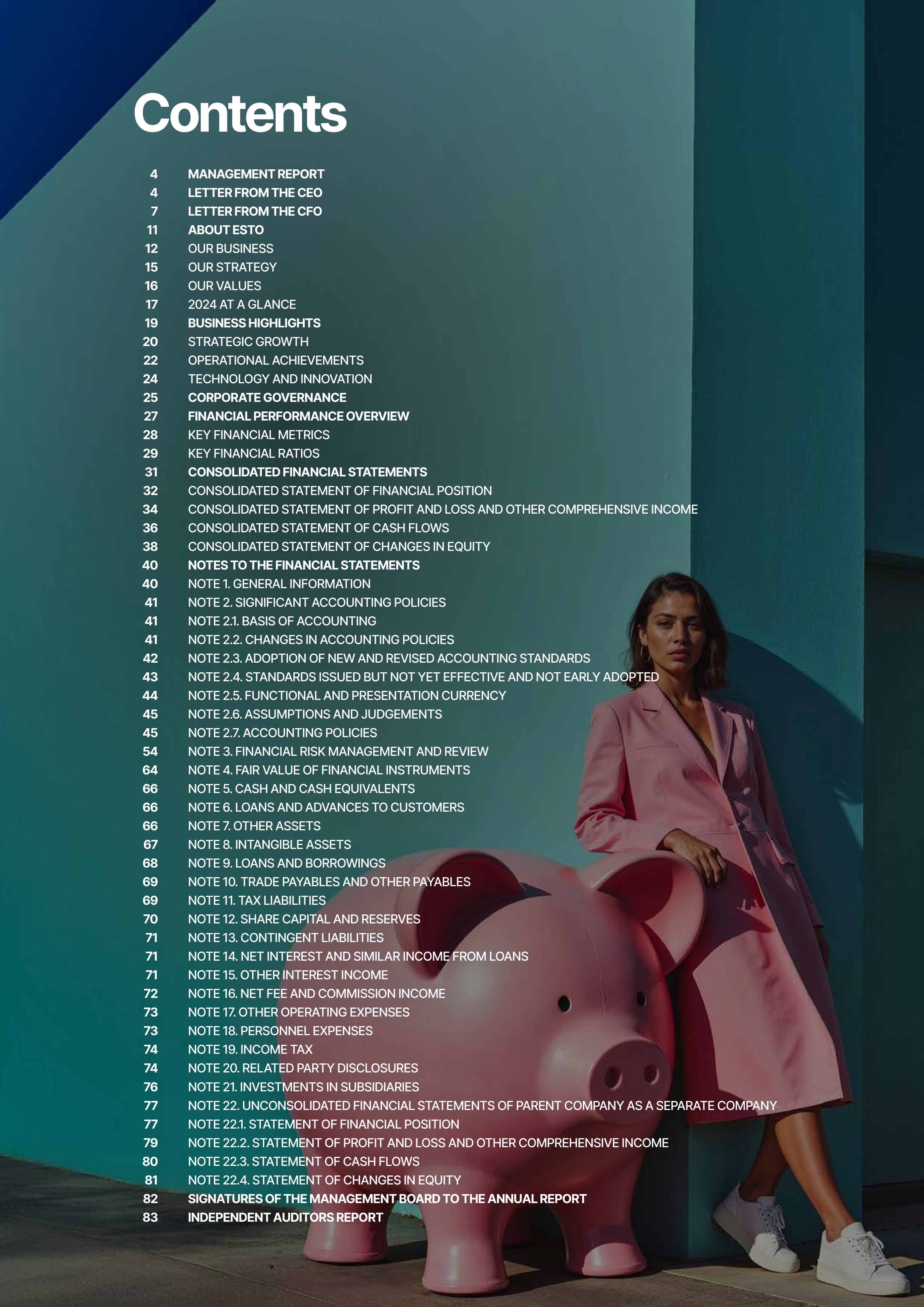
esto

Annual Report 2024

and group consolidated financial statements

ESTO GROUP | ESTO HOLDINGS OÜ

The future of commerce.
Reimagined.



Contents

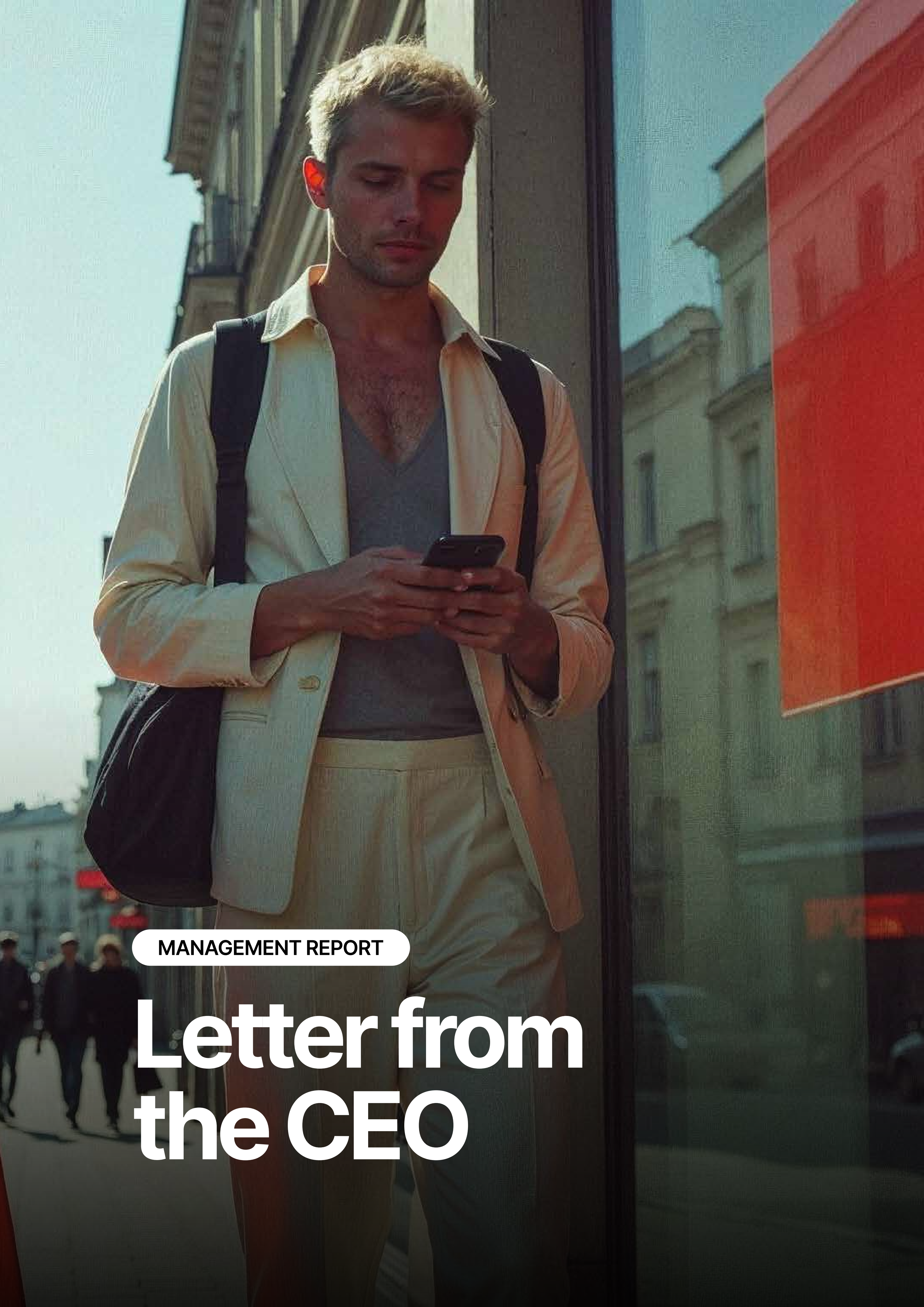
General information

Company name – ESTO HOLDINGS OÜ
Legal form – Private Limited company (OÜ)
Registry code – 14996345 (Commercial Register of the Republic of Estonia)
VAT number – EE102290996
Country of origin – Harju County, Tallinn 10111, Laeva Street 2
Telephone – +372 55676221
Website – www.esto.eu/global

Reporting period – 1 January 2024 – 31 December 2024
Independent auditor – KPMG Baltics OÜ

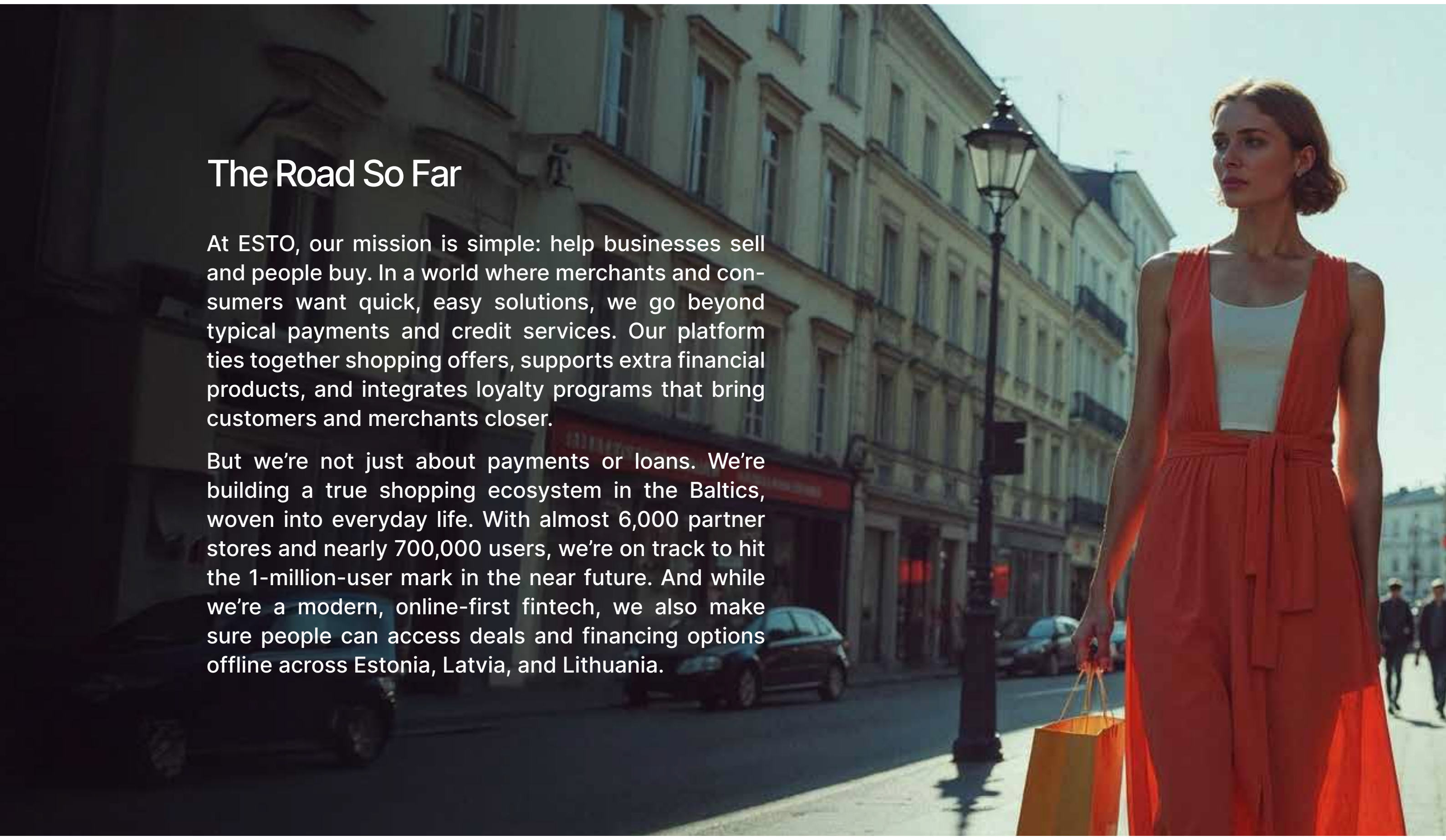
The reporting currency is the euro (EUR). In the consolidated financial statements in the 2024 annual report units are presented in thousands.

