JOINT-STOCK COMPANY "HIPOCREDIT"

(SINGLE REGISTRATION NUMBER 40103793931)

2025 ANNUAL REPORT

(12th financial year)

PREPARED IN ACCORDANCE WITH THE LAW OF THE REPUBLIC OF LATVIA ON THE ANNUAL FINANCIAL STATEMENTS AND CONSOLIDATED ANNUAL FINANCIAL STATEMENTS AND THE INDEPENDENT AUDITORS' REPORT

Riga, 2026

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General information

Company name	AS Hipocredit
Legal status	Joint-stock company
Registration number, place and date	40103793931 Riga, 28 May 2014
Legal address	Elizabetes iela 65-11, Riga, Latvia, LV-1050
Board members	Gediminas Velicka – board member Eva Rotkāja – chairwoman of the board (from 30.01.2026) Rihards Sakovičs – chairman of the board (until 17.09.2025), board member (from 17.09.2025 until 10.11.2025) Aleksejs Čiževskis – board member (from 26.06.2025 until 17.09.2025), chairman of the board (from 17.09.2025 until 30.01.2026)
Council members	Mindaugas Velicka - Chairman of the Council Mārtiņš Valters - Deputy Chairman of the Council Mārtiņš Šulte - Council member
Shareholders	Hipotekiniai kreditai, UAB – 100% Reģ. Nr. 304374977 Putvinskio iela 62, Kauņa, LT-44211
Annual report prepared by	Company accountant Vita Uzkalne
Main types of activity	Other lending (64.92, version 2.1) Financial leasing (64.91, version 2.1)
Reporting year	2025. 01 January - 31 December
Previous reporting year	2024. 01 January - 31 December
Auditors	Svetlana Šemele-Baikova Sworn auditor Certificate Nr. 212
	AS “RSM Latvia” Mihaila Tāla iela 1, Rīga Latvija, LV-1045 Licence Nr. 134

Management Report

Description of the Company's activities

AS "Hipocredit" (hereinafter the "Company") has as its core business the provision of lending services. Loans are issued against a mortgage on immovable property.

The Company's activities in the reporting year

The Company's net turnover compared with 2024 has decreased by 5.2%. New loans issued have decreased, and therefore commission income has decreased, as well as interest income. The Company's operations were adversely affected by a change of managers within a short period of time.

Financial result indicators.

Rādītāji	2025	2024	Analysis
Net turnover	2 280 628	2 406 953	Turnover has decreased because the volume of loans issued has decreased, and consequently commission and interest income as well
Net profit margin	8.90%	22.72%	The decrease in net profit margin is related to the insolvency of a large debtor and an increase in provisions for doubtful debtors.

Future prospects and further development

The Company will continue to issue loans, but with greater caution, assessing the solvency of each client and the possible risks that could hinder loan repayment.

Profit distribution recommended by the Board

The Company's Board recommends that the profit for the reporting year be retained as undistributed.

The Company's exposure to risks

The Company's main financial risks are credit risk and liquidity risk. Detailed information on the risks and their mitigation is disclosed in Note 23 to the financial statements.

Going concern

The Company's management has taken the necessary measures to ensure the stability of the Company's operations under conditions of an uncertain economic environment, including measures to maintain a high level of liquidity. The client's solvency and the value of the collateral are assessed. The Company's management believes that the measures implemented are sufficient to ensure the continuity of the Company's operations and financial stability. However, this conclusion is based on the information available at the time of signing these financial statements, and the impact of future events on the overall economic situation cannot be forecast, and therefore there is a possibility that the volume of the Company's loan portfolio will decrease, while the credit risk will increase to a greater extent, and that the availability of financing may decrease more than the Company has forecast, which will negatively affect its operating results. The annual report has been prepared on the basis of the going concern assumption.

Events after the balance sheet date

In the period between the last day of the reporting year and the day on which the Board signs the management report, there have been no significant or extraordinary circumstances that would materially affect the result of 2025 and the Company's financial position.

Eva Rotkāja
Chairwoman of the Board

Gediminas Velicka
Board member

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Profit or Loss Statement
(by nature of expense)

	Note	2025 EUR	2024 EUR
Net turnover		**2 280 628**	**2 406 953**
a) from other core business activities	4	2 280 628	2 406 953
Personnel expenses:	5	**(179 494)**	**(211 506)**
a) remuneration for work;		(145 206)	(171 108)
b) mandatory state social insurance contributions;		(34 254)	(40 364)
c) other social security expenses.		(34)	(34)
Value adjustments (impairment):	8	**(909)**	**(9 796)**
a) value adjustments of property, plant and equipment and intangible assets		(909)	(9 796)
Other operating expenses	6	**(598 383)**	**(339 752)**
Interest payments and similar expenses:	7	**(1 189 558)**	**(1 185 312)**
a) to related companies.		(351 702)	(267 108)
b) to other persons.		(837 856)	(918 204)
Profit or loss before corporate income tax		**312 284**	**660 587**
Corporate income tax for the reporting year		(109 397)	(113 774)
Profit or loss after calculation of corporate income tax		**202 887**	**546 813**
Profit or loss for the reporting year		**202 887**	**546 813**

The notes on pages 10 to 21 form an integral part of these financial statements.

