

UAB "Hipotekiniai kreditai"

Kaunas, Lithuania

Independent Auditor's Report

on the Annual Financial Statements

as at 31 December 2024

INDEPENDENT AUDITOR'S REPORT

FINANCIAL STATEMENTS:

BALANCE SHEET

PROFIT AND LOSS ACCOUNT

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of UAB "Hipotekiniai kreditai"

Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of UAB "Hipotekiniai kreditai" (the Company), which comprise the balance sheet as at 31 December, 2024, and the profit (loss) statement, and explanatory notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December, 2024, and of its financial performance and its cash flow for the year then ended in accordance with the Lithuanian financial reporting Standards.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the requirements of the Law on Audit of Financial Statements and Other Assurance Services of the Republic of Lithuania that are relevant to audit in the Republic of Lithuania, and we have fulfilled our other ethical responsibilities in accordance with the Law on Audit of Financial Statements and Other Assurance Services of the Republic of Lithuania and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Lithuanian Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibility for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 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 financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

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

We shall 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.

18 June 2025
Vilnius

UAB Nexia auditas
Audit Firm Certificate No. 001519
A. Jakšto str. 12, Vilnius

Auditor Ilona Matusevičienė
Auditor Certificate No 000171



UAB „Hipotekiniai kreditai“, entity code 304374977

(the legal form, the name, the code of the entity)

V. Putvinskio str. 62, Kaunas, Register of Legal Entities of the Republic of Lithuania

(address, register where data about the entity is collected and kept)

(legal status if the entity is in liquidation, reorganisation or is bankrupt)

(Approved)

BALANCE SHEET as at December 31, 2024

31-03-2025 No. 2024

(reporting date)

01.01.2024 - 31.12.2024

(reporting period)

units, EUR

(Reporting currency, specify degree of accuracy)

Article No.	Article	Notes No.	Reporting period	Previous reporting period
	ASSETS			
A.	FIXED ASSETS		21403893	18377439
1.	Intangible assets	1	-	-
2.	Tangible assets	2	20432	32691
3.	Financial assets	3	21373944	18333380
4.	Other fixed assets	4	9517	11368
B.	CURRENT ASSETS		4639145	3950420
1.	Stocks	5	80910	60952
2.	Amounts receivable within one year	6	4453354	3468009
3.	Short-term investments			
4.	Cash and cash equivalents	7	104881	421459
C.	PREPAYMENTS AND ACCRUED INCOME	8	1195	853
	TOTAL ASSETS		26044233	22328712
	EQUITY AND LIABILITIES			
D.	EQUITY		3161348	1856179
1.	Capital	11	5000	5000
2.	Share premium account			
3.	Revaluation reserve			
4.	Reserves		500	500
5.	Retained profit (loss)	11	3155848	1850679
E.	GRANTS, SUBSIDIES			
F.	PROVISIONS			
G.	AMOUNTS PAYABLE AND OTHER LIABILITIES		22882885	20472533
1.	Amounts payable after one year and other long-term liabilities	12	21946206	20131518
2.	Amounts payable within one year and other short-term liabilities	13	936679	341015
H.	ACCRUALS AND DEFERRED INCOME			
	TOTAL EQUITY AND LIABILITIES		26044233	22328712

Director
(title of the head of entity administration)

(signature)

Virginijus Pileckis
(name, surname)

UAB "Finansų sprendimai" authorized person
(title of the chief accountant (accountant) or
of other person responsible for accounting)

(signature)

Reda Banionienė
(name, surname)

UAB „Hipotekiniai kreditai“, entity code 304374977

(the legal form, the name, the code of the entity)

V. Putvinskio str. 62, Kaunas, Register of Legal Entities of the Republic of Lithuania

(address, register where data about the entity is collected and kept)

(legal status if the entity is in liquidation, reorganisation or is bankrupt)

(Approved)

PROFIT AND LOSS ACCOUNT as at December 31, 2024

31-03-2025 No. 2024

(reporting date)

01.01.2024 - 31.12.2024

(reporting period)

unit, EUR

(Reporting currency, specify degree of accuracy)