The consolidated financial statements contained in 2024 Annual report, are audited.



MANAGEMENT REPORT

Letter from the CEO



The Road So Far

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

But we're not just about payments or loans. We're building a true shopping ecosystem in the Baltics, woven into everyday life. With almost 6,000 partner stores and nearly 700,000 users, we're on track to hit the 1-million-user mark in the near future. And while we're a modern, online-first fintech, we also make sure people can access deals and financing options offline across Estonia, Latvia, and Lithuania.

Scaling New Heights

2024 turned out to be our best year since we launched in 2017, blowing past every target we set. We focused on boosting efficiency and profitability—and we outperformed even our own expectations, ending the year with a net profit of ca. 7 million EUR.

We also hit record user and partner growth—657,025 users, 5,782 partners, plus thousands of offline cashiers who offer our products daily. We were successful in the capital markets, faced with upcoming maturities, we re-financed existing obligations using our own equity—strengthened by growing organic profits—and successfully tapped the debt markets, demonstrating the confidence Baltic and global investors have in our brand.

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

Building With Purpose

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

Our presence in the Baltics is solid, and we're confident in our roadmap for deeper expansion in Estonia, Latvia, and Lithuania. With a lean team of about 70 people—3 to 5 times fewer than many competitors—we've proven our technical skill and efficiency. We also believe in giving people real ownership and autonomy, making ESTO a place where motivated, talented individuals can truly thrive.

Our Financial Snapshot

Financially, 2024 was a standout year. We handled 164.7 million EUR in GMV, generated 31.09 million EUR in revenue, posted 14.2 million EUR in EBITDA, and ended with 6.8 million EUR in net profit. Our total assets hit 80.3 million EUR, an all-time high.

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

Staying Secure in an Evolving World

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

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

Where We´re Headed

Looking ahead, we want to become the biggest driver of the Baltic shopping economy by building the region's top shopping ecosystem. Even though Estonia, Latvia, and Lithuania are separate countries, their markets overlap in big ways, and we aim to serve them seamlessly. We're already leading in Estonia and plan to become the go-to choice across all three nations.

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

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

Mikk Metsa
Founder/CEO

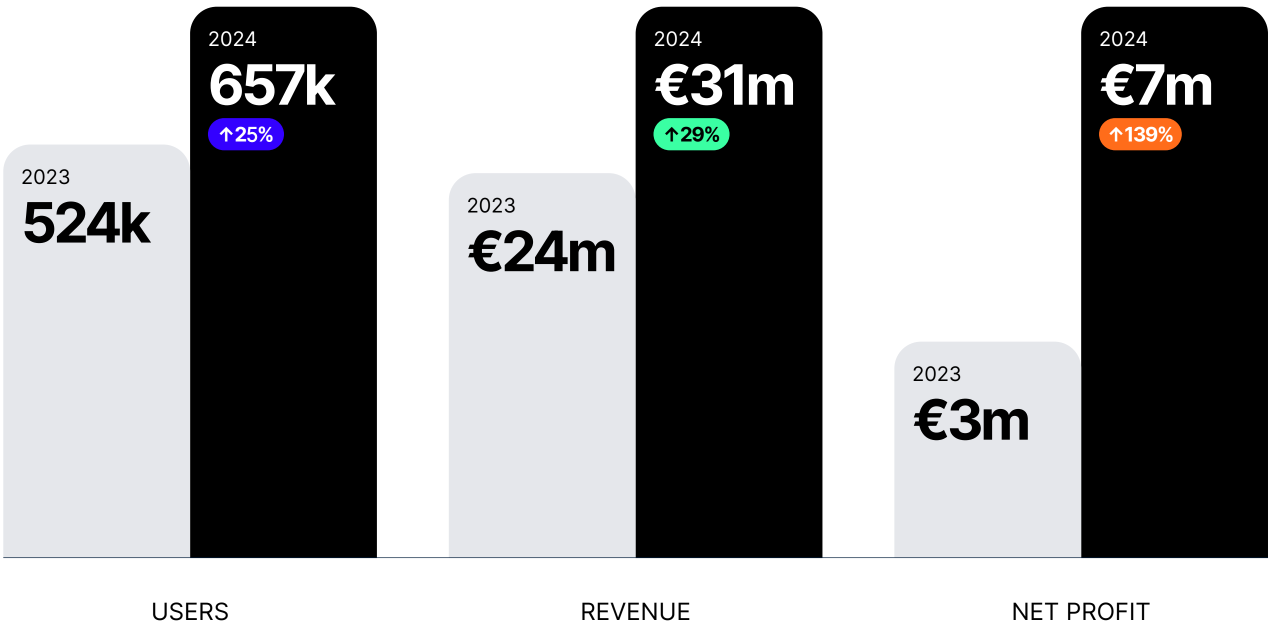
MANAGEMENT REPORT

Letter from the CFO

2024 was a strong year for ESTO, reinforcing the agility and financial resilience of our business model. We successfully executed our strategy, demonstrated operational strength, and sustained profitable growth. In a rapidly evolving and competitive consumer finance landscape, we remained focused on agile, data-driven decision-making, strengthening partnerships with both merchants and service providers. As a result, we grew our credit portfolio by 14% and net income by 139%, further solidifying our position in the Baltic market.

As our portfolio expanded, so did our collaboration with existing financing partners. During the year we upsized our funding line with Multitude Bank, continued the co-operation with P2P platform Mintos and refinanced our inaugural €16m bond by new bond issuance in November 2024. I am thankful for the investors confidence and trust as we continue to increase our presence in the Baltics.

Building on the principles that guided us in 2024, ESTO remains committed to serving our partner merchants and customers through flexible financing solutions, including fixed-term interest-free (BNPL) products and traditional interest-bearing credit options. We enter 2025 with a strong balance sheet, prudent credit risk management, and a clear ambition to expand our e-commerce ecosystem.



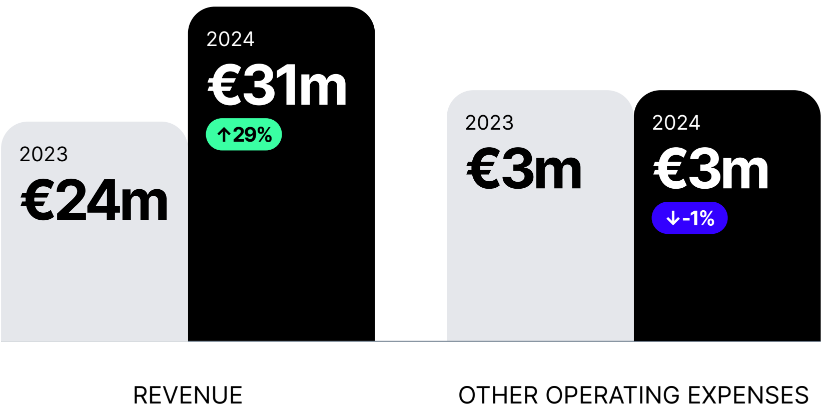
Financial performance

In 2024, our revenues grew by 29% to €31.09m. This was supported by strong performance across all key product lines and overall growth of the customer credit portfolio.

As ESTO continues to strengthen its foothold in the Baltics consumer credit market we have always kept in mind the relevance of doing so in a profitable manner. Throughout 2024, we practiced disciplined financial management predicated on the optimization of operational expenditure and controlling the loan losses incurred by introducing new fraud prevention measures and improving the portfolio quality by further developments to customer scoring engine. Whilst the revenues grew by 29% YoY, we managed to keep the operating expenditure on a quite stable level, showing 6% growth. Profitability increase was achieved by extreme frugality in expenditure as well as by capitalizing our own e-commerce ecosystem, where we provide financing through our partnered merchants, thus lowering the customer acquisition costs.

In 2024 we maintained full control of GMV and decided to limit the issuance and growth of GMV generating, but loss-making products. Even though we experienced a 3% decline in the total GMV, our credit product related GMV increased by 11% despite cuts to decrease the credit risk.

In 2024 further tailwinds were provided by long-awaited decrease in Euribor. As some of our borrowed capital is tied to Euribor this decreased the funding cost and at the same time had a positive impact on the disposable income of many of our customers.



Strategic financial outlook

Looking ahead to the next year and beyond, we will continue doing what we do best – help business to sell and people to buy. Continuing to do so as a non-bank consumer financing company, we acknowledge to ourselves the importance of excellence in managing liquidity and the treasury function. Already in 2024, we introduced and implemented systematic and regular treasury and liquidity management frameworks, and we will continue to build on that for the upcoming year.

As we keep forging strategic alliances to grow our business, we feel that ESTO is well positioned to manage the risks and volatility of the consumer financing sector. We've kept the net loss arising from the derecognition of financial assets rates under control during 2024 and the level remained stable, 18% from revenue, as last year. We plan to continue to keep emphasis on this key piece of our business as this has a direct impact to our bottom line. Balancing growth and profitability is in the DNA of ESTO and we will keep the this philosophy in mind when expanding our business in upcoming years.