Eva Rotkāja
Chairwoman of the Board

Gediminas Velicka
Board member

Vita Uzkalne
Chief accountant

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Balance Sheet

ASSETS

	Note	31/12/2025 EUR	31/12/2024 EUR
NON-CURRENT ASSETS			
I Intangible assets:			
Other intangible assets	8	4 054	-
Total I Intangible assets		**4 054**	**-**
II Property, plant and equipment:			
Other fixed assets	9	799	477
Total II Property, plant and equipment		**799**	**477**
III Non-current financial investments:			
Other loans and other non-current receivables	10	14 216 501	16 047 470
Total III Non-current financial investments		**14 216 501**	**16 047 470**
Total NON-CURRENT ASSETS		**14 221 354**	**16 047 947**
CURRENT ASSETS			
I Inventories:			
Finished goods and goods for sale	11	524 486	-
Total I Inventories		**524 486**	**-**
II Receivables:			
Trade receivables	10	1 620 359	1 104 444
Other debtors	12	112 396	858
Prepaid expenses	13	113 337	55 820
Total II Receivables		**1 846 092**	**1 161 122**
II Cash	14	620 204	624 891
Total CURRENT ASSETS		**2 990 782**	**1 786 013**
TOTAL ASSETS		**17 212 136**	**17 833 960**

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Eva Rotkāja
Chairwoman of the Board

Gediminas Velicka
Board member

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Chief accountant

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Balance Sheet

EQUITY AND LIABILITIES

	Note	31/12/2025 EUR	31/12/2024 EUR
EQUITY			
Share capital	15	500 000	500 000
Retained earnings of previous years		1 795 412	1 248 599
Profit for the reporting year		202 887	546 813
Total EQUITY		**2 498 299**	**2 295 412**
NON-CURRENT LIABILITIES			
Payables to related companies	16	3 700 000	3 695 000
Borrowings from credit institutions	17	1 237 819	1 531 487
Other borrowings	18	8 816 663	9 452 517
Total NON-CURRENT LIABILITIES		**13 754 482**	**14 679 004**
CURRENT LIABILITIES			
Borrowings from credit institutions	17	482 356	191 002
Other borrowings	18	317 995	79 087
Advances received from customers		51 351	43 128
Payables to suppliers and contractors		12 697	4 690
Payables to related companies	16	30 268	30 227
Taxes and mandatory state social insurance contributions	19	8 815	8 212
Other creditors	20	8 116	7 914
Unpaid dividends	21	-	450 436
Accrued liabilities	22	47 757	44 848
Total CURRENT LIABILITIES		**959 355**	**859 544**
TOTAL EQUITY AND LIABILITIES		**17 212 136**	**17 833 960**

The notes on pages 10 to 21 form an integral part of these financial statements.

Eva Rotkāja
Chairwoman of the Board

Gediminas Velicka
Board member

Vita Uzkalne
Chief accountant

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Cash Flow Statement
(by the direct method)

	Note	2025 EUR	2024 EUR
I Cash flow from operating activities			
1. Income from the sale of goods and provision of services		2 277 621	2 372 918
2. Payments to suppliers, employees, other operating expenses		(491 625)	(485 493)
3. Gross operating cash flow		**1 785 996**	**1 887 425**
4. Interest payments		(1 208 098)	(1 145 968)
5. Corporate income tax payments		(109 397)	(113 774)
6. Net operating cash flow		**468 501**	**627 683**
II Cash flow from investing activities			
1. Acquisition of property, plant and equipment and intangible assets		(5 285)	(5 566)
2. Loans issued		(4 359 844)	(5 070 065)
3. Income from loan repayments		4 708 991	1 958 352
4. Net investing cash flow		**343 862**	**(3 117 279)**
III Cash flow from financing activities			
1. Borrowings received		4 629 414	7 863 283
2. Repayment of borrowings		(4 996 028)	(4 805 088)
3. Dividends paid		(450 436)	-
4. Net financing cash flow		**(817 050)**	**3 058 195**
IV Net increase or decrease in cash and cash equivalents		**(4 687)**	**568 599**
V Cash and cash equivalents at the beginning of the reporting period		**624 891**	**56 292**
VI Cash and cash equivalents at the end of the reporting period	14	**620 204**	**624 891**

The notes on pages 10 to 21 form an integral part of these financial statements.

Eva Rotkāja
Chairwoman of the Board

Gediminas Velicka
Board member

Vita Uzkalne
Chief accountant

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Statement of Changes in Equity

	31/12/2025 EUR	31/12/2024 EUR
I Share or unit capital (share capital)		
1 Amount shown in the previous year's balance sheet	500 000	500 000
2 Amount shown in the reporting year's balance sheet at period end	500 000	500 000
II Retained earnings		
1 Amount shown in the previous year's balance sheet	1 795 412	1 699 034
2 Increase/decrease in retained earnings	202 887	96 378
3 Amount shown in the reporting year's balance sheet at period end	1 998 299	1 795 412
III Equity		
1 Amount shown in the previous year's balance sheet	2 295 412	2 199 034
2 Amount shown in the reporting year's balance sheet at period end	2 498 299	2 295 412

The notes on pages 10 to 21 form an integral part of these financial statements.

Eva Rotkāja
Chairwoman of the Board

Gediminas Velicka
Board member

Vita Uzkalne
Chief accountant

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Notes to the Financial Statements

1. General information about the Company

AS Hipocredit (hereinafter – the Company) was registered in the Register of Enterprises of the Republic of Latvia on 28 May 2014. The Company's legal address is Elizabetes iela 65-11, Riga, Latvia.

