members of those individuals are classified as Shareholder controlled companies. Key management persons and entities controlled and jointly controlled by them are classified as Other related parties.

There are no most senior parent that prepares consolidated financial statements including the Group's financials.

As of 31 December 2024, the Group has not provided or received any guarantees or commitments to/from related parties.

Receivables and payables incurred are not secured with any kind of pledge.

	Shareholder controlled companies 31.12.2024 EUR	Other related parties 31.12.2024 EUR	Shareholder controlled companies 31.12.2023 EUR	Other related parties 31.12.2023 EUR
Receivables from related parties:				
Loans to related parties (see Note 18)	-	-	-	42 074
Trade and other receivables	262	293	3 600	-
Borrowings and payable to related parties:				
Loan and borrowings (see Note 25)	27 826 963	15 355 692	6 978 715	9 359 768
Trade payables	1 900	-	83 901	-

The income and expense items with related parties for 2024 and 2023 were as follows:

	Shareholder controlled companies 2024 EUR	Other related parties 2024 EUR	Shareholder controlled companies 2023 EUR	Other related parties 2023 EUR
Interest expenses from related parties:				
Interest expenses (see Note 8)	3 546 454	1 856 923	782 257	882 681
Interest income from related parties:				
Interest income (see Note 11)	-	4 808	-	7 277
Other income:				
Service income	1 209	645	26 014	1 144
Other expenses:				
Service expense	377 010	-	696 315	262 705

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(34) Fair value of financial instruments

Financial instruments not measured at fair value

The table below analyses the fair values of financial instruments not measured at fair value by the level in the fair value hierarchy into which each fair value measurement is categorised:

31 December 2024	Level 1 EUR	Level 2 EUR	Level 3 EUR	Total carrying amount EUR	Total fair values EUR
Financial assets					
Cash and cash equivalents	34 843 331	-	-	34 843 331	34 843 311
Loans and advances to customers	-	-	170 321 322	170 321 322	170 321 322
Other financial assets	-	-	29 323 139	29 323 139	29 323 139
Total financial assets	34 843 331	-	199 644 461	234 487 792	234 487 792
Financial liabilities					
Loans and borrowings	-	-	12 756 873	12 756 873	11 503 205
Bonds	-	-	75 371 851	75 371 851	75 739 211
Loans from related parties	-	-	43 182 655	43 182 655	43 682 474
Accounts payable to suppliers	-	-	11 820 403	11 820 403	11 820 403
Provisions	-	-	877 762	877 762	877 762
Other liabilities	-	-	5 980 328	5 980 328	5 980 328
Total financial liabilities	-	-	149 989 872	149 989 872	149 603 383

31 December 2023	Level 1 EUR	Level 2 EUR	Level 3 EUR	Total carrying amount EUR	Total fair values EUR
Financial assets					
Cash and cash equivalents	22 641 935	-	-	22 641 935	22 641 935
Loans and advances to customers	-	-	181 733 771	181 733 771	181 733 771
Other financial assets	-	-	29 808 476	29 808 476	29 808 476
Total financial assets	22 641 935	-	211 542 247	234 184 182	234 184 182
Financial liabilities					
Loans and borrowings	-	-	31 859 495	31 859 495	35 414 939
Bonds	-	-	81 809 243	81 809 243	79 834 804
Loans from related parties	-	-	13 006 902	13 006 902	8 226 538
Accounts payable to suppliers	-	-	11 354 524	11 354 524	11 354 524
Provisions	-	-	1 628 734	1 628 734	1 628 734
Other liabilities	-	-	6 176 647	6 176 647	6 176 647
Total financial liabilities	-	-	145 835 545	145 835 545	142 636 186

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The following table shows the valuation techniques used in measuring Level 3 fair values as well as the significant unobservable inputs used:

Financial instruments not measured at fair value (Level 3)		
Type	Valuation technique	Significant unobservable inputs
Other borrowed funds loans and advances to customers deposits and balances due to customers	Discounted cash flows	Discount rates

No level of fair value has been assigned for cash and cash equivalents on the basis that these are available on demand and therefore no modelling of fair value is required.

Fair value of loans and advances to customers is equal to the carrying value which is present value loan payments discounted using effective agreement interest rate and adjusted for impairment allowance.

Fair value of current and non-current borrowings is based on cash flows discounted using effective agreement interest rate which represents current market rate. Group's management believes that interest rates applicable to loan portfolio and borrowings are in line with current market interest rates for companies similar to the Group

Due to the short-term nature of the remaining financial assets and financial liabilities no significant fair value difference from carrying amount is expected.

The management recognizes that if a fair value of financial assets and liabilities would be assessed as an amount at which an asset could be exchanged or liability settled on an arm's length basis with knowledgeable third parties the fair values obtained of the respective assets and liabilities would not be materially different.

No transfers between fair value levels incurred during the year.