Gustav Juurikas
CFO

Revenue

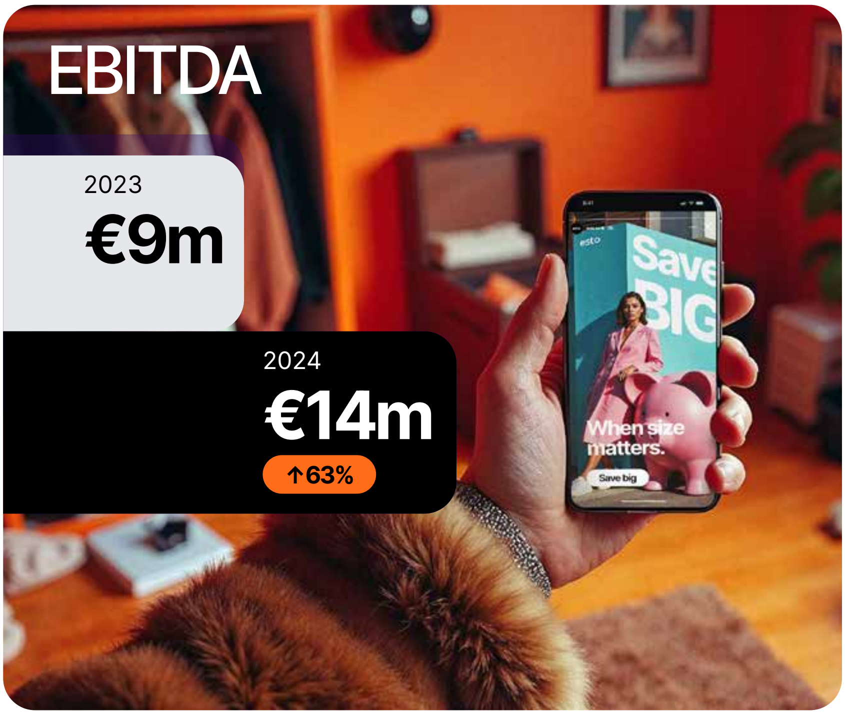
2023
€24m

2024
€31m
↑29%

Users

2023
524k

2024
657k
↑25%



EBITDA

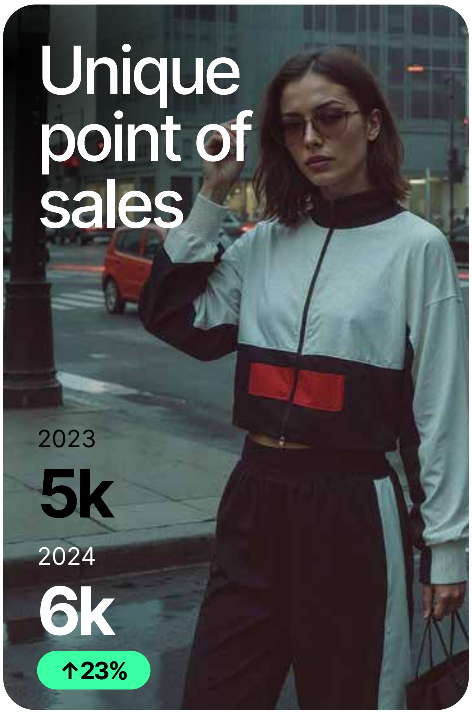
2023
€9m

2024
€14m
↑63%

Net Profit

2023
€3m

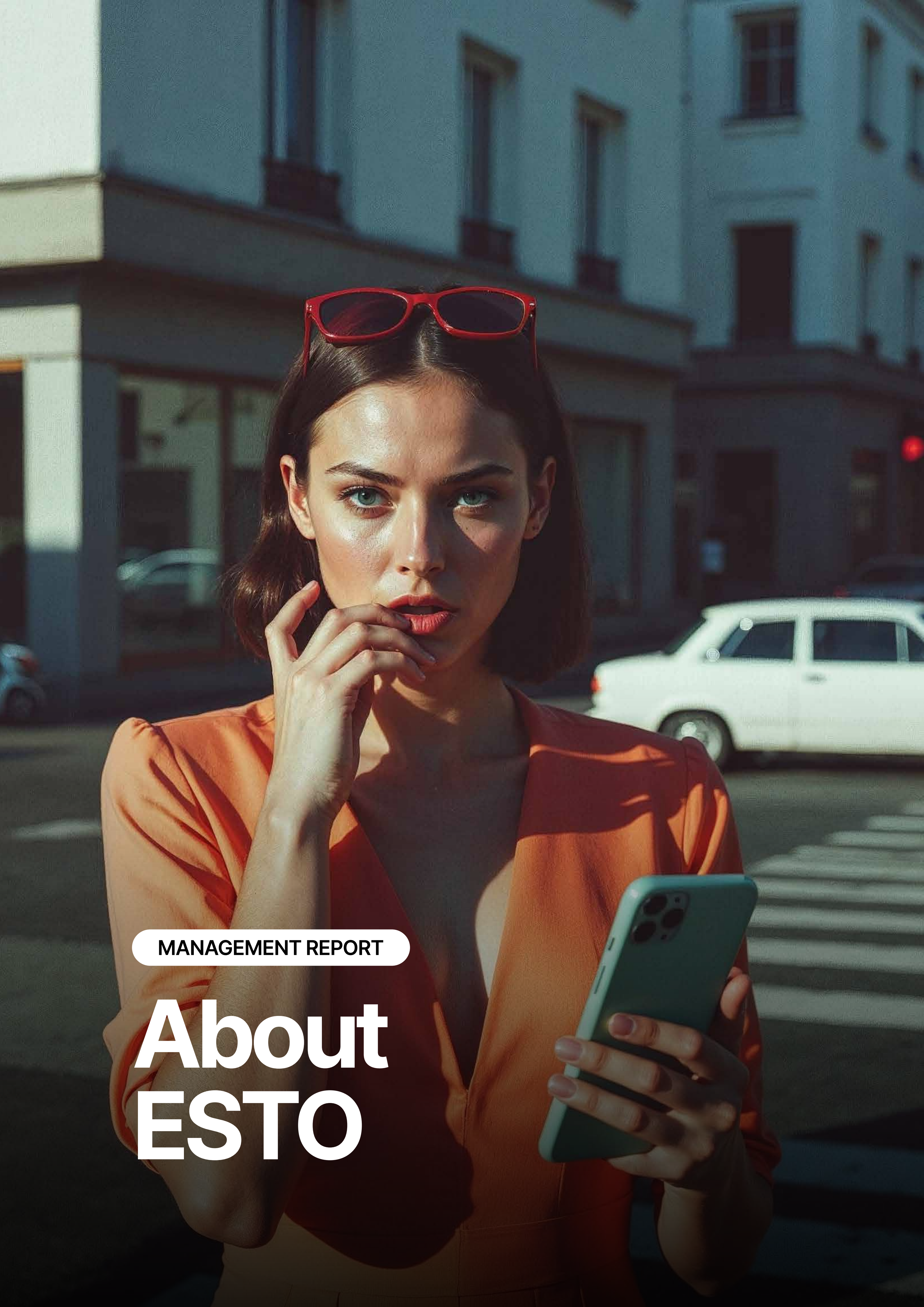
2024
€7m
↑139%



Unique point of sales

2023
5k

2024
6k
↑23%



MANAGEMENT REPORT

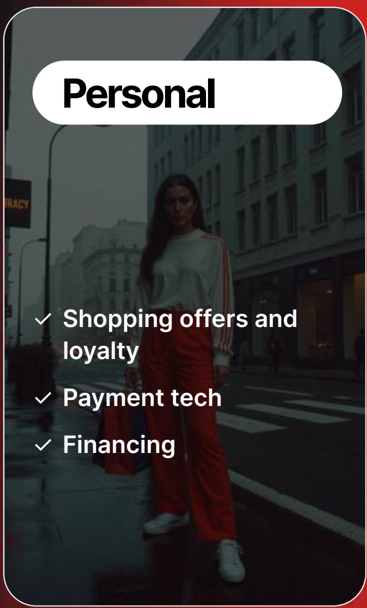
About ESTO

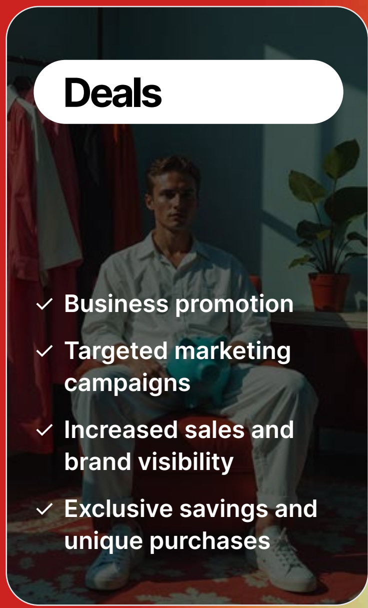
Our business

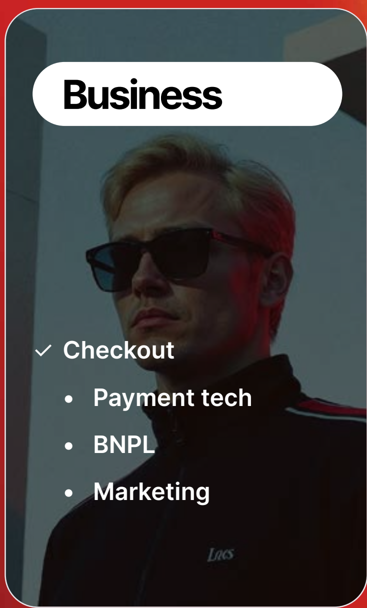
ESTO is a profitable financial technology company that has been driving commerce in the Baltics since 2017. From its very first year of operations, ESTO has maintained profitability by connecting businesses and consumers within a unified ecosystem. Our vision is to build the largest shopping network in Estonia, Latvia, and Lithuania—one that delivers significant value to both merchants and shoppers through seamless shopping offers, payment solutions and flexible credit options. By operating across all three Baltic nations, ESTO benefits from the cross-border reach of major retailers and the scalability of a shared marketplace.

Today, we focus on three main product verticals—Personal, Business, and Deals—each designed to enhance the shopping journey in its own way. We've built an integrated platform that supports everything from straightforward card payments to innovative buy-now-pay-later options, ensuring that transactions remain frictionless for everyone involved. Our revenue model is equally diverse: while credit monetization forms the backbone, we also earn from network fees tied to transactions within our ecosystem, creating a balanced risk profile and a healthy path for growth.

A Growing Baltic Ecosystem







A Growing Baltic Ecosystem

Operating in Estonia, Latvia, and Lithuania, ESTO's pan-Baltic strategy capitalizes on the interconnected nature of local economies. Our network already includes thousands of merchants and hundreds of thousands of consumers, and we continue to expand. Because our platform facilitates both transactions and financing, we see consistent growth in Gross Merchandise Volume (GMV) and overall network activity. This multi-sided approach—backed by innovative credit solutions and diverse revenue streams—has positioned ESTO as a leading shopping ecosystem in the region.

Whether you're a shopper seeking easy financing or a merchant aiming to reach new customers, ESTO's comprehensive suite of products is designed to empower everyone in the transaction. As we scale our operations further, our commitment remains the same: to drive regional commerce through accessible payment solutions, cutting-edge technology, and a shared ecosystem that benefits businesses and consumers alike.

5700+
MERCHANTS

657 000+
CONSUMERS

ESTO Personal

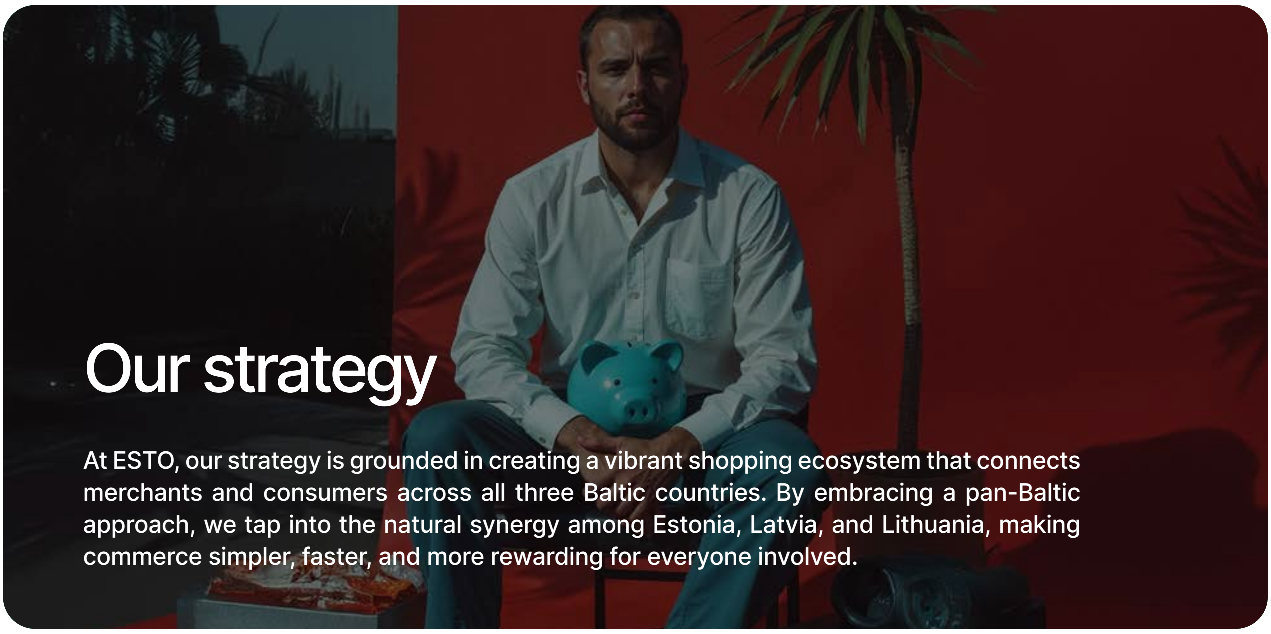
ESTO Personal is all about improving the everyday shopping experience for consumers. We offer a range of convenient services, from shopping credit and consumer loans to loyalty programs and special shopping offers. Whether it's a quick online purchase or a larger financed transaction, ESTO Personal helps shoppers find the best deals and manage their spending responsibly.