The Company's main activity in the reporting period was the issuance of mortgage loans to consumers in Latvia (NACE code: 64.92).

The average number of the Company's employees in the reporting year is 8 employees (2024: 8 employees).

The Company's financial statements for the period from 1 January 2025 to 31 December were approved by a decision of the Company's Board on 15 May 2026.

2. Summary of significant accounting policies

a. Basis of preparation of the financial statements and applied principles

These financial statements have been prepared in accordance with the Law on Accounting, the Law of the Republic of Latvia on the Annual Financial Statements and Consolidated Annual Financial Statements, and Cabinet Regulation No. 775 of 22 December 2015 "Regulations on the Application of the Law on the Annual Financial Statements and Consolidated Annual Financial Statements". The financial statements have been prepared in accordance with the historical cost accounting principle. The profit or loss statement is classified by the nature of expense. The cash flow statement has been prepared using the direct method.

The monetary unit used in the financial statements is the currency of the Republic of Latvia, the euro (EUR). The financial statements cover the period from 1 January 2025 to 31 December 2025.

The financial statements have been prepared in accordance with the following general principles:

1) It is assumed that the company will continue to operate in the future (going concern principle).

2) The same accounting policies and valuation methods are used as were used in the previous reporting year.

3) The recognition and measurement of items in the financial statements is carried out with due prudence, observing the following conditions:

- only the profit earned up to the balance sheet date is included in the financial statements;
- all liabilities are taken into account, as well as anticipated risk amounts and losses that have arisen in the reporting year or in previous years, including if they became known in the period between the balance sheet date and the day on which the annual report is signed by management;
- all reductions in value and depreciation amounts of assets are calculated and taken into account, regardless of whether the reporting year ends with a profit or a loss.

4) The amounts in the items of the balance sheet and the profit or loss statement are stated on an accrual basis, i.e. income and expenses are stated taking into account the time of their occurrence, not the time of receipt or payment of cash. Income and expenses related to the reporting year are stated regardless of the date of payment or receipt of the invoice.

5) Expenses are matched with income of the relevant reporting periods.

6) The amounts stated in the relevant balance sheet items at the beginning of the reporting year (opening balances) correspond to the amounts stated in the same balance sheet items at the end of the previous reporting year (closing balances).

7) The balance sheet asset and liability items are valued separately.

8) No offsetting has been made between the balance sheet asset and liability items or between the income and expense items of the profit or loss statement.

9) The amounts in the items of the balance sheet and the profit or loss statement are stated taking into account the economic content and substance of the transactions, not merely their legal form;

10) The items of the balance sheet and the profit or loss statement are measured according to the acquisition cost or the production cost. The acquisition cost is the purchase price of the goods or service (deducting the discounts received) to which the additional costs related to the purchase are added. The production cost is the acquisition cost of raw materials, basic materials and auxiliary materials and other costs directly related to the manufacture of the relevant item. The production cost may also include such parts of the costs that are indirectly related to the manufacture of the item, provided that these costs are attributable to the same period.

2. Summary of significant accounting policies (continued)

b. Financial instruments

(i) Classification

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

Financial assets are classified as investments that the entity initially recognizes in profit or loss at their fair value, investments that by definition are loans and receivables, held-to-maturity investments and available-for-sale investments, as necessary. On initial recognition, financial assets are recognized at their fair value, adding the directly attributable transaction costs, if the relevant investments are not recognized in profit or loss at their fair value. After initial recognition, the Company determines the classification of its financial assets and, if permissible and appropriate, reviews this classification at the end of each financial year. Currently all financial assets are classified as loans and receivables.

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

(ii) Recognition

All financial assets or liabilities are initially recognized in the balance sheet solely on the transaction date, i.e. at the moment when the Company becomes a contracting party in accordance with the terms of the instrument's contract and makes the cash transfer.

(iii) Initial and subsequent measurement

Loans and receivables are non-derivative financial assets with a fixed or determinable payment schedule that are not quoted in an active market, except:

- those that the Company intends to sell immediately or in the near future, and those that the Company, on initial recognition, designates as financial assets at fair value with revaluation through profit or loss;
- those that the Company, on initial recognition, designates as available-for-sale;
- those for which the Company may not recover substantially all of its initial investment, except where the reason for this is a deterioration in the credit position.

(iv) Derecognition

The recognition of a financial asset is discontinued only when the contractual rights to receive the cash flow from the relevant asset have expired, or the Company fully transfers the financial asset and all risks and rewards related to the financial asset to the counterparty. The recognition of a financial liability is discontinued only when it is settled/repaid in accordance with the concluded contract, cancelled or the contractual term has expired.

(v) Impairment of loans and receivables (provisions)

At each balance sheet date, the Company's management assesses whether there is objective evidence that the value of a loan or loan portfolio has decreased. The value of a loan or loan portfolio has decreased and losses from impairment have arisen solely if there is significant objective evidence that such impairment has occurred as a result of one or more events that occurred after the initial recognition of the loan (loss event), and if the impact of this loss event (or several events) has made the present value of the estimated future cash flows lower than the carrying value of the relevant loan or loan portfolio, and if this impact can be reliably determined.