(35) Share based payments

The Group may grant share options of Subsidiaries to its employees. Share options are generally awarded on the first day of employment. A share-based payment is primarily a payment in equity instruments of the entity. The Group does not have a present obligation to settle in cash therefore awards are classified as equity settled. The Group does not have a past practice of cash settlement for these awards. The standard vesting period is for 3-4 years.

Equity-settled transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. That cost is recognized in employee benefits expense together with a corresponding increase in equity (other capital reserves) over the period in which the service and where applicable the performance conditions are fulfilled (the vesting period). The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest.

No expense is recognized for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. Management has considered the financial position of the Subsidiaries and the Group that have issued share options, the particular features mentioned in the option agreements, such as buy-back options, non-competition clauses embedded in the agreements, restrictions of sales of shares, as well as dividend policy of the Parent Company and effectively indicate that at 31 December 2024 fair value of the employee options would be amounted to EUR 1 540 000 (31.12.2023 – EUR 1 654 000), recognized gain in 2024 EUR 114 000 (2023 – loss EUR 135 000). Fair value is measured using discounted cash flow and market multiple approaches. Share option fair value at grant date estimated at EUR 15.71 per share.

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99 638 share options have been granted up to 31 December 2024 (2023: 105 306). During 2024 11,332 share options have been granted and 17,000 forfeited. The weighted average remaining contractual life for the share options outstanding as at 31 December 2024 is less than 1 month. There have been no exercised or expired share options during the year.

(36) Maturity analysis

The following table shows discounted financial assets and liabilities by remaining contractual maturity dates as at 31 December 2024.

Assets EUR	On demand/ less than 1 month	From 1 to 3 month	From 3 to 6 month	From 6 month to 1 year	More than 1 year	Overdue	TOTAL
Cash and cash equivalents	34 843 331	-	-	-	-	-	34 843 331
Loans and advances to customers	133 978 752	-	-	-	10 699 938	25 642 632	170 321 322
Other loans and receivables	259 198	-	97 123	1 236	4 155 396	-	4 512 953
Other receivables	24 810 186	-	-	-	-	-	24 810 186
Total financial assets	193 891 467	-	97 123	1 236	14 855 334	25 642 632	234 487 792
Liabilities EUR							
Loans and borrowings	5 572 170	26 180	2 932 193	474 535	555 980	-	9 561 058
Loans and borrowings (related parties)	1 797 251	920 874	27 344 486	-	13 120 044	-	43 182 655
Bond liabilities	-	-	-	32 636 508	42 735 343	-	75 371 851
Leases liabilities	-	-	-	734 051	2 461 764	-	3 195 815
Accounts payable to suppliers	9 314 311	-	-	-	-	-	9 314 311
Corporate income tax payable	10 581 690	-	-	-	-	-	10 581 690
Taxes payable	3 139 760	-	-	-	-	-	3 139 760
Total financial liabilities	30 405 182	947 054	30 276 679	33 845 094	58 873 131	-	154 347 140
Net position	163 486 285	(947 054)	(30 179 556)	(33 843 858)	(44 017 797)	25 642 632	80 140 652
Net cumulative position	163 486 285	162 539 231	132 359 675	98 515 817	54 498 020	80 140 652	-

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The following table shows discounted financial assets and liabilities by remaining contractual maturity dates as at 31 December 2023.

Assets EUR	On demand/ less than 1 month	From 1 to 3 month	From 3 to 6 month	From 6 month to 1 year	More than 1 year	Overdue	TOTAL
Cash and cash equivalents	22 641 935	-	-	-	-	-	22 641 935
Loans and advances to customers	145 254 356	-	-	-	-	36 479 415	181 733 771
Other loans and receivables	-	-	1 470	10 310	2 758	-	14 538
Other loans and receivables (related parties)	-	-	-	-	42 074	-	42 074
Other receivables	29 751 864	-	-	-	-	-	29 751 864
Total financial assets	197 648 155	-	1 470	10 310	44 832	36 479 415	234 184 182
Liabilities EUR							
Loans and borrowings	22 429 097	-	1 576 349	1 569 623	659 581	-	26 234 650
Loans and borrowings (related parties)	1 123 746	-	263 454	1 651 976	13 299 307	-	16 338 483
Bond liabilities	-	-	-	18 765 842	63 043 401	-	81 809 243
Leases liabilities	-	-	-	306 325	1 986 939	-	2 293 264
Accounts payable to suppliers	8 158 751	-	-	-	-	-	8 158 751
Corporate income tax payable	11 140 334	-	-	-	-	-	11 140 334
Taxes payable	2 686 643	-	-	-	-	-	2 686 643
Total financial liabilities	45 538 571	-	1 839 803	22 293 766	78 989 228	-	148 661 368
Net position	152 109 584	-	(1 838 333)	(22 283 456)	(78 944 396)	36 479 415	85 522 814
Net cumulative position	152 109 584	152 109 584	150 271 251	127 987 795	49 043 399	85 522 814	-

(37) Analysis of financial liabilities' contractual undiscounted cash flows

The table below presents the cash flows payable by the Group under contractual financial liabilities by remaining contractual maturities as at the reporting date.