ESTO Business

ESTO Business caters to the needs of merchants looking to streamline payments and boost sales. Our Checkout solution supports everything from bank transfers and card payments to BNPL and instalment loans, making it easier for businesses to serve their customers—online or offline. We also provide marketing tools and working capital solutions that help merchants grow faster and stand out in a competitive market.

ESTO Deals

The newest addition to our product lineup, ESTO Deals is a dedicated platform that helps businesses promote discounted offers and run targeted marketing campaigns. By showcasing deals to a broad audience across the Baltics, we help businesses increase sales and brand visibility, while consumers enjoy exclusive savings and unique purchasing opportunities.



Our strategy

At ESTO, our strategy is grounded in creating a vibrant shopping ecosystem that connects merchants and consumers across all three Baltic countries. By embracing a pan-Baltic approach, we tap into the natural synergy among Estonia, Latvia, and Lithuania, making commerce simpler, faster, and more rewarding for everyone involved.

Ecosystem at the Core

Our core mission is to unite shoppers and businesses within one seamless platform. We're not just a payment or credit service—we're a partner that helps merchants unlock new sales channels and helps consumers discover the best deals. With ESTO Personal and ESTO Business forming the foundation of our ecosystem, each interaction generates value for both sides. ESTO Deals adds an extra layer of engagement, showcasing discounted offers that drive foot traffic, boost online conversions, and give consumers real savings.

Pan-Baltic Reach, Local Focus

While we operate across Estonia, Latvia, and Lithuania, we understand that each country has its own character. That's why our approach combines local market expertise with the efficiency of a unified platform. Whether it's tailoring payment options to a specific region or providing marketing support for a merchant's product launch, our pan-Baltic strategy is designed to scale effortlessly while still feeling local.

Deep Merchant-Consumer Connection

We view every transaction as a chance to build stronger relationships. Merchants gain access to easy-to-integrate payment solutions, financing options for customers, and direct marketing tools through ESTO Deals. Meanwhile, consumers enjoy quick checkouts, loyalty benefits, and flexible credit options that let them shop on their terms. This constant feedback loop—merchants improving their offerings based on consumer insights, and consumers enjoying better deals—propels the entire ESTO network forward.

Accelerating Commerce, One Transaction at a Time

Looking ahead, we will continue to refine our ecosystem, expanding our merchant network and user base while adding new features that make shopping in the Baltics more convenient and rewarding. By remaining laser-focused on customer experience and operational efficiency, we aim to grow sustainably, deliver consistent value to our stakeholders, and cement our position as the go-to shopping partner in the region.

Our values

At ESTO, our success isn't a coincidence; it's the direct result of our core values, which power everything we do. These values define how we work and how we make a lasting impact in our industry. They guide our decisions, ensure we remain focused on our goals, and directly reflect the culture we've built – one where ownership, speed, communication, and a competitive spirit are lived out every day.

We are all in

Ownership

We don't wait for success – we create it. Taking ownership of each of our roles and growth isn't optional; it's the foundation of our success. Anything less isn't part of the equation.

- We are not just completing tasks; we're driving impact. We are a company where every individual feels empowered to contribute to our shared success.
- We also understand the power of collaboration. We support each other, share knowledge, and work together to achieve common goals.

~~Overthinking~~ → Doing

Speed

Plans are good, but action is better. Start now, progress, and learn along the way. Speed is our advantage. At ESTO, we move fast, break boundaries, and solve problems as we go. If you believe it can be done, just do it—we will work together to make it a success.

- We take meaningful actions, and we are fast.
- We empower a culture where swift decisions and adapting quickly give us a leading edge, always heading in the right direction.

Be open and direct

Communication

We keep it real—transparency and accountability are a must. Communication drives everything, good or bad. Speak your truth, keep things moving, and never hold back.

- We use communication to identify and solve problems quickly.
- We create an environment of trust, where open dialogue is the foundation for strong relationships and effective teamwork.

We play to win

Competitors by heart

ESTO was founded by athletes, and it's this competitive spirit that drives us. We don't just play for fun; we aim for the Super Bowl in everything we do. Above all, we're a high performing team —where ownership, determination, and teamwork are what make us winners.

- We never lose sight of our goals and always aim to win.
- We celebrate big wins and encourage everyone to exceed expectations.

Our values are the foundation of who we are at ESTO. We take full ownership of our responsibilities, move fast to get things done, communicate openly and transparently, and always play to win. These values guide us every step of the way, ensuring we stay focused on what matters most.

Living by these values means creating an environment where every team member is empowered to act, where speed and innovation lead the way, and where every victory is earned. At ESTO, our values define the path to success, and they're what set us apart as a team.

2024 at a glance

Key achievements

2024 was our best year to date, driven by significant achievements in marketing, product development, and other strategic areas. Our everyday efforts are enabling us to deliver innovative solutions and create exceptional value for our customers, partners and shareholders.

Increased Market Presence & User Growth

We have expanded our market reach with steady monthly growth in new user acquisitions. Lithuania and Latvia recorded its highest monthly number of newly created user profiles in history.

Across all three markets, user acquisition remained stable and growing, demonstrating targeted marketing strategies' success.

Social Media & Branding Growth

ESTO's organic social media engagement increased notably due to onboarding dedicated professionals into ESTO team who took over the management of our social media platforms. Our goal is to portray the life within the company together with our value proposition to our customers and partnered merchants in a modern and engaging manner.

ESTO's commitment to remain strong in its digital presence was reflected by four new hired team members that will support social media branding in the long term.

Strengthening Merchant Checkouts

We continue to enhance our financing solutions to help merchants increase conversions. Our updated checkout process now offers alternative financing options for customers who may not qualify for our interest-free BNPL solutions. By presenting a range of financing choices, including standard interest-bearing consumer loans, we enable more customers to access credit, ultimately driving higher sales for our merchant partners.

ESTO Deals: Adding Value for Business and Consumers

ESTO Deals launch: In 2024, we launched ESTO Deals on our homepage and customer profiles, creating a valuable new connection between businesses and consumers. This dedicated platform empowers our B2B network to promote exclusive discounts and run targeted marketing campaigns, driving increased sales and brand awareness across the Baltics. At the same time, ESTO Deals provides our customers with access to special offers and unique purchasing opportunities, enhancing their overall ESTO experience.

Strengthening Fraud Prevention and Risk Management

AI-Powered Fraud Mitigation: We've implemented the tools for fraud mitigation in all regions, strengthening our defenses against fraudulent activity and minimizing risk to our business.

Modernizing Platforms for Enhanced User Experience

New Purchase Flow Platform: We've moved to a new Purchase Flow platform, making it easier and more intuitive for customers to apply for financing.

Growing Our Merchant Base

Expanded Merchant Network: In 2024, we significantly expanded our merchant network, welcoming more than 700 new partners in the Baltics. As of the end of 2024 ESTO had 5,782 unique point of sales.

We will continue to offer value for our merchants: increasing their average shopping cart value by 30%, boosting their sales and client base.

MANAGEMENT REPORT

Business highlights

New initiatives and product launches

Our three core product verticals are more than just categories—they're dynamic engines fueling our mission to transform shopping in the Baltics. From innovative credit solutions to seamless commerce and beyond, each vertical is positioned to unlock a suite of new activities that will drive our growth forward.

Looking ahead, we're excited about a wave of fresh product ideas set to roll out over the next year. Expect major enhancements across our credit, brokerage, platform, and commerce solutions—all designed to boost profitability and deliver outstanding value to businesses and consumers alike. With these innovations, our growth trajectory becomes even more unstoppable, ensuring that ESTO continues to lead the way in providing super products for the Baltic market.

To continue creating high value for our customers and partners, we will launch the following initiatives in the near future:

Enhancing the Consumer Experience

- Income Insurance: Providing clients with a safety net against job loss for a monthly fee, offering greater financial security.
- Referrals: Rewarding clients for referring their friends, fostering community and loyalty.
- Loyalty Program: Creating a system that encourages engagement with ESTO's platforms and products, reworking ESTO Premium to provide even more benefits.
- Credit Line in Checkout: Offering B2C clients with existing ESTO credit lines a fast checkout option directly within their POS systems.

Empowering Our Business Partners

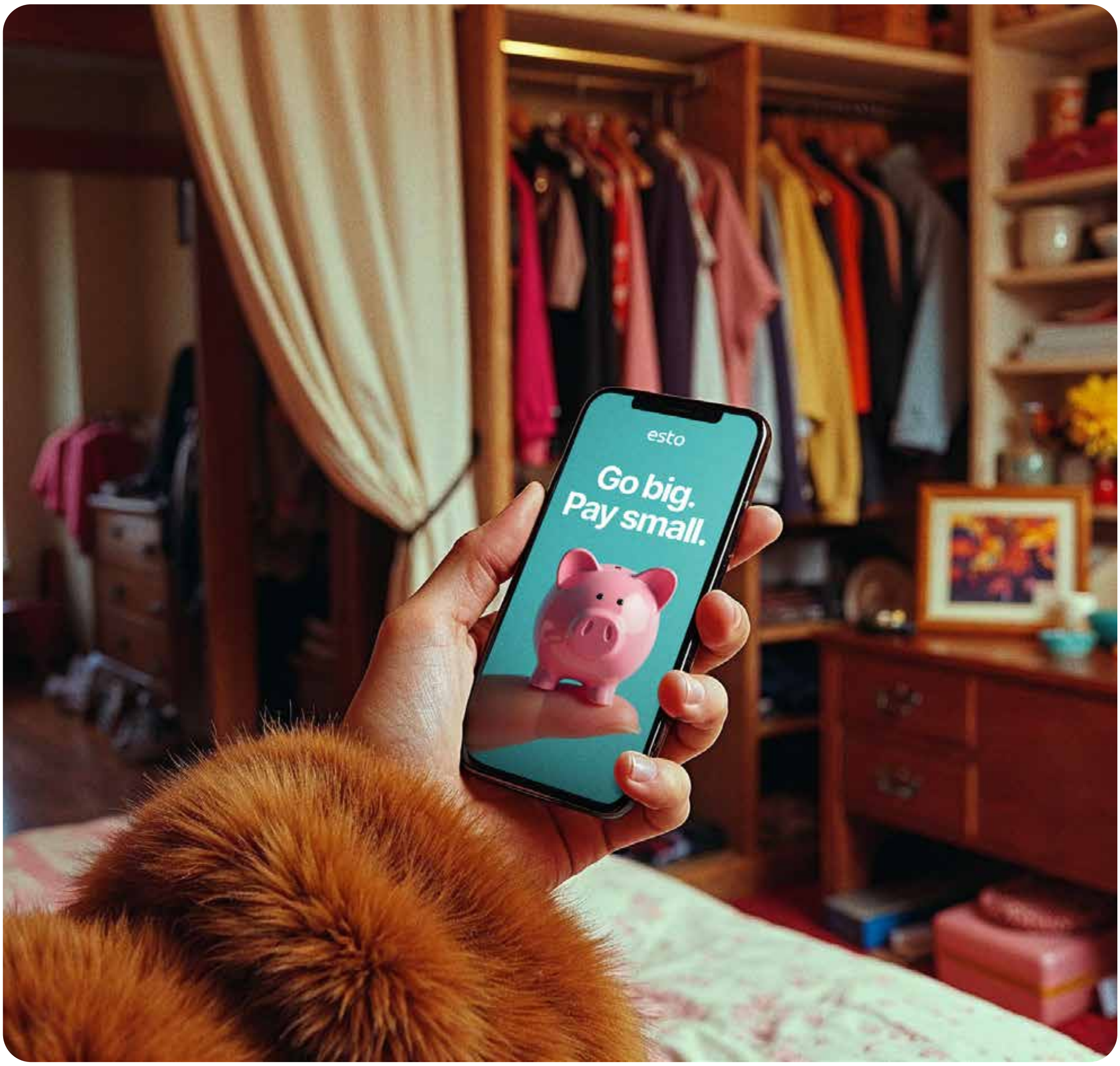
- ESTO Capital: Providing a credit line to our B2B partners, enabling them to grow and scale their businesses.