Article No.	Article	Notes No.	Reporting period	Previous reporting period
1.	Net turnover	14	3164702	2771843
2.	Cost of sales	15	(11746)	(114963)
3.	Fair value adjustments of the biological assets			
4.	GROSS PROFIT (LOSS)		3152956	2656880
5.	Selling expenses	16	(93341)	(108227)
6.	General and administrative expenses	17	(305403)	(110660)
7.	Other operating results			
8.	Income from investments in the shares of parent, subsidiaries and associated entities		421158	
9.	Income from other long-term investments and loans	14	267108	250089
10.	Other interest and similar income			
11.	The impairment of the financial assets and short-term investments		12343	10677
12.	Interest and other similar expenses	18	(2037758)	(1601626)
13.	PROFIT (LOSS) BEFORE TAXATION		1417063	1097133
14.	Tax on profit	19	(111894)	(47407)
15.	NET PROFIT (LOSS)		1305169	1049726

____ Director

(title of the head of entity administration)

(signature)

Virginijus Pileckis

(name, surname)

____ UAB "Finansų sprendimai" authorized person

(title of the chief accountant (accountant) or
of other person responsible for accounting)_____
(signature)

Reda Banionienė

(name, surname)

Explanatory Notes

to the Financial Statements of the Company for 2024

I. Background

Registration of the Company

Hipotekiniai kreditai UAB, a private company, registered company No 304374977, was established on 30 August 2016 (hereinafter referred to as the ‘Company’). Registered office address of the Company: V. Putvinskio g. 62, Kaunas.

Data on the Company are collected and stored in Kaunas Branch of VĮ Registrų centras (Centre of Registers).“ Kauno filialas.

As of 31 December 2024, the Company’s authorised capital amounts to EUR 5,000 (five thousand euros). The authorised capital has been divided into 1,000 ordinary registered shares of EUR 5 (five euros) par value per share. There are seven shareholders: 6 natural persons and one legal person. .

The Company does not have branches or representative offices.

Investments into associates and subsidiaries

As of 31 December 2024, the Company has one subsidiary:

- Hipocredit AS, registered office address Elizabetes iela 65-11 Riga, Latvia. The Company owns 93.5 % of Hipocredit AS’s authorised capital. The authorised capital has been fully paid for. Core activity of Hipocredit AS: offering mortgage loans.

As of 31 December 2024, investments into shares of the Latvian subsidiary total EUR 40,000.

Number of employees

In both 2024 and 2023, the average number of employees of the Company was three.

Core activity of the Company: financial services except insurance and pension funding (640000).

The calendar year is used as the fiscal year of the Company.

II. Accounting Policies

Financial statements of the Company have been prepared in accordance with the Lithuanian accounting legislation, the Lithuanian Financial Reporting Standards (LFRS), and methodologies adopted by the Company. The going concern approach has been adopted in the preparation of these financial statements, i. e. it is assumed that the Company will continue its operations in the nearest future.

The Company falls within the category of small businesses and prepares financial statements in the form approved for this category of businesses: they consist of a condensed balance sheet, a profit and loss account, and condensed explanatory notes to financial statements. According to the exception applied to micro- and small businesses, the Company is not obliged to prepare a management report; requisite additional information is provided in explanatory notes to financial statements.

Main accounting principles applied by the Company in preparing its financial statements are set forth below.

Intangible assets

Amortisation of intangible assets is calculated by the straight-line method. The minimum value of a non-current intangible asset set by the Company is EUR 1,000.

Group of assets	Useful service life, years	Liquidation value, EUR
Software	3	0

Groups of non-current intangible assets: software, licences, and other intangible assets.

Acquisition cost of intangible assets consists of the amount paid or payable for the asset and the value of other assets used including irrecoverable taxes and expenses for preparing the asset for use such as legal and consulting services, right registration fees etc.

Non-current tangible assets

A non-current tangible asset is recognised and carried in the accounts provided that it meets all the following criteria for recognition:

1. The Company intends to use it for longer than one year;
2. The Company reasonably expects to derive economic benefits from the asset in future periods;
3. The Company is able to determine the asset's acquisition (production) cost reliably;
4. The asset's acquisition (production) cost is not below the minimum cost set by the Company for non-current tangible assets (EUR 1,000);
5. All risks related to the tangible asset have been passed to the Company.

Hipotekiniai kreditai UAB categorises its non-current tangible assets as follows:

1. Land
2. Buildings and structures
3. Vehicles
4. Other
5. Other equipment, devices and tools
6. Plant and machinery;
7. Other tangible assets.

Group of assets	Useful service life, years	Liquidation value, EUR
Vehicles (cars not older than 5 years)	6	1

Non-current tangible assets are carried in the accounts at acquisition (production) cost and are disclosed in financial statements at acquisition (production) cost less accrued depreciation and impairment plus impairment reversals, if any.