The amounts disclosed in the table are the contractual undiscounted cash flows in comparison with the carrying amounts of financial liabilities comprising discounted cash flows as at the reporting date.

Refer Note 4 for a detailed description of the Group's liquidity risk management.

The analysis as at 31 December 2024 was as follows:

Non-derivative liabilities	Carrying amount	Total nominal inflow/ (outflow)	On demand/ less than 1 month	From 1 to 3 months	From 3 to 6 months	From 6 month to 12 months	More than 1 year
Loans and borrowings	131 311 379	155 056 058	5 706 269	5 454 015	34 470 888	39 236 748	70 188 138
Accounts payable to suppliers	9 314 311	9 314 311	9 314 311	-	-	-	-
Total	140 625 690	164 370 369	15 020 580	5 454 015	34 470 888	39 236 748	70 188 138
Credit related commitments	-	-	-	-	-	-	-

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The analysis as at 31 December 2023 was as follows:

Non-derivative liabilities	Carrying amount	Total nominal inflow/ (outflow)	On demand/ less than 1 month	From 1 to 3 months	From 3 to 6 months	From 6 month to 12 months	More than 1 year
Loans and borrowings	126 675 640	151 356 008	23 552 843	1 786 791	24 539 688	9 146 562	92 330 124
Accounts payable to suppliers	8 158 751	8 158 751	8 158 751	-	-	-	-
Total	134 834 391	159 514 759	31 711 594	1 786 791	24 539 688	9 146 562	92 330 124
Credit related commitments	-	-	-	-	-	-	-

(38) Currency analysis

The following table shows the currency structure of financial assets and liabilities at 31 December 2024:

Assets EUR	EUR	PLN	SEK	KZT	MXN	KES	PHP	Other	TOTAL
Cash and cash equivalents	8 103 364	2 692 703	1 537 550	4 151 448	1 812 010	1 854 148	1 609 975	13 082 133	34 843 331
Loans and advances to customers	49 906 118	29 489 669	29 646 021	8 209 887	7 885 760	4 470 038	3 108 698	37 605 131	170 321 322
Other financial assets	8 103 179	5 675 792	489 163	9 061 290	2 653 212	104 232	887 969	2 348 302	29 323 139
Total financial assets	66 112 661	37 858 164	31 672 734	21 422 625	12 350 982	6 428 418	5 606 642	53 035 566	234 487 792
Liabilities EUR									
Loans and borrowings	124 360 216	-	5 321 820	569 687	161 314	-	290 010	608 332	131 311 379
Accounts payable to suppliers	2 356 561	1 094 803	3 739 349	1 554 249	525 640	185 573	162 151	2 202 077	11 820 403
Other financial liabilities	298 784	506 867	1 300 576	1 258 540	1 057 135	163 140	64 743	1 330 543	5 980 328
Total financial liabilities	127 015 561	1 601 670	10 361 745	3 382 476	1 744 089	348 713	516 904	4 140 952	149 112 110
Net position	(60 902 900)	36 256 494	21 310 989	18 040 149	10 606 893	6 079 705	5 089 738	48 894 614	85 375 682

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The following table shows the currency structure of financial assets and liabilities at 31 December 2023:

Assets EUR	EUR	PLN	SEK	KZT	MXN	PHP	KES	Other	TOTAL
Cash and cash equivalents	4 955 745	584 382	1 058 676	9 665 840	1 427 740	1 315 815	792 295	2 841 442	22 641 935
Loans and advances to customers	35 785 517	22 815 072	25 981 538	67 243 360	8 561 228	2 423 664	2 421 059	16 502 333	181 733 771
Other financial assets	8 931 365	4 562 920	157 118	13 900 583	1 254 372	251 751	103 434	646 933	29 808 476
Total financial assets	49 672 627	27 962 374	27 197 332	90 809 783	11 243 340	3 991 230	3 316 788	19 990 708	234 184 182
Liabilities EUR									
Loans and borrowings	119 168 987	-	6 360 692	445 641	141 410	-	-	558 910	126 675 640
Accounts payable to suppliers	2 787 796	938 138	2 339 637	2 972 004	204 420	188 323	104 217	1 819 989	11 354 524
Other financial liabilities	263 586	300 060	629 042	2 964 025	1 050 044	73 258	112 411	784 221	6 176 647
Total financial liabilities	122 220 369	1 238 198	9 329 371	6 381 670	1 395 874	261 581	216 628	3 163 120	144 206 811
Net position	(72 547 742)	26 724 176	17 867 961	84 428 113	9 847 466	3 729 649	3 100 160	16 827 588	89 977 371

(39) Credit risk

The table below shows the Group's maximum exposure to credit risk for the components of the statement of financial position. Exposures are based on net carrying amounts as reported in the statement of financial position.