Expanding the Reach of ESTO Deals

- New Distribution Channels: Adding ESTO Deals to other platforms, such as Purchase Flow, automatic communications, and our Affiliate CRM, maximizing visibility and driving sales.
- ESTO Market: Creating a marketplace that connects with our existing B2B network, offering items and services with price comparison tools and seamless integration with our loyalty program and checkout methods.

New access and new look

- Rebranding: Completing a redesign of key platforms like Purchase Flow to streamline client onboarding and enhance the overall user experience.
- Mobile App: Launching a mobile app for self-service account management and easier browsing of ESTO Deals, providing customers with convenient access to our services on the go.



Market penetration

Our sights are set on the Baltics, and we're doubling down on making Latvia and Lithuania mirror the success we've already seen in Estonia. Rather than racing into new territories, we're taking the proven ESTO playbook—one that helped us dominate in Estonia—and applying it directly to these two markets. We've already laid the groundwork with key merchant partnerships, strong local teams, and cutting-edge technology tailored to each country's needs.

Today, we stand on the edge of what we believe will be breakout, profitable growth in both Latvia and Lithuania. Our central ESTO Group organization is primed to provide the strategic support and tech innovation necessary to help each market flourish. By focusing our energy on this pan-Baltic approach, we're confident we'll continue to accelerate commerce across the region—bringing the same seamless, profitable momentum to Latvia and Lithuania that's fueled our success in Estonia.

Operational achievements

2017

ESTO is founded and becomes profitable in the first 12 months.

2018

First debt funding to scale the business model + adding monetisation to ESTO business model. BNPL turned in to integrated finance model.

Launched partnership with Estonia´s biggest online retailer Kaup24 (Pigu Group).

2019

Launched credit line product + our configurable BNPL product.

esto PAY LATER

2020

ESTO joins Mintos, one of the leading P2P marketplaces to attract growth capital.

2021

Expansion to Latvia and Lithuania.

Launch of ESTO Pay.

esto Pay

2022

Reached €100M annual GMV, €50M credit portfolio and generated €17M revenue and €2.5M profit.

ESTO Holdings OÜ announces issuance and settlement of EUR 16 million first-time corporate bond.

2023

ESTO Group reached €60M portfolio size, doubling in size within 2 years.

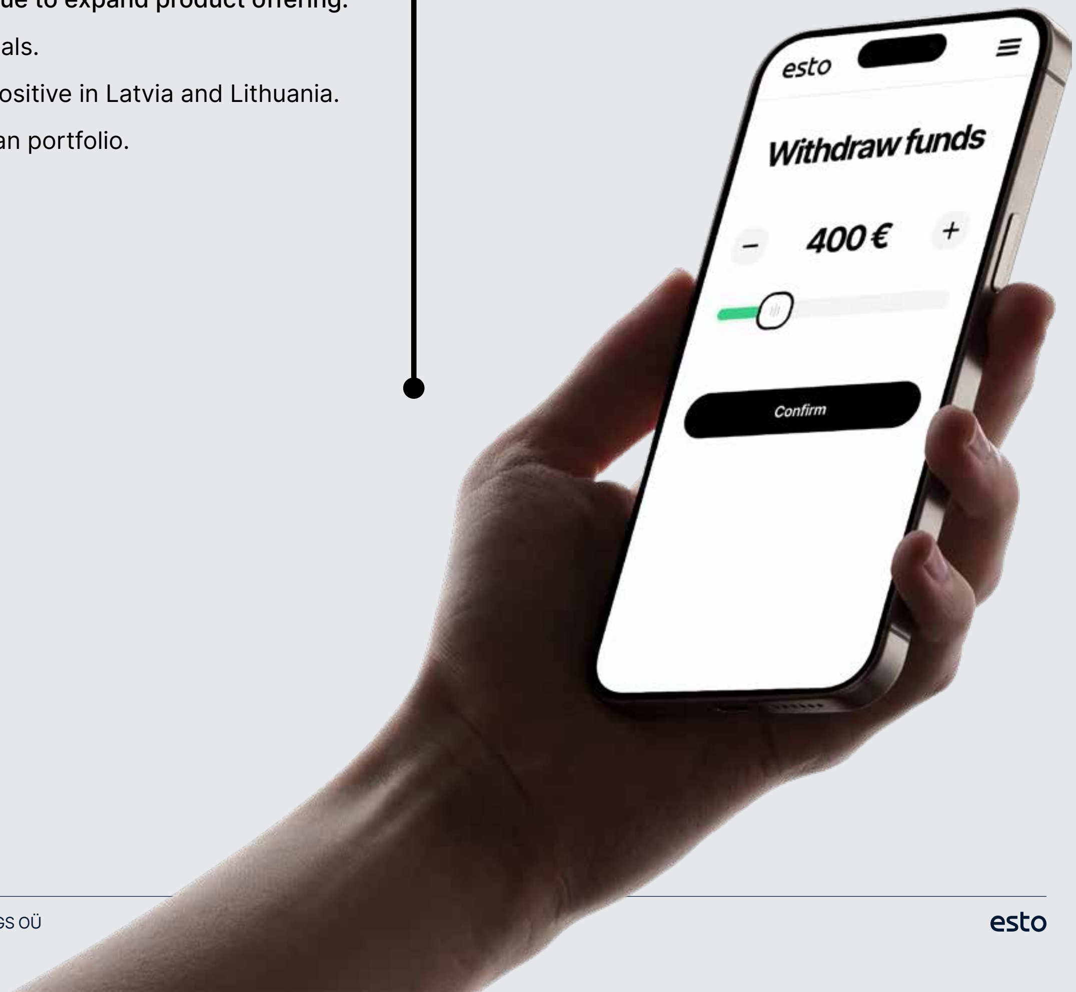
2024

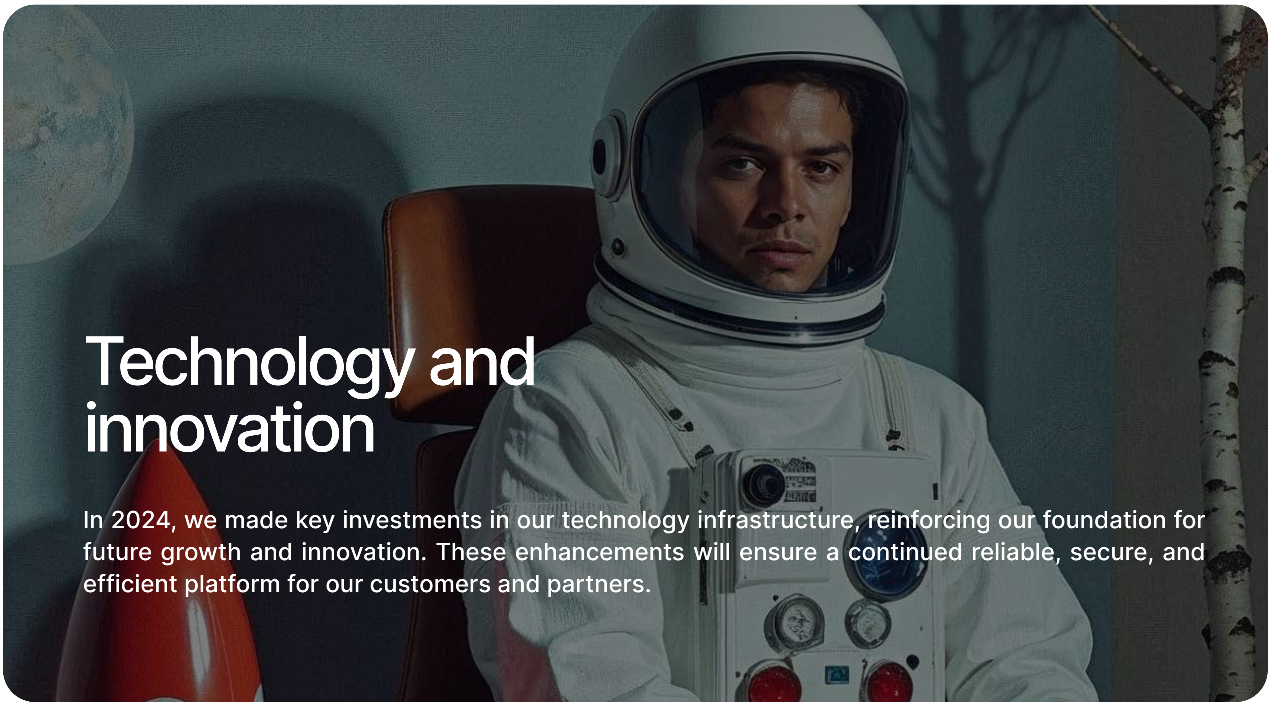
Record year for ESTO in terms of revenues and profitability. Continue to expand product offering.

Launch of ESTO Deals.

Reaching EBITDA positive in Latvia and Lithuania.

€70M Group net loan portfolio.





Technology and innovation

In 2024, we made key investments in our technology infrastructure, reinforcing our foundation for future growth and innovation. These enhancements will ensure a continued reliable, secure, and efficient platform for our customers and partners.

Enhanced System Monitoring and Reliability

We implemented a new alerts and monitoring system for our ESTO infrastructure, providing real-time visibility into system performance and enabling us to proactively identify and address potential issues. This, alongside our migration to a new server setup for better redundancy, ensures the stability and uptime of our services, minimizing disruptions and maximizing the availability of our platform for customers and partners.