The Company applies the straight-line depreciation method over the useful service life of assets. Calculation of depreciation is started from the first day of the month following the month in which the asset was put into operation and is ended on the first day of the month following the month in which the asset was written-off/disposed of.

Registration of non-current tangible assets' reconstruction and repair works in the accounts depends on the result of the works. If the asset's reconstruction/repairs do not improve useful properties of the asset and does not extend its useful service life, the value of such works is recognised as costs of the reporting period. In all other cases of reconstruction or repairs, the value of the asset is increased.

When a non-current tangible asset no longer fulfils the criteria set for this category of assets, or has been disposed, the Company writes such asset off.

Useful service life of non-current assets is usually determined using the rates specified in Annex 1 to the Republic of Lithuania Law on Income Tax No IX-675 of 20 December 2001. The Company's CEO, however, may set another useful service life having regard to the asset type, intensity of its use and technical characteristics.

Investments into subsidiaries

In the Company's financial statements, investments in subsidiaries are carried at acquisition cost. Value of the investments is disclosed at an amount reduced by the impairment amount, if any.

Financial assets

Financial assets are loans made to legal and natural persons and accounts receivable including accrued interest. Loans made and accounts receivable are recognised and measured in accordance with LFRS 18 'Financial assets and financial liabilities' (amortised cost determined by the effective interest rate method).

Loans made and accounts receivable are non-derivative financial assets with fixed or determinable payments and are not quoted in an active market. Loans are initially recognised at acquisition cost, i. e. at the fee paid, and are measured at amortised cost for the purposes of preparation of financial statements. Amortised cost is calculated by the effective interest rate method. Loans made and other accounts receivable are carried in the accounts inclusive of interest, considering loan impairment (special provisions made).

Other Financial Assets include financial assets that not disclosed in other items of the balance sheet and are recognised and measured in accordance with LFRS 18 'Financial assets and financial liabilities'.

Disposal of accounts receivable (debts) is treated as sale of debts, which are written off right away. If related risks are not transferred in such a transaction, and the debt buyer has the right to withdraw from it, the transaction is recorded in the accounts as deposit-guaranteed borrowing.

The Company measures financial assets on each balance sheet day on an annual basis and checks them for impairment. The value of financial assets is deemed to be impaired when there exist objective factors resulting from one or more events occurring after initial recognition of relevant financial asset, with an impact on estimated future cash flows from the asset.

Cash and cash equivalents

Cash consists of cash in bank. Cash equivalents are liquid investments that are readily convertible into a known amount of money.

Foreign currencies

Foreign currency transactions in a currency other than euro are converted into euros at the official exchange rate published by the Bank of Lithuania on the day of the transaction. At the end of each reporting period, amounts denominated in foreign currencies are converted at the exchange rate of that day.

Related party transactions

Parties are deemed to be related parties when one of them is able to control the other party or exert significant influence on the other party in the taking of financial and operating decisions.

Equity

The Company's equity consists of the paid-up part of the authorised capital, statutory reserve and retained profit (loss).

Ordinary registered shares are carried at their par value. Any amount received from share sale that exceeds the share par value is carried as share premium.

Reserves

Reserves are formed according to a procedure prescribed by the Articles of Association. If the shareholders decide to cancel or reduce the reserves, a reduction in the reserves is recorded in the accounts, with the retained profit increased by the same amount.

Retained profit (loss)

Retained profit (loss) is increased/reduced over a period by recording net profit/loss for the period, recording the shareholders' decisions to distribute profit or cancel/reduce the reserves previously made, making contributions to cover the loss, and recording the result of correction of material errors and changing the accounting policies.

Profit distribution

Profit distribution is recorded in the accounts after the shareholders take a decision to distribute profit irrespective when it was earned.

Only declaration of dividends and formation of reserves is considered as profit distribution. Sponsorship and charity or payment of tantiemes and bonuses are recognised as operating costs of the reporting period.

Accounts payable and liabilities

Liabilities are recognised in the accounts and disclosed in the balance sheet after the Company has assumed obligations that will have to be discharged.

Liabilities are recorded in the accounts at acquisition cost and disclosed in financial statements as follows: those linked to market prices – at fair value, other non-current financial liabilities – at amortised cost, and other current financial liabilities – at cost.

Revenues

Accruals concept is applied to the recognition of revenues, i. e. revenues are recorded in the accounts as earned irrespective of when money was received.