The Company first assesses whether objective evidence of impairment exists in respect of each individually significant loan, and separately or collectively in respect of loans that are not individually significant. If the Company determines that objective evidence of impairment does not exist in respect of an individually assessed loan, regardless of whether that loan is significant or not, it includes this asset in a group of assets

with similar credit risk characteristics and assesses them collectively for impairment. Financial assets that are individually assessed for impairment, or for which impairment has already been established, are excluded from the overall group of financial assets that is examined to identify impairment risk.

2. Summary of significant accounting policies (continued)

b. Financial instruments

(v) Impairment of loans and receivables (provisions) (continued)

Loan impairment losses are determined as the difference from the present value of the estimated future cash flows, discounted using the loan's originally determined effective interest rate. The calculation of the present value of the estimated future cash flows of a collateralized loan reflects the cash flows that could result from the seizure of the collateral, deducting the costs related to obtaining and selling the collateral, regardless of whether the seizure of the collateral is probable or not. Losses are recognized in the profit or loss statement.

If issued loans cannot be recovered and all collateral has been realized, they are written off, simultaneously reducing the amount of provisions for doubtful debts. Loans are not written off until all necessary legal measures have been taken and the final amount of the loss has been determined.

c. Intangible assets

Intangible assets are recorded at their initial cost, less accumulated amortization and impairment. Amortization is calculated over the useful life of the assets, using the straight-line method, over 5 years. Depreciation is calculated starting from the month following the involvement of the intangible asset in economic activity.

d. Property, plant and equipment

Property, plant and equipment are recorded at their initial cost, less accumulated depreciation and impairment. The acquisition cost of property, plant and equipment comprises the purchase price, import duty and non-deductible acquisition taxes, and other costs directly attributable to the acquisition, in order to bring the asset to its location and prepare it for working condition in accordance with its intended use. Property, plant and equipment are shown at carrying value, less accumulated depreciation. Depreciation is calculated over the following useful life of the asset, using the straight-line method:

Other fixed assets	3 - 5 years

Depreciation is calculated starting from the month following the commissioning of the property, plant and equipment or their involvement in economic activity.

Recognition of the carrying value of a property, plant and equipment item is discontinued if it is disposed of, or in the case where no economic benefits are expected from the future use of the asset. Any profit or loss arising from the discontinuation of recognition of a property, plant and equipment item (calculated as the difference between the net income from disposal and the carrying value of the fixed asset) is recognized in the profit or loss statement in the period in which the discontinuation of recognition of the fixed asset occurred.

e. Impairment of non-financial assets

At each reporting date, it is assessed whether there are indications that suggest the possibility that the value of a non-financial asset has decreased. This assessment is carried out more frequently if changes or other events occur that may be followed by impairment of non-financial assets. If the mentioned indications are identified, the recoverable amount of the non-financial asset is determined. The carrying value of the asset is reduced to its recoverable amount only if the recoverable amount of the asset is lower than its carrying value. This reduction is an impairment loss.

For non-financial assets, an assessment is carried out at each reporting date to determine whether there are any indications that would suggest that previously recognized impairment losses have decreased or no longer exist. If the mentioned indications are identified, the recoverable amount of the asset is determined.

Previously recognized impairment losses are reversed only if, since the last time the losses were recognized, there have been changes in the estimates on the basis of which the recoverable amount of the asset was determined. If changes have been made, the carrying value of the non-financial asset is increased to its recoverable amount. This increase is an estimate of the impairment loss.

f. Inventories

Immovable property that has been taken over within the framework of a debt collection process and is held for realization is recorded within the composition of inventories. Inventories are measured at the lower of acquisition cost and net realizable value.

g. Cash

Cash and cash equivalents consist of cash at the bank.

h. Other debtors

The Company includes in the item “Other debtors” debtors that cannot be shown in other items, including overpaid taxes and the debit balances of payables.

2. Summary of significant accounting policies (continued)

i. Prepaid expenses

Payments made before the balance sheet date but relating to future years are shown in the item “Prepaid expenses”.

j. Advances received from customers

An advance received from a buyer is a payment which, in accordance with the concluded agreement, the buyer pays to the seller before receipt of the goods or service.

k. Other creditors

The Company includes in the item “Other creditors” creditors that cannot be shown in other items, including the credit balances of receivables.

l. Loans and borrowings

Loans and borrowings are initially reflected at their initial value, which is determined by adding to the fair value of the loan or borrowing amount the costs related to issuing the loan or deducting the costs related to receiving the borrowing.

m. Accrued liabilities

Accrued liabilities are recognized as clearly known liability amounts to suppliers and contractors for goods or services received in the reporting year, for which at the balance sheet date, due to the terms of the delivery, purchase or enterprise agreement or for other reasons, the relevant supporting document (invoice) intended for payment has not yet been received.

n. Accrued liabilities for unused leave

The amount of accrued unused-leave expenses is determined by multiplying the average daily remuneration of employees for the last six months of the reporting year by the number of accrued unused-leave days at the end of the reporting year.

o. Recognition of income and expenses

All significant income and expenses are recorded on an accrual basis. Interest income/expenses for financial assets/liabilities measured at amortized cost are recognized in the profit or loss statement in accordance with the fair value method.

Commission income from the issuance of loans is recognized in income immediately, in order to cover the expenses arising from the issuance of the loans, which is in accordance with Article 14, Part 1 of the Law on the Annual Financial Statements and Consolidated Annual Financial Statements, i.e. expenses are matched with income of the relevant reporting periods.