Modernized User Experience Platform

We transitioned to a new Customer Profile, laying the groundwork for future enhancements. This new platform is designed to be more intuitive, user-friendly, and personalized, allowing us to deliver a better self-service experience and empower customers to manage their accounts with ease. This upgrade will allow us to launch more tools into our client platform.

AI-Powered Security and Efficiency

We are leveraging the power of artificial intelligence to enhance fraud prevention and optimize internal processes. In 2024, we implemented the Sift AI tool for fraud mitigation across all regions, strengthening our defenses against fraudulent activity and protecting our business and honest customers.

Looking ahead, our Digital Workforce initiative will utilize AI agents to streamline internal workflows, automate repetitive tasks, and provide improved assistance to clients.

MANAGEMENT REPORT

Corporate governance

Corporate governance

ESTO is committed to maintaining the highest standards of corporate governance, ensuring transparency, accountability, and compliance with all applicable financial and consumer protection regulations. As a leading consumer financing and Buy Now, Pay Later (BNPL) provider in the region, we operate with integrity and responsibility to protect the interests of our customers, partnered merchants, investors, and stakeholders.

Regulatory Compliance and Licensing

We are fully licensed and regulated in all the markets in which we operate, adhering to the relevant consumer financing and credit regulations in Estonia, Latvia, and Lithuania. Our operations comply with all necessary financial regulations, ensuring responsible lending practices and consumer protection practices. We continuously monitor regulatory developments and adapt our policies and processes to maintain full compliance.

Governance Framework

Our governance framework is built on clear policies, robust internal controls, and a commitment to ethical business conduct. ESTO is overseen by Supervisory Board and different committees (Credit risk committee, Liquidity committee, Operational risk committee, Credit management committee, Strategic funding committee) at a group level, which provides strategic direction and ensures the implementation of sound risk management practices. Our executive leadership team upholds strong financial stewardship and operational excellence, fostering sustainable growth and value creation.

Risk Management and Consumer Protection

We maintain a disciplined approach to risk management, with stringent credit assessment and monitoring processes to ensure responsible lending. The risk management is provided through systematic controls, benchmarks and targets that are monitored regularly through different mediums and that provide management a clear overview. Protection is embedded in our operations, with transparent terms, fair pricing, and clear communication to help customers make informed financial decisions.

Commitment to Transparency and Accountability

We prioritize transparency in our financial reporting, decision-making, and stakeholder communications. Our corporate governance practices are designed to align with international best practices, reinforcing trust and confidence among investors, regulators, and customers.

By upholding strong governance principles, ESTO continues to build a sustainable and responsible financial services business, delivering value to both consumers and the broader market.

MANAGEMENT REPORT

Financial performance overview

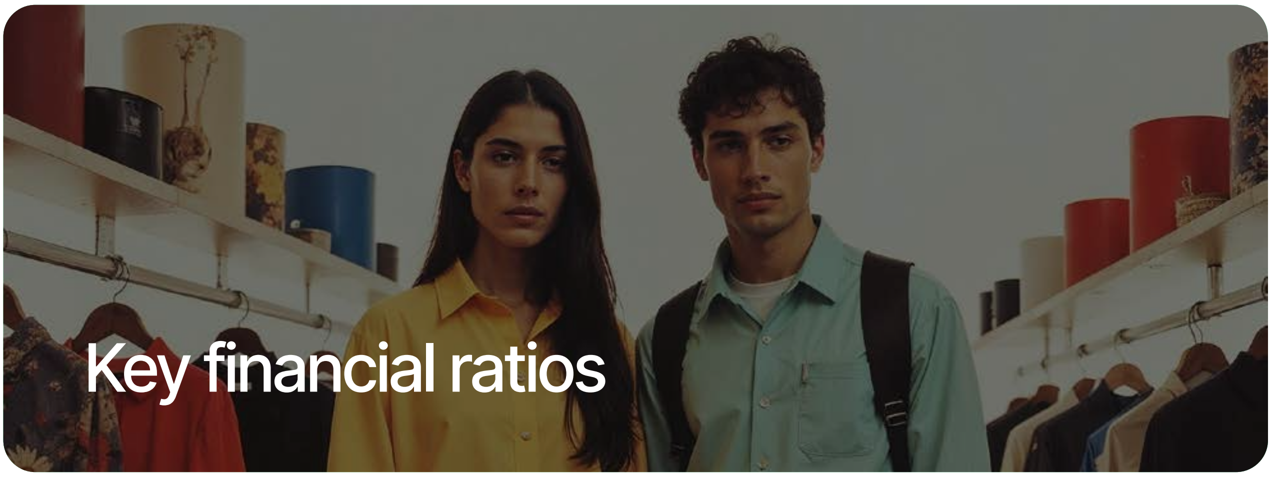
Key financial metrics

(in thousands of euros)

Operational highlights	2024/12M	2023/12M	Δ in %
GMV	164,665	169,777	-3%
Total volume of transactions*	954,523	604,259	58%
Loans issued	82,014	74,071	11%
Credit applications approved (count)	745,210	846,112	-12%
	2024.12.31	**2023.12.31**	
Net Loan portfolio**	72,813	62,337	17%
Gross Loan portfolio**	75,898	65,713	15%
Total Unique point of sales (count)	5,782	4,714	23%
Total number of users (count)	657,025	523,536	25%

Financial highlights	2024/12M	2023/12M	Δ in %
Revenue	31,085	24,078	29%
EBITDA	14,153	8,680	63%
Net Profit	6,825	2,854	139%
	2024.12.31	**2023.12.31**	
Total Assets	80,265	68,494	17%
Equity (incl. Tier-II capital)	18,421	12,283	50%

**The total value of financial activities conducted within the reporting period, primarily related to issued loans, credit transactions, and deposits.*
***Including other loans.*



Capitalization	2024.12.31	2023.12.31
Equity to assets ratio	24%	19%
Capitalization ratio	25%	20%

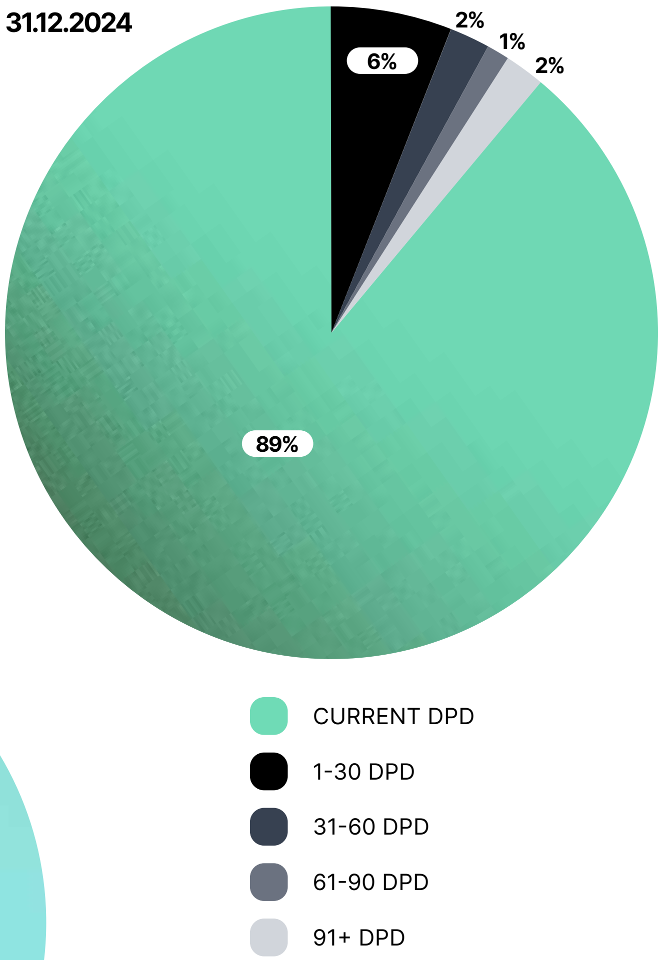
Profitability	2024/12M	2023/12M
Annualized net interest margin	23%	21%
Interest coverage ratio (TMT)	2.0	1.5
Cost to income ratio	23%	25%
EBITDA margin	46%	36%
Annualized return on assets	9%	5%
Annualized return on equity	74%	46%

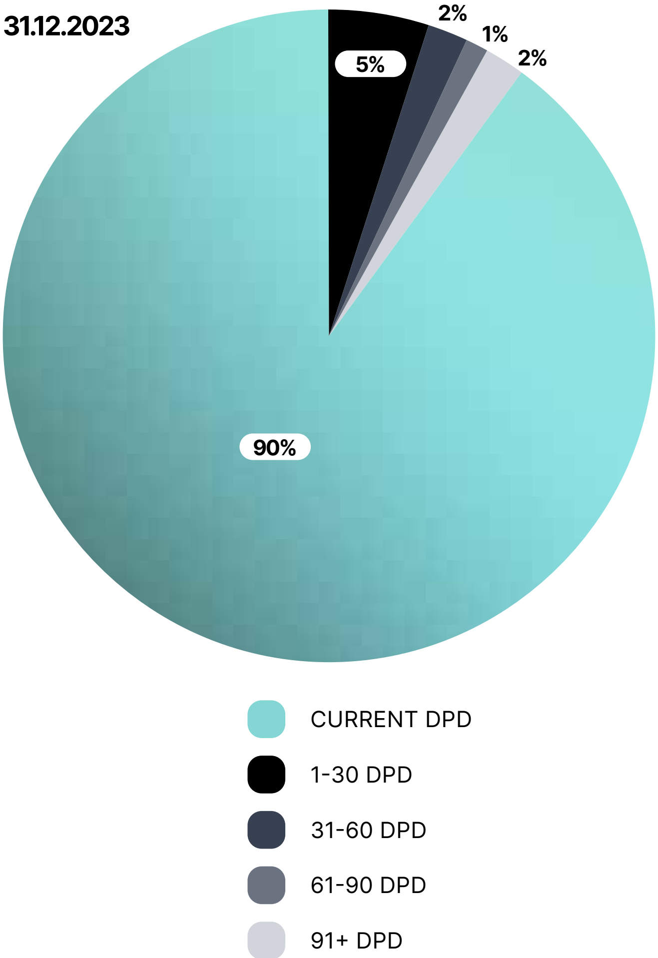
Asset quality	2024.12.31	2023.12.31
Provision cost to loan portfolio	4%	5%

Pledged loan receivables	2024.12.31	2023.12.31
ESTO Bond	120%	120%

Loan performance

The performance of Group's portfolio as of 31 December 2024, shows that the majority of the loan portfolio (89%) remains with no past due payments. This contributes to the overall high quality of the Group's portfolio, which has only 5% of delinquent payments. 6% of 1-30 DPD considered to be not in serious risk of delinquency due to constant recovery.