Sales income consists of revenues from typical (core) activities of the Company. Core activities of the Company include revenue from loans made, i. e. loan agreement fee, interest, fines and penalties related to the loans, and commission on intermediation in the loan-making.

Other operating income includes profit from the sale of fixed assets and other income not allocated to the typical activities of the company.

Income from investments in the shares of parent company, subsidiaries and associates includes dividends and gain on disposal of investments.

Income from other non-current investments and loans include dividends and gain on disposal of investments, interest on long-term loans and gain on disposal of such loans.

Interest income and similar income include gain on disposal of short-term investments, gain on increase in the fair value of short-term loans, derivative financial instruments and investments, gain on currency exchange fluctuations, penalties on late payments, and other income.

Costs

The accruals approach as well as the matching principle are applied to the recognition of costs for the reporting period in which related revenue was earned irrespective of when the money was spent.

Cost of goods sold and services provided consists of costs that can be allocated to specific goods and services.

Costs of sales include the following costs incurred in the reporting period:

- expenses for notarial services,
- expenses for asset valuation services,
- other expenses related to debt management and recovery and to the Company's core activity and provision of services.

General and administrative costs include the Company's expenses related to its typical activities during the reporting period and incurred for the purpose of earning revenues in that period but not depending on the volume of the services provided. Such costs are recognised, recorded in the accounts and disclosed in financial statements as incurred.

Other operating costs include losses on disposal of non-current assets and other costs not allocated to financial and investment activities.

Costs of impairment of financial assets and short-term investments include costs of impairment of financial assets and short-term investments (except those measured at fair value) and reversals of impairment.

Interest costs and other similar costs include losses on disposal of investments, interest on loans received, derivative financial instruments and investment fair value impairment losses, loss on currency exchange rate fluctuations, fines and penalties on late payments, and other costs.

Post balance sheet events are events that provide additional information on the Company's position as of the balance sheet day (adjusting events) and are disclosed in financial statements; those post balance sheet events that are not adjusting events are described in the Explanatory Notes when significant.

There have been no significant changes in the accounting policies during the reporting year.

NOTES TO THE FINANCIAL STATEMENTS

1. Intangible assets

(EUR)

Items	Software	Other intangible assets	Total
Book value as of 31 December 2023	0		0
a) Non-current intangible assets at acquisition cost			
31 December 2023	0		0
Changes in 2024:			
- acquisitions			
- transfers to other persons & write-offs (-)			
- transfers between items +/(-)			
As of 31 December 2024	0		0
b) Amortisation			
31 December 2023	0		0
Changes in 2024:			
- amortisation for the year			
- reversals (-)			
- amortisation of assets transferred to other persons & written off (-)			
- transfers between items + / (-)			
At end of fiscal year	0		0
c) Impairment			
At end of previous fiscal year			
Changes during fiscal year:			
- impairment for the year			
- reversing entries (-)			
- transfers to other persons & write-offs (-)			
- transfers between items + / (-)			
At end of fiscal year			
d) Book value as of end of fiscal year (a) - (b) - (c)	0		0

2. Non-current tangible assets

(EUR)

Items	Vehicles	Other tangible assets	Total
Book value as of 31 December 2023	32691		32691
a) Non-current tangible assets at acquisition cost			
31 December 2023	73553		73553
Changes in 2024:			
- acquisitions			
- transfers to other persons & write-offs (-)			
- transfers between items +/(-)			
Acquisition cost as of 31 December 2023	73553		73553
b) Depreciation of non-current assets			
31 December 2023	40862		40862
Changes in 2024:			
- depreciation for the year	12259		12259
- reversing entries (-)			

- depreciation of assets transferred to other persons & written off (-) - transfers between items + / (-)			
Depreciation at end of fiscal year	53121		53121
c) Impairment At end of previous fiscal year Changes during fiscal year: - impairment for the year - reversing entries (-) - transfers to other persons & write-offs (-) - transfers between items + / (-)			
At end of fiscal year			
d) Book value as of end of fiscal year (a) - (b) - (c)	20432		20432

3. Non-current financial assets (EUR)

Items		Balance 31/12/2024	Balance 31/12/2023
Investments in associates (Hipocredit AS)		40000	40000
Loans made	Natural persons	1760316	1502643
	Legal persons	13209227	12036771
Short-term portion of long-term debt repayable within one year		-3988960	-3438999
	Legal persons EU	6572340	5760685
	Subsidiary AS Hipocredit	3695000	2355000
Other non-current financial assets		86021	77280
Total		21373944	18333380

The value of the loans made is disclosed inclusive of accrued interest. Accrued interest is shown in the short-term portion of the loan.