Income from penalties and late fees is recognized at the moment of its receipt.

p. Contingent liabilities and assets

In these financial statements, contingent liabilities are not recognized. They are recognized as liabilities only when the likelihood that funds will be spent becomes sufficiently well founded. Contingent assets are not recognized in these financial statements, but are disclosed only when the likelihood that economic benefits associated with the transaction will flow to the Company is sufficiently well founded.

Loans issued are recorded in the balance sheet for those loans that have not been ceded. Loans for which a cession agreement has been concluded are not recorded in the Company’s balance sheet, because their risks and rewards are also ceded onward.

2. Summary of significant accounting policies (continued)

q. Income taxes

Income taxes comprise the corporate income tax calculated for the reporting year. The corporate income tax for the reporting year is calculated by applying the tax rate in force under the law.

Starting from 1 January 2018, in accordance with amendments to the "Law on Corporate Income Tax" of the Republic of Latvia, legal persons do not have to pay income tax on the profit earned. Corporate income tax is paid on distributed profit and conditionally distributed profit. Starting from 1 January 2018, a tax rate of 20 percent of the gross amount, or 20/80 of the net costs, is applied to distributed and conditionally distributed profit. Corporate income tax on the payment of dividends is recognized in the profit or loss statement as an expense in the reporting period in which the relevant dividends are declared, while for other conditionally distributed profit objects – at the moment when the costs arose within the reporting year.

In January 2024, amendments to the Law on Corporate Income Tax were adopted, which require credit institutions and consumer lending service providers, from 2024, to make a corporate income tax surcharge of 20% of the pre-taxation period profit.

A corporate income tax surcharge in the amount of EUR 40 577, calculated from the 2025 after-tax profit, will be recognized in the 2026 profit or loss statement.

r. Related companies

A related company is an entity that is directly or indirectly controlled by another entity (a parent entity – more than 50% of the voting rights of the shareholders or members in that entity). The parent entity controls the financial and business policy of the subsidiary. The Company records investments in related companies using the acquisition cost method. The Company recognizes income from an investment only if it receives from the related company a distribution of profit arising after the acquisition date. A distribution received that exceeds this profit is considered a cost of recovering the investment and is reflected as a reduction of the acquisition cost of the investment in the capital of the related company.

s. Transactions with related parties

Related parties are the Company's members, board members (senior management officials of the Company) and entities that control the Company and that have a significant influence on the Company in making decisions related to core business, and a close family member of the aforementioned private individuals, as well as companies that these persons control or over which they have a significant influence. Entities in which the Company has a significant influence or control are also considered related parties.

t. Events after the balance sheet date

The financial statements reflect such events after the end of the reporting period that provide additional information about the company's financial position at the date of preparation of the balance sheet (adjusting events). If events after the end of the reporting period are non-adjusting, they are reflected in the notes to the financial statements only if they are material.

3. Significant estimates and assumptions

In preparing the financial statements, the Company's management has to make certain estimates and assumptions that affect the balances of individual items reflected in the balance sheet and the profit or loss statement, as well as the amount of contingent liabilities. Future events may affect the assumptions on the basis of which the relevant estimates were made. Such estimates and assumptions are based on the most reliable information available to management about the relevant events and activities. The effect of any change in estimates is reflected in the financial statements at the moment of their determination.

The most significant estimates and assumptions relate to:

- the determination of the useful life of property, plant and equipment and intangible assets (Note 2 c-d)
- the determination of the amount of provisions for loan impairment (Note 23)

4. Net turnover

	2025	2024
Income from interest	2 065 360	2 068 145
Income from loan commissions	146 795	267 675
Penalties received	68 473	71 133
TOTAL:	**2 280 628**	**2 406 953**

5. Personnel expenses

	2025	2024
Remuneration for work	145 206	171 108
Mandatory state social insurance contributions	34 254	40 364
State business risk fee	34	34
TOTAL:	**179 494**	**211 506**

6. Other operating expenses

	2025	2024
State fee for supervision of the lending service provider	55 000	55 000
Marketing and public development expenses	64 594	51 758
Other expenses	367 331	129 566
Loan collateral expenses	56 683	62 860
Legal expenses	27 179	15 339
Premises rent and related expenses	13 683	10 952
IT and communication expenses	13 913	14 277
TOTAL:	**598 383**	**339 752**

7. Interest payments and similar expenses

	2025	2024
Other interest expenses*	723 743	810 812
Interest on borrowings from shareholders	351 702	267 108
Commission for raising financing	114 113	107 392
TOTAL:	**1 189 558**	**1 185 312**

* See Note 18

8. Intangible assets

	Concessions, patents, licences, trademarks and similar rights	Other intangible assets	TOTAL Intangible assets
2024			
Acquisition	-	5 566	5 566
Amortization and depreciation	-	(9 438)	(9 438)
At 31 December 2024			
Initial cost	71 140	48 402	119 542
Accumulated amortization and depreciation	(71 140)	(48 402)	(119 542)
Carrying value at 31 December 2024	**-**	**-**	**-**
2025			
Acquisition	-	4 344	4 344
Amortization and depreciation	-	(290)	(290)
At 31 December 2025			
Initial cost	71 140	52 746	123 886
Accumulated amortization and depreciation	(71 140)	(48 692)	(119 832)
Carrying value at 31 December 2025	**-**	**4 054**	**4 054**