The Group's maximum credit exposures are shown gross.

	31.12.2024 EUR	31.12.2023 EUR
Cash and cash equivalents	34 843 331	22 641 935
Loans and advances to customers	170 321 322	181 733 771
Other loans and receivables	4 512 953	56 612
Other receivables	18 700 234	28 467 803
TOTAL	228 377 840	232 900 121

The Group does not hold any collaterals or other credit enhancements.

Information on the credit quality of loans and advances to customers in Note 20.

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(40) Commitments and contingencies

Cooperation agreement with P2P platforms

Cooperation agreements with P2P platforms require to maintain positive amount of equity (including subordinated loans) at all times Management of the Group monitors and increases the share capital if needed to satisfy this requirement.

The Group is subject to additional financial covenants relating to its attracted funding through P2P platform. Group is regularly monitoring respective indicators and ensures that covenants are satisfied. The Group as a whole is in compliance with these covenants as at 31 December 2024 and during 2024.

The Group operates in Latvia (2023: Latvia and Kazakhstan), loans of the borrowers are not directly listed on the Mintos platform. Mintos acts as an intermediary, granting loans to the relevant Subsidiary of the Group, and these loans are secured by commercial pledge agreements. As of 31 December 2024, the Group had commercial pledge agreements in maximum amount of EUR 12 million for SIA Extra Credit. Carrying amount of pledged assets as of 31 December 2024 amounted to EUR 4 953 486.

As of the reporting date, the Group has not entered into any new loan agreements with non-related parties that would result in commitments or contingencies.

Sun Finance Treasury Notes

There are restrictions in the Terms and conditions for bonds registered in NASDQ CSD. Financial covenants are as follows:

Notes issued in 2022

1. EBITDA to Net Finance Charges must be at least at least 1.75x
2. Capitalization ratio is at least 20%
3. Unencumbered Net Receivables to total amount of the debt under the Notes is at least 1.4x There are no other limitations regarding additional and permitted debt and securities.

Notes issued in 2023

1. EBITDA to Net Finance Charges must be at least at least 1.75x
2. Capitalization ratio is at least 20%
3. Unencumbered Net Receivables to total amount of the debt under the Notes is at least 1.4x There are no other limitations regarding additional and permitted debt and securities.

Notes issued in 2024

1. EBITDA to Net Finance Charges must be at least at least 1.75x
2. Capitalization ratio is at least 20%
3. Unencumbered Net Receivables to total amount of the debt under the Notes is at least 1.4x There are no other limitations regarding additional and permitted debt and securities.

The Group is in compliance with all covenants as at 31 December 2024 (EBITDA to Net Finance Charges is 6.3x, Capitalization ratio is 55.7% and Unencumbered Net Receivables to total amount of the debt under the Notes is 2.2x) and as at 31 December 2023 (EBITDA to Net Finance Charges is 6.5x, Capitalization ratio is 52.2% and Unencumbered Net Receivables to total amount of the debt under the Notes is 2.0x).

Regulatory environment and contingencies

The Group is operating in numerous markets with different regulatory environments. The regulatory framework and supervisory authorities applicable to the Group's operating entities varies depending on the jurisdiction in which they operate with varying degree of involvement from the respective supervisory institutions. Compliance review and communication with regulatory authorities in relation to legal framework interpretations, latest legislative updates and market guidelines is daily course of business.

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In 2023 review of business operations by the supervisory authority took place in Kazakhstan. Due to different interpretation of legal framework, temporary measures were applied on microlending activities and final measures on termination of two company microlending activities. Based on the performed review applied measures by the authorities leave no impact on portfolio quality but may extend its recoverability. Measures applied by the authority also support the Group's long term strategic plan on portfolio diversification. Contingent liabilities may exist in relation to the interpretation of Group operating entities' compliance with regulatory framework and the management has estimated the respective provisions in amount of EUR 0.88 million. The measurement of provision is based on the supervisory authorities' identified non-compliance with regulations as at the end of 2023 and the Group estimates on the effect of such matter to potential economic outflow (undiscounted). The Group has obtained licensed legal advisor opinion confirming that no additional obligations arise on the Group's entities business operations compliance with the regulatory framework.

In 2025 review and activities of Financial Monitoring Agency took place in Kazakhstan. Certain differences in interpretations have emerged between the companies and state institutions regarding the nature of services provided. Companies have been diligently and transparently operating within legal framework and complying with relevant industry regulations in Kazakhstan. As of the date of issuance these financial statements, the review is ongoing. The Group and its legal advisors have performed legal framework analysis on provided services and validated compliance with existing regulation, confirming that as of the date of issuance these consolidated financial statements no additional obligations arise, however management cannot completely eliminate the risk of potential financial outcomes. The matter is being disclosed as a non-adjusting event and no provision has been recognized. The Group will continue to monitor developments and assess any financial implications as more information becomes available.