All loans made to Lithuanian legal and natural persons are secured by mortgage of immovable property (mortgage loans). See Note 20 for more details about credit risk and its management.

As of 31 December 2024 the Company has made a long-term loan (credit line) to its subsidiary in Latvia.

As of 31 December 2024 the Company has made a long-term loan to a related party (through the Company's shareholder) in Latvia. Repayment term 16 September 2026. Repayment of the loan is secured by a pledge of 592 vehicles.

To ensure additional opportunities for the loan portfolio financing, the Company uses Mintos mutual funding platform enabling investors to invest in mortgage loans offered by the Company.

4. Other non-current financial assets

Items	Balance 31/12/2024	Balance 31/12/2023
Deferred income tax	9517	11368
Total	9517	11368

5. Advance payments

(EUR)

Items	Balance 31/12/2024	Balance 31/12/2023
Prepayments for rent	721	721
Prepayments for advertising	80000	59900
Other prepayments for inventories	168	318
Total:	80889	60939

6. Accounts receivable within one year

(EUR)

Items	Balance 31/12/2024	Balance 31/12/2023
Accounts receivable from loans in next year	3988960	3438999
Dividends	421158	
Other accounts receivable	43236	29010
Total:	4453354	3468009

7. Cash and cash equivalents

(EUR)

Items	Balance 31/12/2024	Balance 31/12/2023
Cash in bank	104881	421459
Total:	104881	421459

The Company has 3 current accounts: two with AB SEB bankas (LT327044060008110759; LT657044000098627755) and one with Medicinos bankas, AB (LT 087230000009467169). The Company does not have cash at hand and no settlements in cash are conducted.

8. Future period costs and accrued income

(EUR)

Items	Balance 31/12/2024	Balance 31/12/2023
-------	--------------------	--------------------

Future period costs (insurance of activities and insurance of a car under leasing agreement)	1195	853
Total:	1195	853

9. Investments into subsidiaries (EUR)

Items	Balance 31/12/2024	Balance 31/12/2023
Hipocredit AS	40000	40000
Total	40000	40000

10. Related party transactions

Related parties of the Company as of 31 December 2024 and 31 December 2023: Hipocredit AS.

Related party transactions in 2024 are shown in the table:

(EUR)

Related party	Loans made	Interest income	Accounts receivable	Accounts payable	Loans received	Interest costs
Hipocredit AS	3695000	267108	30227			
Total	3695000	267108	30227			

Outstanding interest receivable as of 31 December 2024 amounted to EUR 30,227. This amount was paid on 15 January 2025.

Related party transactions in 2023 are shown in the table:

(EUR)

Related party	Loans made	Interest income	Accounts receivable	Accounts payable	Loans received	Interest costs
Hipocredit AS	2355000	250089	19720			
Total	2355000	250089	19720			

11. Structure of authorised capital

Items	Number of shares	Amount, EUR
Share capital structure as of end of fiscal year:		
1. By share classes		
1.1. Ordinary shares	1000	5000
1.2. Preference shares		
1.3. Employee shares		
1.4. Special-purpose shares		
1.5. Other shares		
TOTAL:	1000	5000

A statutory reserve of EUR 500 was formed on 30 April 2021.

Draft profit distribution

Items	Amount, EUR
Retained profit (loss) for previous fiscal year at the end of reporting year	1850679
Net result of reporting fiscal year – profit (loss)	1305169
Result for distribution – profit (loss) at the end of reporting year	3155848
Shareholders' contributions to cover the Company's loss	0
Transfers from reserves	0
Profit for distribution	0
Profit distribution:	
- to statutory reserve	0
- to other reserves	0
- dividends	0
- other	0
Retained profit (loss) at the end of reporting fiscal year	3155848

Liabilities of the Company

12. Accounts payable after one year and other non-current liabilities

(EUR)

Items	Balance 31/12/2024	Balance 31/12/2023
Loans received from shareholders	4400000	4050000
Loans received from other creditors	13556100	12769000
Leasing liabilities	-	7391
Other accounts payable (loans from Mintos mutual funding platform's investors)	2990106	2305127
Bonds issued	1000000	1000000
Total	21946206	20131518

The liability of Mintos mutual funding platform consists of a number of loans. On Mintos, each loan is made as a right of claim toward a loan made by the Company to its customer.