9. Property, plant and equipment

	Other fixed assets and inventory	TOTAL Property, plant and equipment
2024		
Amortization and depreciation	(358)	(358)
At 31 December 2024		
Initial cost	5 626	5 626
Accumulated amortization and depreciation	(5 149)	(5 149)
Carrying value at 31 December 2024	**477**	**477**
2025		
Acquisition	941	941
Amortization and depreciation	(619)	(619)
At 31 December 2025		
Initial cost	6 567	6 567
Accumulated amortization and depreciation	(5 768)	(5 768)
Carrying value at 31 December 2025	**799**	**799**

10. Other loans and other non-current receivables

		31/12/2025	31/12/2024
Non-current assets			
Loans		14 216 501	16 047 470
	Total	**14 216 501**	**16 047 470**
Current assets			
Loans		1 834 464	1 012 131
Provisions for doubtful debtors		(346 852)	(56 674)
Accrued interest		132 747	148 987
	Total	**1 620 359**	**1 104 444**
	TOTAL:	**15 836 860**	**17 151 914**

11. Finished goods and goods for sale

	31/12/2025	31/12/2024
Immovable property held for sale	524 486	-
TOTAL:	**524 486**	**-**

12. Other debtors

	31/12/2025	31/12/2024
VAT overpayment from the acquisition of immovable property	107 520	-
Other debtors	4 876	858
TOTAL:	**112 396**	**858**

13. Prepaid expenses

	31/12/2025	31/12/2024
State duties*	55 000	55 000
Other prepaid expenses	58 337	820
TOTAL:	**113 337**	**55 820**

* incl. the annual state duty to the Consumer Rights Protection Centre for supervision of operations.

14. Cash

Cash consists of the balances of current accounts at Latvian commercial banks.

15. Equity

As at 31 December 2025, the share capital is EUR 500 thousand, consisting of 500 thousand shares with a nominal value of EUR 1 per share. All share capital was fully paid up in 2014.

16. Payables to related companies

	31/12/2025	31/12/2024
Non-current liabilities		
Shareholder*	3 700 000	3 695 000
Current liabilities		
Shareholder*	30 268	30 227
TOTAL:	**3 730 268**	**3 725 227**

* During the reporting year, the long-term borrowing from the Company's shareholder UAB Hipotekiniai kreditai was partially repaid in the amount of EUR 480 000, on which accrued interest of EUR 30 268 has not been paid. The interest was paid in full in January 2026. UAB Hipotekiniai Kreditai disbursed a borrowing of EUR 485 000 in 2025. The borrowing was issued without collateral.

17. Borrowings from credit institutions

	31/12/2025	31/12/2024
Non-current liabilities	**1 237 819**	**1 531 487**
Borrowing from TBI Bank EAD Sofia	-	1 531 487
Borrowing from Signet Bank	1 237 819	-
Current liabilities	**482 356**	**191 002**
Principal of the borrowing from TBI Bank EAD Sofia	338 319	176 309
Principal of the borrowing from Signet Banka AS	141 465	-
Interest on the borrowing from TBI Bank EAD	2 572	14 693
TOTAL:	**1 720 175**	**1 722 489**

In 2021 the Company concluded a borrowing agreement with TBI Bank EAD Sofia for the granting of a credit line in the amount of EUR 4 million. The loan is disbursed in instalments. As at 31.12.2025, EUR 4 000 000 has been disbursed. The loan is repaid in accordance with a payment schedule. Payment is made once a month. In 2025 the principal repaid is EUR 1 369 477. The loan agreement was fully repaid in February 2026. As collateral for a claim that may arise under the concluded borrowing agreement, a commercial pledge over separate claim rights with a total limit of EUR 1.25 million was registered in favour of TBI Bank EAD Sofia, which was discharged together with the repayment of the loan in February 2026.

In October 2025 the Company concluded a borrowing agreement with Signet Bank AS for the granting of a loan in the amount of EUR 2.1 million. As at 31 December 2025, EUR 1 414 650 has been disbursed. Repayment is made in accordance with a payment schedule, on the 1st day of the month. The repayment term is 01.10.2030. As collateral for a claim that may arise under the concluded borrowing agreement, a commercial pledge over the shares of the Company's share capital, as well as over separate claim rights, was registered in favour of Signet Bank AS. The maximum amount of the secured claim is EUR 4 167 208.

18. Other borrowings

At the end of the reporting year, the Company had received three loans from its cooperation partners with a total balance of EUR 9 107 992, on which accrued interest of EUR 26 667 has not been paid at the end of the year. Accordingly, the division of the loans between the current and non-current portions, as shown in the balance sheet, is based on the repayment schedules of the loans issued by the Company.

Loan No. 1 consists of several separate loans on the Mintos co-financing platform, where each separate loan is issued by pledging, in favour of the claim rights, the loan issued by the Company to its clients. The principal repayment schedule of each separate loan is equal to the corresponding payment schedule of the principal of the loan issued by the Company, and payment is due only at the moment when the Company has received the payment from its borrower. For Loan No. 1, an interest rate in the range of 6.5–8 (2024: 6.5–8) percent per year is applied. In favour of the received loan, a commercial pledge over separate claim rights with a total limit of EUR 4 million has been registered. The remaining amount of the pledged loan claims at the end of the reporting year was EUR 857 104. The loan has a buy-back guarantee; after 60 days automatic payment occurs.