Consolidated financial statements

Consolidated Statement of Financial Position

(in thousands of euros)

ASSETS	Note no.	31.12.2024	31.12.2023
Current assets			
Cash and cash equivalents	5	2,535	2,398
Loans and advances to customers	6	62,801	56,449
Prepayments		915	828
Other assets	7	951	613
Total current assets		**67,202**	**60,288**
Non-current assets			
Loans and advances to customers	6	10,013	5,888
Property and equipment		83	73
Intangible assets	8	2,604	1,971
Other assets	7	364	274
Total non-current assets		**13,064**	**8,206**
TOTAL ASSETS		**80,265**	**68,494**

LIABILITIES AND EQUITY			
Liabilities			
Current liabilities			
Loans and borrowings	9	33,493	39,482
Interest payables	9	502	494
Trade payables and other payables	10	1,401	1,263
Tax liabilities	11	156	120
Total current liabilities		**35,551**	**41,359**
Non- current liabilities			
Loans and borrowings	9	32,845	20,450
Total non- current liabilities		**32,845**	**20,450**
TOTAL LIABILITIES		**68,396**	**61,809**

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(in thousands of euros)

Equity	Note no.	31.12.2024	31.12.2023
Share capital	12	10	5
Share premium		435	435
Voluntary capital	12	27,602	29,263
Merger reserve	12	(23,952)	(23,952)
Retained earnings		893	(1,920)
Total comprehensive income		6,881	2,854
Total equity		**11,869**	**6,685**
TOTAL EQUITY AND LIABILITIES		**80,265**	**68,494**

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Consolidated Statement of Profit and Loss and Other Comprehensive Income

(in thousands of euros)

	Note no.	2024	2023
Interest and similar income from loans	14	22,996	17,422
Interest expense	14	(7,174)	(5,715)
Net interest and similar income from loans		**15,822**	**11,706**
Other interest income	15	277	224
Total other interest income		**277**	**224**
Fee and commission income	16	3,145	2,313
Fee and commission expense	16	(1,793)	(1,480)
Net fee and commission income		**1,352**	**832**
Gains from financial instruments		91	-
Other income		7	-
Net loss arising from derecognition of financial assets measured at amortised cost	3	(4,672)	(3,510)
Impairment losses on financial instruments	3	291	(446)
Other operating expenses	17	(3,151)	(3,190)
Personnel expenses	18	(2,614)	(2,307)
Depreciation and amortisation	8	(242)	(216)
Other expenses		(425)	(347)
Profit before income tax		**6,736**	**2,748**
Income tax	19	89	106
Profit for the reporting period		**6,825**	**2,854**

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(in thousands of euros)

	Note no.	2024	2023
Other comprehensive income			
Other comprehensive income to be classified to profit or loss in subsequent periods:			
Unrealized gain from financial instruments		56	-
Total other comprehensive income		**56**	**-**
Total comprehensive income for the period		**6,881**	**2,854**
Profit for the reporting period attributable to:			
Owners of the parent company		*6,825*	*2,854*
Total comprehensive income attributable to:			
Owners of the parent company		*6,881*	*2,854*

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Consolidated Statement of Cash Flows

(in thousands of euros)

	Note no.	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit		**6,825**	**2,854**
Adjustments or changes for:		**4,922**	**1,401**
Interest income		(25)	(595)
Net impairment loss on loans and advances	3	(291)	446
Net loss arising from derecognition of financial assets measured at amortised cost	3	4,672	3,510
Depreciation and amortisation	8	242	214
Other adjustments		325	(2,172)
Total adjustments or changes		**11,747**	**4,256**
Changes in:			
Other assets and prepayments		(514)	(21)
Trade, interest and other payables		181	677
Loans and advances to customers		(13,797)	(16,427)
Total changes		**(14,130)**	**(15,770)**
NET CASH USED IN OPERATING ACTIVITIES		**(2,383)**	**(11,514)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property and equipment		(54)	(29)
Acquisition of intangible assets	8	(869)	(665)
Other loans granted		(2,683)	(15)
Repayments of other loans		1,357	149
NET CASH USED IN INVESTING ACTIVITIES		**(2,249)**	**(559)**

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(in thousands of euros)

	Note no.	2024	2023
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from loans and borrowings		43,843	27,770
Repayments of borrowings		(37,419)	(14,199)
Paid in share capital		5	-
Voluntary capital reduction		(1,661)	-
NET CASH FROM FINANCING ACTIVITIES		**4,769**	**13,571**
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		**137**	**1,497**
Cash and cash equivalents at beginning of period		**2,398**	**900**
Cash and cash equivalents at end of period		**2,535**	**2,398**

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Consolidated Statement of Changes in Equity

(in thousands of euros)

	Share capital	Share premium	Merger reserve	Voluntary capital	Unrealized (realized) gain from financial instruments	Retained earnings	Total equity
Balance at 31.12.2022	**5**	**29,698**	**(23,952)**	**-**	**41**	**59**	**5,851**
Previous periods corrections	**-**	**-**	**-**	**-**	**-**	**(2,021)**	**(2,021)**
Balance at 01.01.2023	**5**	**29,698**	**(23,952)**	**-**	**41**	**(1,961)**	**3,830**
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**-**	**2,854**	**2,854**
Profit for the period	-	-	-	-	-	2,854	2,854
Transactions with owners of the Company Contributions and Distributions							
Share capital increase	29,263	(29,263)	-	-	-	-	-
Share capital decrease	(29,263)	-	-	29,263	-	-	-
Total contributions and distributions	**-**	**(29,263)**	**-**	**29,263**	**-**	**-**	**-**
Balance at 31.12.2023 restated*	**5**	**435**	**(23,952)**	**29,263**	**41**	**893**	**6,685**

In the previous reporting period ended 31 December 2023, the following equity movements occurred:

€ 29,263 thousand from share premium of € 29,698 thousand were moved to share capital, share capital was increased and share premium was decreased by the amount.

€ 29,263 thousand from share capital were moved to voluntary capital, share capital was decreased and voluntary capital was increased by the amount.

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

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(in thousands of euros)

	Share capital	Share premium	Merger reserve	Voluntary capital	Unrealized (realized) gain from financial instruments	Retained earnings	Total equity
Balance at 31.12.2023	**5**	**435**	**(23,952)**	**29,263**	**41**	**893**	**6,685**
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**56**	**6,825**	**6,881**
Profit for the period	-	-	-	-	-	6,825	6,825
Other comprehensive income	-	-	-	-	56	-	56
Reclassification from OCI to profit and loss	**-**	**-**	**-**	**-**	**(41)**	**-**	**(41)**
Realized gain from financial instruments	-	-	-	-	(41)	-	(41)
Transactions with owners of the Company Contributions and Distributions							
Paid in share capital	5	-	-	-	-	-	5
Voluntary capital decrease	-	-	-	(1,661)	-	-	(1,661)
Total contributions and distributions	**5**	**-**	**-**	**(1,661)**	**-**	**-**	**(1,656)**
Balance at 31.12.2024	**10**	**435**	**(23,952)**	**27,602**	**56**	**7,718**	**11,869**

In the reporting period ended 31 December 2024, the following equity movements occurred:

A share capital increase of €5 thousand via shareholders payment.

A reclassification of €41 thousand was made from unrealized gain from financial instruments to profit and loss, reflecting a realized gain on financial instruments.

Voluntary capital was decreased by €1,661 thousand through distribution to shareholders.

Additional information on equity is provided in Note 12.

The notes on pages 40 to 81 are an integral part of these financial statements.

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Notes to the financial statements

Note 1. General information

ESTO Holdings OÜ is a holding company that provides services to the customers via its fully owned (100%) operating subsidiaries (Subsidiaries) in the Baltic market. The main business lines of the subsidiaries are issuance of consumer credit loans granted via ESTO's merchant network or directly to consumers.

As of 31 December 2024, ESTO Holdings OÜ had three operating subsidiaries:

1. ESTO AS in Estonia,
2. ESTO UAB in Lithuania,
3. ESTO LV AS in Latvia.

The subsidiaries and ESTO Holdings OÜ jointly form the ESTO GROUP (the Group).

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Note 2. Significant accounting policies

Note 2.1. Basis of accounting

The consolidated financial statements of the ESTO Holdings OÜ (ESTO Group) for the financial year 2024 have been prepared in accordance with the recognition and measurement principles of International Financial Reporting Standards (IFRS) as adopted in the European Union.

These consolidated financial statements have been authorised for issue by the ESTO Holdings OÜ management board on 30.04.2025.

Note 2.2. Changes in accounting policies

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

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

Corrections were following:

(in thousands of euros)		**Consolidated statement of financial position**
	Initial balance as at 31.12.2023	**Corrected balance as at 31.12. 2023**
Loans and advances to customers (current assets)	58,470	56,449
Retained earnings	100	(1,920)

(in thousands of euros)		**Consolidated statement of cash flows**
	Initial 2023 movement	**Corrected 2023 movement**
Loans and advances to customers	(18,447)	(16,427)

(in thousands of euros)		**Consolidated statement of changes in equity**
	Initial balance as at 01.01.2023	**Corrected balance as at 01.01. 2023**
Retained earnings	59	(1,961)

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

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Note 2.3. Adoption of new and revised accounting standards

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

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

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

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

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

- ✓ The carrying amount of the liability
- ✓ Details of the covenants, including their nature and the timeline for compliance
- ✓ Relevant facts and circumstances that indicate whether compliance with the covenants may be challenging for the entity

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

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

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

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

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

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

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

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

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Amendments to IAS 7 and IFRS 7 – Supplier Finance Arrangements

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

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

Under the new requirements, entities must disclose:

- ✓ The terms and conditions of SFAs.
- ✓ The carrying amount of financial liabilities subject to SFAs and where these are recorded in the financial statements.
- ✓ The portion of financial liabilities within SFAs where suppliers have already received payment.
- ✓ The range of payment due dates for both SFA-related liabilities and comparable trade payables.
- ✓ Non-cash changes in financial liabilities included in SFAs.
- ✓ Liquidity risk concentration with finance providers related to SFAs.

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

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

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

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

IAS 21 – Lack of Exchangeability

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

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

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

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

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

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

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

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

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Key amendments include:

- Clarification on the recognition and derecognition of certain financial assets and liabilities, with specific guidance for transactions involving electronic cash transfer systems.
- Additional disclosure requirements for financial instruments with contractual terms linked to ESG performance targets.
- Expanded classification criteria to assess whether financial assets meet the Solely Payments of Principal and Interest (SPPI) condition.
- Updated disclosures for equity instruments measured at fair value through other comprehensive income (FVOCI).
- New disclosure requirements for loan agreements classified as non-current, clarifying how deferred settlement rights affect classification.

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

IFRS 18 – Presentation and Disclosure in Financial Statements

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

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

- Defines a consistent structure for the statement of profit or loss, including mandatory subtotals.
- Requires entities to determine the most useful categorization for presenting operating expenses in the statement of profit or loss.
- Enhances transparency by requiring key disclosures for performance measures reported outside the financial statements (e.g., management-defined performance measures).
- Strengthens aggregation and disaggregation principles in financial statements and accompanying notes.

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

IFRS 19 – Subsidiaries Without Public Accountability: Disclosures

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

A subsidiary is eligible if:

- It does not have public accountability; and
- It has an ultimate or intermediate parent that produces consolidated financial statements available for public use that comply with IFRS Accounting Standard.

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

Note 2.5. Functional and presentation currency

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

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Note 2.6. Assumptions and judgements

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

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

Judgements

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

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

Assumptions and estimation uncertainties

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

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

- ✓ The ECL model relies on key assumptions such as probability of default (PD), loss given default (LGD), and macroeconomic scenario weightings. These assumptions are reassessed periodically to reflect changes in economic conditions and credit risk trends.
- ✓ Management considers projected GDP growth, inflation and interest rates, and unemployment trends as key macroeconomic factors influencing credit risk models.

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

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

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

Explanation of changes in past assumptions

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

Note 2.7. Accounting policies

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

Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position comprise balances with less than three months maturity of the assets at acquisition dates including: cash, non-restricted cash equivalents.