A schedule for the repayment of the loan is the same as the schedule for the loan made by the Company; the Company makes a payment only after receiving a payment from its borrower.

13. Accounts payable within one year and other current liabilities

(EUR)

Items	Balance 31/12/2024	Balance 31/12/2023
Interest payable to the shareholders	32875	28500
Interest payable to the creditors	466087	221167
Leasing liabilities	-	12671

Short-term loans from Mintos mutual funding platform	337142	50751
Trade creditors	12516	12522
Prepayments received	10034	1765
Other amounts	138	222
Salaries to employees	3986	5119
Income tax	73901	8298
Total	936679	341015

14. Sales income

Income from intermediation in relation to the Company's core activity and income from servicing of financial service agreements.

Interest income and other similar income

(EUR)

Items	31/12/2024	31/12/2023
Income from loans made	3221929	2913817
Penalties	161560	32444
Income from other financial activities	469479	75671
Total	3852968	3021932

15. Cost of sales

Costs related to agreements concluded with customers; expenses for checking immovable property received as a collateral in the Real Estate Register.

16. Sales costs

(EUR)

Items	31/12/2024	31/12/2023
Advertising	21280	20308
Wages	45370	58418
Other sales costs	26691	29501
Total	93341	108227

17. General and administrative costs

(EUR)

Items	31/12/2024	31/12/2023
Office rent & utility bills	6221	6151
Insurance	1635	2568

Non-current asset depreciation	12259	12259
IT & communications	5044	2233
Lawyers & notaries' services	16878	20868
Sponsorship	114000	25000
Other costs	149366	41581
Total	305403	110660

18. Costs of financial and investment activities

(EUR)

Items	31/12/2024	31/12/2023
Interest costs under loan agreements shareholders & creditors	1746640	1461388
Other costs of financial activities	291118	139073
Total	2037758	1601626

19. Income tax

The income tax liability has been reduced as it was offset against the income tax advance payment (EUR 36,142) during 2024.

20. Management of credit risk

Main financial instruments of the Company include loans made by the Company that are not related to its activities and cash used from the financing of the operations. Main financial risks include credit risk and liquidity risk. The Company does not incur significant currency risk as all transactions are conducted in euros. In addition, the Company does not incur a significant interest rate risk as fixed interest rates are applied to all the loans made/received.

Credit risk

Credit risk means the probability of incurring a loss if the Company's counterparty/borrower fails to perform their contractual obligations resulting in impairment losses. The Company incurs credit risk in its core activities (lending) and financial activities to which balances of cash in bank are allocated.

Loans made by the Company

The Company manages credit risk related to the loans made by considering only those loan applications in which a sufficient collateral is offered and by granting loans only to customers that have the ability to repay the loan from their income. Customers' solvency is assessed strictly in accordance with the requirements set by the Bank of Lithuania (including for the 40% income/expense ratio). Therefore, only one out of 15 loan applications is approved, i. e. 93.5% of applicant are rejected. The Company monitors the loans made and take action to reduce the counterparty default risk so that potential impairment losses are reduced.

As of 31 December 2024 and 31 December 2023, the Company's credit risk is limited to the book value of the loans made. All the loans made by the Company are mortgage-backed loans. In cases where the Company sees increased risks, an additional means of security is used: a surety agreement. Means of security are registered in VĮ Registrų centras (Centre of Registers, a public entity), with the Company specified as a beneficiary. Flats are usually mortgaged; sometimes houses, plots of land and commercial premises. The average loan to value ratio (LTV) is approximately 43%; the average loan repayment term 85 months. More details on the average and maximum LTV are provided in the table below:

Collateral type	Average LTV	Maximum LTV
Flat	47 %	75 %
House	48 %	60 %
Commercial premises	45 %	60 %
Land plot	34 %	40 %

Since 2021, the Company keeps accounting for provisions according to its internal methodology.

21. Judicial proceedings

As of the date of these financial statements, Hipotekiniai kreditai was not involved in any judicial proceedings that could have a significant impact on its financial statements.

22. Post balance sheet events

There were no post balance sheet events that could have influenced the financial statements for 2024 or would necessitate adjustments thereof.

Director

Virginijus Pileckis

Person authorised to keep accounts:

Chief Accountant

Reda Banionienė