Loan No. 2 consists of several separate loans on the Mintos co-financing platform, where each separate loan is issued by pledging the claim rights over the loans issued by the Company to its clients. The principal repayment schedule of each separate loan is equal to the corresponding payment schedule of the principal of the loan issued by the Company, and payment is due only at the moment when the Company has received the payment from its borrower. For Loan No. 2, an interest rate in the range of 5.5–8 percent per year is applied. In favour of the loan received from Mintos, a commercial pledge over separate claim rights with a total limit of EUR 20 million has been registered. The remaining amount of the pledged loan claims at the end of the reporting year was EUR 6.25 million. The loans have a buy-back or repurchase guarantee; after 60

overdue days automatic full payment of the loan is made by the Company, if the Company's client has not paid the scheduled payments.

Loan No. 3 – in April 2023 the Company concluded a borrowing agreement with EU Microfinance Platform FCP-FIS for a credit line of EUR 1.5 million. In October 2024 an additional agreement was signed, for the amount of EUR 1 000 000. The loan is disbursed in instalments. As at 31.12.2025, EUR 2 000 000 has been disbursed. The loan will be repaid in instalments starting from May 2026. Interest is paid once a quarter, in accordance with the invoice received. The loan was issued without collateral.

	31/12/2025	31/12/2024
Liabilities with a term longer than one year:	**8 816 663**	**9 452 517**
Loan No. 1	836 557	1 120 772
Loan No. 2	6 232 885	6 331 745
Loan No. 3	1 747 221	2 000 000
Liabilities with a term within one year, incl.:	**317 995**	**79 087**
- Principal of the liability:	**291 328**	**36 894**
Loan No. 1	20 547	25 591
Loan No. 2	18 002	11 303
Loan No. 3	252 779	-
- Accrued interest:	**26 667**	**42 193**
Loan No. 1	5 043	6 573
Loan No. 2	21 624	35 620
Loan No. 3	-	-
TOTAL:	**9 110 658**	**9 531 604**

19. Taxes and mandatory state social insurance contributions

	31/12/2025	31/12/2024
Corporate income tax	-	396
Personal income tax	2 106	2 013
Mandatory state social insurance contributions	3 884	3 772
Single tax account	(317)	(183)
Value added tax	2 662	2 214
Immovable property tax	480	-
TOTAL:	**8 815**	**8 212**

20. Other creditors

	31/12/2025	31/12/2024
Settlements for wages	8 116	7 914
TOTAL:	**8 116**	**7 914**

21. Unpaid dividends

	31/12/2025	31/12/2024
Unpaid dividends to the parent company	-	421 158
Unpaid dividends to the Company's other shareholders	-	29 278
TOTAL:	**-**	**450 436**

22. Accrued liabilities

	31/12/2025	31/12/2024
Accrued expenses for commission fees	9 715	9 346
Accrued expenses for unused leave	14 904	11 371
Provisions for other expenses	23 138	24 131
TOTAL:	**47 757**	**44 848**

23. Risk management

The Company's main financial instruments are the loans issued, which are related to the Company's core business, and cash, which is used to finance the Company's core business. The Company also has several other financial instruments, such as other debtors and other liabilities, which are related to the Company's core business, but these instruments as a whole are not material to the Company. The main financial risk is credit risk. The Company is not exposed to significant currency risk, because all transactions are carried out in EUR. Likewise, the Company is not exposed to significant interest rate risk, because all loans issued and received have a fixed interest rate.

Credit risk

Credit risk is the probability of suffering losses if the Company's transaction partner or debtor fails to fulfil the contractual obligations towards the Company, which could result in a loss of value. The Company is exposed to credit risk in connection with its core business (the issuance of loans) and financing activities, which include cash balances at banks.

Loans issued

The Company manages its credit risk in connection with the loans issued by assessing loan applications and issuing loans to such clients who will be able to repay them from their income. The Company also regularly monitors the loans issued in order to reduce possible value losses due to credit risk.

As at 31 December 2025, the maximum credit risk is equal to the carrying value of the loans issued. In 2024 the company developed a policy for the creation of provisions for doubtful debtors. As at 31 December 2025, each loan agreement was assessed, and seven agreements with a remaining amount of EUR 462 469 were considered doubtful debtors, and provisions were created in the amount of EUR 346 852 (see Note 10). Each loan issued is secured by a mortgage on immovable property. A first-rank mortgage is registered in the Land Register in favour of the Company. The collateral objects are mainly apartments, as well as, to a smaller extent, residential houses, and less frequently land and commercial objects. The Company's management has estimated that the average loan-to-collateral-value ratio (LTV) in the Company's portfolio is approximately 39% (in 2024 - 39%). Additional information on the average and maximum LTV is provided in the following table.

Property type	Average LTV	Maximum LTV
Apartment	45%	69%
House	36%	67%
Land	38%	67%
Commercial premises	40%	48%

To date, in realizing a mortgage on immovable property in a debt collection process, in no case have losses been suffered on the principal of the loan issued. The Company believes that the concentration of credit risk for the loans issued is low, because the loan-to-collateral-value ratio (LTV) is comparatively low, the borrowers are from various locations in Latvia, and the liquidity of the collateral objects is sufficient.