Note 32 Discontinued operations discloses the restrictions applied by the state institutions to the activities of the former Group's entities and other legal proceedings. Based on the Group's experience in other market and given the substance of the case described in Note 31 it is assessed that an outflow of benefits is possible and hence a provision for contingent liabilities in amount of EUR 0.75 million is recognized. The measurement of provision is based on the following assumptions which the management derived from its knowledge of a similar past contingency in the other market. Due to the fact that after more than a year Group has not been involved or accountable in the case mentioned above provision for contingent liabilities has been reversed.

No additional regulatory changes have been identified in the jurisdictions where the Group conducts its operations.

Tax contingencies

The Group is operating in the numerous markets with different taxation requirements in respect of the corporate income tax, withholding taxes, value added tax, personnel taxation etc. The Group also has a significant volume of the intergroup transactions subject to transfer pricing regulations. The Group is in the process of the updating of the transfer pricing documentation and estimates that the taxation authority will accept a tax treatment.

Significant management judgement is used for estimating provisions in relation to tax amounts disputed with tax authorities (See Note 5). The Group's management has assessed all potential contingencies regarding taxes and evaluated probability of any contingencies arising from to be low, therefore no specific contingent liability should be disclosed.

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(41) Group entities

As at 31 December 2024 and 31 December 2023 the Group consisted of the following entities:

Name of entity	Registered office	Ownership 31.12.2024	Ownership 31.12.2023	Acquired / established	Acquisition/ establishment date
HSFE AS	Skanstes 52, Riga, LV-1013, Latvia	90.23%	99.25%	Acquired	09.04.2019
HSFCA AS	Skanstes 52, Riga, LV-1013, Latvia	100.00%	100%	Acquired	09.04.2019
HSFS AS	Skanstes 52, Riga, LV-1013, Latvia	95.00%	95%	Acquired	09.04.2019
SF Capital KG SIA	Skanstes 52, Riga, LV-1013, Latvia	100.00%	100%	Acquired	09.04.2019
Extra Credit SIA	Skanstes 52 Riga LV-1013 Latvia	98.00%	97.25%	Acquired	09.04.2019
Capitolia ApS**	Østerbrogade 226, st 1, 290, 2100 København Ø, Denmark	0.00%	95.00%	Acquired	09.04.2019
Capvia LLP	8th floor, "Turar" business-center, 502 Seifullin ave., 050012, Almaty, Kazakhstan	92.50%	90.00%	Acquired	09.04.2019
Fincap LLP	8th floor, "Turar" business-center, 502 Seifullin ave., 050012, Almaty, Kazakhstan	90.00%	90.00%	Acquired	09.04.2019
"Credit Ishenim" ALC	Toktogul Street 257 Frunze + Shopping Center boutique 9, Bishkek, Republic of Kyrgyzstan	90.00%	100.00%	Established	09.04.2019
LumiTechKG LLC	Toktogula 125/1. Pervomaisky district, Bishkek, 720001, Republic of Kyrgyzstan	90.00%	100.00%	Acquired	22.04.2019
Sun Finance Treasury Limited	Suite 23, Level 4, Vincenti Buildings, 25 Strait Street, Valletta VLT1432, Malta	100.00%	97.12%	Acquired	21.05.2019
Primastar Sp.z.o.o.	ul. Domaniewska 47/10 02-672 Warszawa, Poland	100.00%	97.13%	Acquired	21.05.2019
HSFLA AS	Skanstes 52 Riga LV-1013 Latvia	98.80%	99.80%	Established	01.07.2019
HSFSEA AS	Skanstes 52 Riga LV-1013 Latvia	100.00%	97.75%	Established	30.10.2019
Proximus Finance S. de R.L. de C.V.	Shakespeare 30 floor 3 Col. Nueva Anzures Miguel Hidalgo Cd. de México C.P 11590 Mexico City	99.00%	96.80%	Acquired	31.10.2019