24. Going concern

The stability of the Company's operations under conditions of an uncertain economic environment, including measures to maintain a high level of liquidity. The client's solvency and the value of the collateral are assessed. The Company's management believes that the measures implemented are sufficient to ensure the continuity of the Company's operations and financial stability. However, this conclusion is based on the information available at the time of signing these financial statements, and the impact of future events on the overall economic situation cannot be forecast, and therefore there is a possibility that the volume of the Company's loan portfolio will decrease, while the credit risk will increase to a greater extent, and that the availability of financing may decrease more than the Company has forecast, which will negatively affect its operating results. The annual report has been prepared on the basis of the going concern assumption.

25. Events after the balance sheet date

In the period between the last day of the reporting year and the day on which the Board signs the financial statements, there have been no significant or extraordinary circumstances that would materially affect the result of 2025 and the Company's financial position.

Eva Rotkāja
Chairwoman of the Board

Gediminas Velicka
Board member

Vita Uzkalne
Chief accountant

DOCUMENT SIGNED WITH A SECURE ELECTRONIC SIGNATURE AND CONTAINS A TIME STAMP

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INDEPENDENT AUDITORS' REPORT

To the shareholders of
AS Hipocredit

Our Opinion on the Financial Statements

We have audited the financial statements of AS Hipocredit, reg. No. 40103793931 ("the Company"), included in the accompanying annual report on pages 5 to 21. The accompanying financial statements comprise:

- the balance sheet as at 31 December 2025,
- the profit or loss statement for the year ended 31 December 2025,
- the statement of changes in equity for the year ended 31 December 2025,
- the cash flow statement for the year ended 31 December 2025, as well as
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and clear view of the financial position of AS Hipocredit as at 31 December 2025 and of its financial performance and cash flows for the year ended 31 December 2025, in accordance with the Law of the Republic of Latvia on the Annual Financial Statements and Consolidated Annual Financial Statements ("Law on the Annual Financial Statements and Consolidated Annual Financial Statements").

Basis for Opinion

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

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

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

Reporting on Other Information

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

- the General information provided on page 3 of the accompanying annual report;
- the Management Report included on page 4 of the accompanying annual report.

AS "RSM Latvia" is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM
network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The
RSM network is not itself a separate legal entity in any jurisdiction.

Our opinion on the financial statements does not cover the other information included in the annual report, and we do not express any form of assurance conclusion on it, except as indicated in the section of our report Other Reporting Requirements in Accordance with the Legislation of the Republic of Latvia.

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

If, based on the work performed and taking into account the knowledge and understanding of the Company and its operating environment obtained during the audit, we conclude that there is a material misstatement in this other information, it is our responsibility to report such circumstances. No circumstances that would need to be reported have come to our attention.

Other Reporting Requirements in Accordance with the Legislation of the Republic of Latvia

In addition, in accordance with the Law on Audit Services, it is our responsibility to provide an opinion on whether the Management Report has been prepared in accordance with the requirements of the regulatory enactment governing its preparation, the Law on the Annual Financial Statements and Consolidated Annual Financial Statements.

Based solely on the procedures carried out within the scope of our audit, in our opinion:

- the information provided in the Management Report for the financial year for which the financial statements have been prepared corresponds to the financial statements, and
- the Management Report has been prepared in accordance with the requirements of the Law on the Annual Financial Statements and Consolidated Annual Financial Statements.

Responsibility of Management and Those Charged with Governance of the Company for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and clear view in accordance with the Law on the Annual Financial Statements and Consolidated Annual Financial Statements, as well as for such internal control system as, in management's opinion, is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management's responsibility is to assess the Company's ability to continue as a going concern, disclosing, where necessary, information on circumstances related to the Company's ability to continue as a going concern and the application of the going concern principle, unless management intends to liquidate the Company or to cease its operations, or has no realistic alternative but to liquidate the Company or cease its operations.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

Conducting an audit in accordance with ISA, throughout the entire audit process we make professional judgements and maintain professional skepticism. We also:

- identify and assess the risks that the financial statements may contain material misstatement due to fraud or error, design and perform audit procedures to mitigate those risks, and obtain audit evidence that provides a sufficient and appropriate basis for our opinion. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting a misstatement caused by error, because fraud may involve collusion, forgery, intentional omission of information, misrepresentation of information, or override of internal control;



- obtain an understanding of internal control that is relevant to the performance of the audit, in order to design audit procedures appropriate to the specific circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- evaluate the appropriateness of the accounting policies applied and the reasonableness of accounting estimates and related information disclosed by management;
- draw a conclusion on the appropriateness of the going concern principle applied by management, and, based on the audit evidence obtained, whether there is material uncertainty relating to events or circumstances that may raise significant doubt about the Company's ability to continue as a going concern. If we conclude that material uncertainty exists, we are required to draw attention in our auditor's report to the information disclosed in the financial statements about those circumstances, or, if such information is not disclosed, to express a modified opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or circumstances may cause the Company to cease its operations;
- evaluate the overall structure and content of the financial statements, including the information disclosed and the explanations in the notes, and whether the financial statements truly reflect the underlying transactions and events.

We communicate with those charged with governance of the Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any material internal control deficiencies that we identify during the audit.

AS "RSM Latvia"
Sworn auditors' commercial company, licence Nr. 134

Svetlana Šemele-Baikova
Responsible sworn auditor,
certificate Nr. 212

Andrejs Ponomarjovs
Chairman of the Board

Riga, Latvia
15 May 2026

THIS DOCUMENT IS ELECTRONICALLY SIGNED WITH A SECURE ELECTRONIC SIGNATURE AND CONTAINS A TIME STAMP