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Name of entity	Registered office	Ownership 31.12.2024	Ownership 31.12.2023	Acquired / established	Acquisition/ establishment date
Creditum LLP	8th floor, "Turar" business-center, 502 Seifullin ave., 050012, Almaty, Kazakhstan	97.50%	97.50%	Acquired	03.12.2019
Sofi Finance LLP	8th floor, "Turar" business-center, 502 Seifullin ave., 050012, Almaty, Kazakhstan	97.50%	97.50%	Established	12.12.2019
Ducatos Sp.z.o.o.	ul. Postępu 18b 02-676 Warszawa, Poland	100.00%	93.85%	Acquired	13.12.2019
Panamerican Limited	Suite 23, Level 4, Vincenti Buildings, 25 Strait Street, Valletta VLT1432, Malta	93.85%	93.85%	Acquired	13.12.2019
Luma Finans AB	Hammarby Street 93, Stockholm, 120 63, Sweden	99.00%	94.00%	Acquired	23.01.2020
SF TREASURY SG PTE.LTD.	111 NORTH BRIDGE ROAD #08-11; PENINSULA PLAZA 179098, SINGAPORE	100.00%	97.75%	Acquired	29.04.2020
Sofi Lending Inc.	Unit 1405, East Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Center, Pasig City, Metro Manila, Philippines	99.99%	97.74%	Acquired	22.02.2020
SF Group Private Limited	No 47, Alexandra place, Colombo, 00700, Sri Lanka	100.00%	97.75%	Established	22.02.2020
Dali Dali AS	Skanstes street 52, Riga, LV-1013, Latvia	98.00%	97.25%	Established	13.05.2020
MFO Salem Credit TOO	8th floor, "Turar" business-center, 502 Seifullin ave., 050012, Almaty, Kazakhstan	97.50%	97.50%	Established	13.05.2020
SF Capital SG PTE. Ltd.	111 North Bridge Road #08-18; Peninsula Plaza (179098), Singapore	98.00%	95.75%	Established	15.05.2020
SFDM, S.A. DE C.V.	Shakespeare 30 floor 3 Col. Nueva Anzures Miguel Hidalgo Cd. de México C.P 11590 Mexico City	99.00%	97.80%	Established	08.06.2020
Sofi Digital MX S.A. de C.V.	Shakespeare 21 piso 5, despacho 501 B, Col. Anzures, Alcaldía Miguel Hidalgo C.P. 11590, Ciudad de México	99.00%	98.00%	Established	21.06.2021
KG Consulting and Services LLC	St. Razzakov 19, 720040, Bishkek, Republic of Kyrgyzstan	97.50%	98.50%	Established	06.08.2020
Eldik Capital Pawnshop ALC	Toktogula 125/1. Pervomaisky district, Bishkek, 720001, Republic of Kyrgyzstan	97.50%	97.50%	Established	06.08.2020
SF Lithuania UAB	Upės g. 23, LT-08128 Vilnius, Lithuania	100.00%	99.25%	Established	30.11.2020
MFO POS Credit	8th floor, "Turar" business-center, 502 Seifullin ave., 050012, Almaty, Kazakhstan	98.00%	98.00%	Established	10.03.2021

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Name of entity	Registered office	Ownership 31.12.2024	Ownership 31.12.2023	Acquired / established	Acquisition/ establishment date
MFO SF Offline	8th floor, "Turar" business-center, 502 Seifullin ave., 050012, Almaty, Kazakhstan	97.50%	97.50%	Established	10.03.2021
Finanza SIA	Skanstes 52 Riga LV-1013 Latvia	98.00%	97.25%	Acquired	23.03.2021
Talaros Sp. z.o.o	ul. Domaniewska, No. 37, office 2.43, 02-672, Warszawa, Poland	100.00%	99.25%	Acquired	19.08.2021
LLC NCI SF Azerbaijan	AZ1025, Baku city, Khatai district, Khojali avenue, 37, Azerbaijan	95.50%	95.50%	Established	28.08.2021
MFO Hava Finance	8th floor, "Turar" business-center, 502 Seifullin ave., 050012, Almaty, Kazakhstan	97.50%	97.50%	Established	15.10.2021
Sotero LV SIA	Skanstes 52 Riga LV-1013 Latvia	98.00%	97.25%	Acquired	19.10.2021
Lumino Finance Oy	Urho Kekkonen katu 4-6 E. 00100 Helsinki	100.00%	95.00%	Established	30.12.2021
SF Management SG PTE.LTD	111 North Bridge Road #08-11; Peninsula Plaza (179098), Singapore	98.00%	95.75%	Established	14.03.2022
Binly Finans AB	Hammarby Allé 93, Stockholm, Sweden	100.00%	95.00%	Established	27.04.2022
SF Prestamos S.L.	Av. de Manoteras 12, Piso 6 (Spaces) 28050, Madrid, Spain	100.00%	99.25%	Established	17.06.2022
Kyzyfee SIA	Skanstes 52 Riga LV-1013 Latvia	100.00%	100.00%	Established	17.08.2022
eKesh SIA	Skanstes 52 Riga LV-1013 Latvia	100.00%	100.00%	Established	17.08.2022
Fintech Partners Europe SIA	Skanstes 52 Riga LV-1013 Latvia	100.00%	100.00%	Established	23.08.2022
Fintech Partners Asia SIA	Skanstes 52 Riga LV-1013 Latvia	99.86%	95.75%	Established	14.09.2022
SF Solutions SIA	Skanstes 52 Riga LV-1013 Latvia	100.00%	100.00%	Established	28.09.2022
Active Investments SIA	Skanstes 52 Riga LV-1013 Latvia	100.00%	100.00%	Established	10.10.2022
Star Capital Baltics SIA	Brivibas gatve 204B Riga LV-1039 Latvia	99.78%	95.75%	Established	10.11.2022

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Name of entity	Registered office	Ownership 31.12.2024	Ownership 31.12.2023	Acquired / established	Acquisition/ establishment date
FPA Investments PTE LTD	111 North Bridge Road #08-11; Peninsula Plaza (179098), Singapore	100.00%	95.75%	Established	21.11.2022
New Road Global Limited Company	19th Floor, Room 1901, Saigon Trade Center, 37 Ton Duc Thang, Ben Nghe Ward, District 1, HCM City, Vietnam	98.00%	95.75%	Established	29.11.2022
MFO Zamat Finance	Bishkek, Oktyabrsky district, st. Yunusaliyeva, house 74 Business Center Gray, 2- Floor, Office No3, Republic of Kyrgyzstan	98.00%	98.00%	Established	28.12.2022
Luminy SIA	Skanstes 52, Riga, LV-1013 Latvia	100.00%	100.00%	Established	20.01.2023
Star Capital Baltics Holding PTE LTD	111 North Bridge Road #08-11; Peninsula Plaza (179098), Singapore	99.78%	95.75%	Established	16.02.2023
Capital Financing Partners SG PTE. Ltd.	111 North Bridge Road #08-11; Peninsula Plaza (179098), Singapore	98.00%	95.75%	Established	21.02.2023
Finacra Consulting SG PTE. Ltd.	111 North Bridge Road #08-11, Peninsula Plaza (179098), Singapore	100.00%	97.75%	Established	02.03.2023
Capital Financing partners Holding	15th Floor, Room 1508, Vincom Center, 72 Le Thanh Ton street, Ben Nghe Ward, District 1, HCM city, Vietnam	100.00%	95.75%	Established	28.03.2023
Fast Forward Holding	2nd floor, Rosana Tower, 60 Nguyen Dinh Chieu, Dakao Ward, District 1, HCM city, Vietnam	100.00%	95.75%	Established	28.03.2023
FFF Solutions Holding	8th Floor, Cao Thang Mall, 19 Cao Thang, Ward 2, District 3, HCM city, Vietnam	100.00%	95.75%	Established	28.03.2023
LLP Collection agency SF Collect	Seyfullina avenue, building 502, Almalin district, postal code 050012, Almaty city, Kazakhstan	100.00%	100.00%	Established	07.04.2023
HSFA AS*	Skanstes 52, Riga, LV-1013 Latvia	95.50%	95.50%	Acquired	04.07.2023
Zenka Finance Limited (Uganda)*	Plot 46, Wing A, 1st Floor - Mirembe Business Center Bypass, Lugogo Bypass, Kampala, Uganda	100.00%	95.50%	Acquired	04.07.2023
Zenka Finance Limited (Rwanda)*	KN2 Av, MIC Building, Plot 1370, Nyarugenge District, TIN 108505735, Kigali, Rwanda	100.00%	95.50%	Acquired	04.07.2023
Zenka Financa Limited (Ghana)*	No5 Olooti street, Labone Estate Accra, Ghana	100.00%	95.50%	Acquired	04.07.2023
Pocco Sp. Z.o.o.*	Solec Street 18 / U12, 00-410 Warsaw, Poland	100.00%	95.50%	Acquired	04.07.2023
Zenka Digital Limited*	Waiyaki Way, The Mirage Tower, P.O. Box 29107, G.P.O. Nairobi, Kenya	100.00%	95.50%	Acquired	04.07.2023

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Name of entity	Registered office	Ownership 31.12.2024	Ownership 31.12.2023	Acquired / established	Acquisition/ establishment date
Pocco Digital Limited*	Waiyaki Way, The Mirage Tower, P.O. Box 29107, G.P.O. Nairobi, Kenya	100.00%	95.50%	Acquired	04.07.2023
For Sale One Sp.z.o.o.*	Solec Street 18 / U12, 00-410 Warsaw, Poland	100.00%	95.50%	Acquired	04.07.2023
SF Lombard	Seyfullina avenue, building 502, postal code 050012, Almalin district, Almaty city, Kazakhstan	97.50%	95.75%	Acquired	08.08.2023
Solify SIA	Skanstes 52, Riga, LV-1013 Latvia	60.00%	60.00%	Established	04.10.2023
Findee SIA	Skanstes 52, Riga, LV-1013 Latvia	95.50%	55.50%	Established	01.11.2023
LLC Microcredit company Dostukcha	Gorky street, house 70, Oktyabrsky district Bishkek city, Republic of Kyrgyzstan	100.00%	0.00%	Acquired	24.07.2024
LLC NCI SF Blue Finance	AZ1025, Baku city, Khatai district, Khojali avenue, 37, Azerbaijan	100.00%	0.00%	Established	01.03.2024
Lumino Nordic SIA	Skanstes 52, Riga, LV-1013 Latvia	100.00%	0.00%	Established	10.01.2024
Solid Inkassopartner Sverige AB	Hammarby Allé 93, 120 63 Stockholm	100.00%	0.00%	Established	16.02.2024.
SF Credit IFN S.A.	4-8 Nicolae Titulescu Avenue, America House Building, West Wing, 8th Floor, 1st District, Bucharest, Romania	100.00%	0.00%	Established	16.09.2024.

* Company included in Zenka Group

** The entity has been sold in 2024

(42) Subsequent events

On 28 February 2025, the Group listed the 3.5-year corporate bond with an issue size of EUR 25.6 million and a fixed annual interest rate of 11.0%, registered in May 2024, for trading on the Nasdaq First North market. The bond maturity is November 2027.

To refinance the Group's 3-year EUR 50 million corporate bond with the maturity date on 30 September 2025, the Group registered a new 3.5-year corporate bond on 7 April 2025, with an issue size of up to EUR 50 million. The new bond, maturing in September 2028, is organized as a private placement with a fixed annual coupon rate of 10%, paid monthly.

On 26 March 2025, the Group announced about exercising the right of early redemption of the 3-year EUR 50 million corporate bond. The bond has been redeemed in full ahead of schedule on 30 April 2025.

See also Note 40 section Regulatory environment and contingencies.

Management acknowledges the recent developments regarding the imposition of U.S. tariffs and has conducted an internal assessment along with an analysis of cooperation partners, concluding that there is no direct or indirect impact on the Group's operations, strategic planning, or financial results, as the Group's main business activity is consumer lending and it does not engage in the export of goods to the U.S.



Modern **finance.** For a modern **society.**

AS SUN FINANCE GROUP

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**ADDRESS: SKANSTES STREET 52,
RIGA, LV-1013**

Independent Auditor's Report

To the shareholders of AS "Sun Finance Group"

Our Opinion on the Consolidated Financial Statements

We have audited the consolidated financial statements of AS "Sun Finance Group" ("the Company") and its subsidiaries ("the Group") set out on pages 10 to 80 of the accompanying consolidated Annual Report, which comprise:

- the Consolidated Statement of Profit and Loss and Other comprehensive income for the year ended 31 December 2024;
- the Consolidated Statement of Financial Position as at 31 December 2024;
- the Consolidated Statement of Cash Flows for the year ended 31 December 2024;
- the Consolidated Statement of Changes in Equity for the year ended 31 December 2024;
- the Notes to the Consolidated Financial Statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its cash flows for the year then ended in accordance with the IFRS Accounting Standards as adopted by the European Union ("IFRS").

Basis for Opinion

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

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (including International Independence Standards) and independence requirements included in the Law on Audit Services of the Republic of Latvia that are relevant to our audit of the consolidated financial statements in the Republic of Latvia. We have also fulfilled our other professional ethics responsibilities and objectivity requirements in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) and Law on Audit Services of the Republic of Latvia.

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

Emphasis of Matter

We draw attention to Note 40 and Note 42 to the consolidated financial statements which describes regulatory environment and ongoing review involving certain Group's subsidiaries. As stated in the notes, no provisions have been recognized in the financial statements, in accordance with IFRS Accounting Standards in respect of this matter. Our opinion is not modified in this respect.

Other matter

The consolidated financial statements of the Group for the year ended 31 December 2023 were audited by another auditor who expressed an unmodified opinion on those statements on June 30, 2024.

Reporting on Other Information

The Group's management is responsible for the other information. The other information comprises:

- Information about the Group, as set out on page 3 of the accompanying Annual Report,
- the Management Report, as set out on pages 6 to 9 of the accompanying Annual Report,

Our opinion on the consolidated financial statements does not cover the other information included in the Annual Report, and we do not express any form of assurance conclusion thereon, except as described in the

“Other reporting responsibilities in accordance with the legislation of the Republic of Latvia” section of our report.

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

If, based on the work we have performed and in light of the knowledge and understanding of the Group and its environment obtained in the course of our audit, 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.

Other reporting responsibilities in accordance with the legislation of the Republic of Latvia

In addition, in accordance with the Law on Audit Services of the Republic of Latvia with respect to the Management Report, our responsibility is to consider whether the Management Report is prepared in accordance with the requirements of the Law on the Annual Reports and Consolidated Annual Reports of the Republic of Latvia.

Based solely on the work required to be undertaken in the course of our audit, in our opinion:

- the information given in the Management Report for the financial year for which the consolidated financial statements are prepared is consistent with the consolidated financial statements; and
- the Management Report has been prepared in accordance with the requirements of the Law on the Annual Reports and Consolidated Annual Reports of the Republic of Latvia.

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

Management is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of the consolidated 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 Group’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 Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group’s financial reporting process.

Auditor’s Responsibility for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs 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 consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:


- Identify and assess the risks of material misstatement of the consolidated 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 Group’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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated 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 auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves a fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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.

SIA "BDO ASSURANCE"
License No 182

Raivis Jānis Jaunkalns
Member of the Board
Sworn auditor
Certificate No 237



Riga, Latvia
27 June 2025

This document is electronically signed with safe electronical signature and contains time stamp.