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

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

Interest

i. Effective interest rate

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

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

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

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

ii. Amortised cost and gross carrying amount

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

iii. Calculation of interest income and expense

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

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

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

iv. Presentation

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

Interest expense presented in the income statement and OCI includes financial obligations measured at amortised cost.

Fees and commission

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

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

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

Financial assets and financial liabilities

i. Recognition and initial measurement

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

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

ii. Classification

Financial assets

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

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

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

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

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

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

All other financial assets are classified as measured at FVTPL.

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

Business model assessment

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

- ✓ the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets;
- ✓ how the performance of the portfolio is evaluated and reported to the Group's management;
- ✓ the risks that affect the performance of the business model and its strategy for how those risks are managed;

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- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. This information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group's stated objective for managing the financial assets is achieved and how cash flows are realized.

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

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

For the purposes of this assessment, "principal" is defined as the fair value of the financial asset on initial recognition. "Interest" is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as profit margin.

In assessing whether the contractual cash flows are SPPI, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet his condition. In making the assessment, the Group considers:

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

All financial assets of the Group meet the SPPI criterion.

Reclassifications

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

iii. Derecognition

Financial assets

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

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

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

Financial liabilities

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

iv. Modifications of financial assets and financial liabilities

Financial assets

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

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

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

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

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

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

Financial liabilities

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

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

v. Offsetting

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

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

vi. Fair value measurement

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

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

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If there is no quoted price in an active market, then 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 consider in pricing a transaction.

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

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

vii. Impairment

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

- financial assets that are debt instruments.

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

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

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

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

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

Measurement of ECL

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

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

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

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

Credit-impaired financial assets

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

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

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

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

Presentation of allowance for ECL in the statement of financial position

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

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

Write-off

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

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

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

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

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

Property and equipment

i. Recognition and measurement

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

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

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

ii. Subsequent costs

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

iii. Depreciation

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

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

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

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

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Intangible assets

i. Recognition and measurement

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

ii. Subsequent costs

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

iii. Amortisation

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

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

Impairment of non-financial assets

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

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

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

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

Impairment losses are recognized in profit or loss.

Employee benefits

Short-term employee benefits include salary and social security contributions, benefits related to the regulatory rights of employment (holiday pay or other similar benefits) if it is expected to occur within 12 months after the end of the period in which the employee worked.

Provisions

Provision is recognised when the Group has a legal or constructive obligation at the reporting date because of a past event, it is probable that the Group will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably.

Provisions are recognised at the present value of the expenditure required to settle the obligation using an interest rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the amount of the provision due to the time value of money is recognised as a financial expense. If the realisation of a contingent liability is less probable than non-realisation or related costs cannot be determined reliably, that in certain circumstances may become obligations, then this amount is disclosed in the notes to the financial statements as contingent liability. As of 31 December 2024, the Group has not recognised any provisions, as there were no legal or constructive obligations that met the recognition criteria of IAS 37.

Income tax

Under the Estonian Income Tax Act, corporate income tax is not levied on the profits earned by a company but instead on certain distributions and non-business-related expenses. Income tax is payable on dividends declared, as well as on fringe benefits, gifts, donations, entertainment expenses, non-business expenditures, and transfer pricing adjustments.

Dividends distributed from retained earnings are generally taxed at a rate of 20/80 of the net amount distributed, equivalent to 20% of the grossed-up amount. As of 1 January 2025, the standard rate increases to 22/78, equal to 22% of the grossed-up amount.

Regular dividends—defined as those not exceeding the average dividend distribution over the preceding three years on which income tax has been paid—are subject to a reduced tax rate of 14/86, equivalent to approximately 14% of the gross amount.

The table below outlines the applicable corporate income tax rates in the other countries where the Group operates:

Corporate Income Tax rate	2024		2023	
Subject to taxation	annual profits earned	distribution of retained earnings	annual profits earned	distribution of retained earnings
Lithuania	15%	15%	15%	15%
Latvia	0%	20%	0%	20%

Deferred income tax

Deferred tax is calculated using the balance sheet liability method. It reflects the differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax assets and liabilities are measured using the tax rates that are expected to apply in the period in which the asset is realized or the liability is settled, based on the tax laws that are enacted or substantively enacted at the reporting date.

Deferred tax assets are recognized in the statement of financial position only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. If it is not probable that part or all of a deferred tax asset will be realized, that portion is not recognized in the financial statements.

Related parties

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

- Owners.
- Members of the group's management and supervisory boards.
- Close family members of and companies related to the above persons.

Investments in subsidiaries

Investments in subsidiaries in the parent's unconsolidated primary financial statements have been accounted at acquisition cost.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the ESTO Holdings OÜ and its subsidiaries (ESTO AS, ESTO UAB, ESTO LV AS). The subsidiaries are consolidated from the date when control commences until the date when control ceases. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee. In parent's unconsolidated primary financial statements subsidiaries (ESTO AS, ESTO UAB, ESTO LV AS) are recorded at acquisition cost.

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Events after the reporting period

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

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

Note 3. Financial risk management and review

Introduction and overview

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

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

Credit risk

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

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

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

The risk management function provides the management board of ESTO GROUP with at least monthly reviews of compliance with credit risk limits. Any limit breaches are escalated immediately.

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

i. Credit quality analysis

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

Explanation of the terms "Stage 1", "Stage 2" and "Stage 3" is included in Note 2.6 "Financial assets and financial liabilities" subsection "Impairment".

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(in thousands of euros)

31.12.2024	Stage 1	Stage 2	Stage 3	Total
Loans and advances to customers at amortised cost				
Gross carrying amount	69,121	2,714	1,313	73,148
Loss allowance	(1,420)	(520)	(1,146)	(3,085)
Carrying amount	**67,701**	**2,194**	**168**	**70,063**

(in thousands of euros)

31.12.2023	Stage 1	Stage 2	Stage 3	Total
Loans and advances to customers at amortised cost				
Gross carrying amount	60,405	2,506	1,376	64,286
Loss allowance	(1,789)	(517)	(1,069)	(3,376)
Carrying amount	**58,615**	**1,988**	**306**	**60,910**

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

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

(in thousands of euros)

	2024	2023
Loans issued to customers	80,454	72,698
Loans written off	(9,241)	(7,629)
Write-off to issuance ratio (%)	**11.49%**	**10.49%**

Gross carrying amount of loan portfolio as of 31 December 2024 grew by 14% in comparison to loan portfolio as of 31 December 2023. The portfolio issuance increased by 11% in the reporting period and the write-off to issuance ratio increased slightly: to 11.49% in 2024 from 10.49% in 2023.

The significant increase in loans issued to customers and low increase in write-off to issuance ratio in the reporting period represents a positive indication of portfolio quality and effective credit risk management, demonstrating the Group's ability to grow its lending activities while maintaining stable asset performance.

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

(in thousands of euros)

	2024	2023
Loans written off	(9,241)	(7,629)
Income from sold written-off loans	4,568	4,120
Net loss arising from derecognition of financial assets measured at amortised cost	**(4,672)**	**(3,510)**

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Cash and cash equivalents

The Group held cash and cash equivalents of € 2,535 thousand at 31 December 2024 (2023: €2,398 thousand). The cash and cash equivalents are held with financial institution counterparties that are rated at least A based on Standard & Poor's ratings. The cash and cash equivalents of ESTO Group are considered as Stage 1 assets as of 31 December 2024 and 31 December 2023.

ii. Amounts arising from ECL

Inputs, assumptions, and techniques used for estimating impairment

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

Significant increase in credit risk

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

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

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

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

Determining whether credit risk has increased significantly

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

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

In order to assess significant increases in credit risk on a collective basis, financial instruments are grouped based on shared credit risk characteristics:

- instrument type;
- geographic location of the borrower.

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

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

Definition of default

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

- The borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held).
- The borrower has been more than 90 days past due on any material credit obligation to the Group.
- It is becoming probable that the borrower will restructure the asset because of bankruptcy due to the borrower's inability to pay its credit obligations.
- The contract has been sold, with outstanding and unmet legal obligations (or conditions) from the borrower.

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

- Qualitative: e.g., breaches of contract terms.
- Based on internally developed data.

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

Incorporation of forward-looking information

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

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

- GDP growth
- Unemployment rate
- Interest rate
- Inflation rate

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

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

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

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

Modified assets

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

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

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

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

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

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Measurement of ECL

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

- probability of default (PD);
- loss given default (LGD); and
- exposure at default (EAD).

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

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

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

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

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

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

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

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

(in thousands of euros)

2024	Stage 1	Stage 2	Stage 3	Total
Loans and advances to customers at amortised cost				
Balance at 1 January	1,789	517	1,070	3,376
Net remeasurement of loss allowance	(610)	(63)	(52)	(725)
New financial assets originated	2,226	767	1,673	4,667
Repayments of financial assets	(1,766)	(631)	(1,395)	(3,792)
Write-offs	(220)	(70)	(150)	(440)
Balance at 31 December	**1,420**	**520**	**1,146**	**3,085**

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(in thousands of euros)

2023	Stage 1	Stage 2	Stage 3	Total
Loans and advances to customers at amortised cost				
Balance at 1 January	1,676	452	428	2,556
Net remeasurement of loss allowance	(288)	(38)	322	(4)
New financial assets originated	2,622	759	1,533	4,915
Repayments of financial assets	(2,008)	(594)	(1,086)	(3,688)
Write-offs	(213)	(61)	(127)	(402)
Balance at 31 December	**1,789**	**517**	**1,070**	**3,376**

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

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

Liquidity risk

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

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

Liquidity risk management methodologies are based on liquidity risk policy and other internal regulations.

The Group maintains internal limits for all key liquidity indicators.

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

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

i. Maturity analysis for financial liabilities and financial assets

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

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(in thousands of euros)

As at 31.12.2024	Up to 3 months	3-12 months	1-5 years	Carrying amount
	Contractual cash flows			
Financial liability by type				
Loans and borrowings (Note 9)	-	33,493	32,845	66,338
Interest payables (Note 9)	502	3,209	6,238	502
Trade payables (Note 10)	1,058	-	-	1,058
Other payables (Note 10)	343	-	-	343
Total	**1,903**	**36,703**	**39,082**	**68,241**
Financial asset by type				
Cash and cash equivalents (Note 5)	2,535	-	-	2,535
Loans and advances to customers (Note 6)	7,378	55,423	10,013	72,813
Other assets (Note 7)	951	-	364	1,315
Total	**10,864**	**55,423**	**10,376**	**76,663**
Net position	**8,961**	**18,720**	**(28,706)**	**8,423**

(in thousands of euros)

As at 31.12.2023	Up to 3 months	3-12 months	1-5 years	Carrying amount
Financial liability by type				
Loans and borrowings (Note 9)	-	39,482	20,450	59,932
Interest payables (Note 9)	494	2,681	2,129	494
Trade payables (Note 10)	949	-	-	949
Other payables (Note 10)	271	43	-	313
Total	**1,714**	**42,206**	**22,579**	**61,689**
Financial asset by type				
Cash and cash equivalents (Note 5)	2,398	-	-	2,398
Loans and advances to customers (Note 6)	6,907	49,542	5,888	62,337
Other assets (Note 7)	597	16	274	887
Total	**9,902**	**49,558**	**6,162**	**65,622**
Net position	**8,188**	**7,352**	**(16,417)**	**3,933**

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

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

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

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ii. Liquidity reserves

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

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

- Equity ratio: no less than 20% to loan book.
- Upkeep of the equity ratio helps the ESTO Group to keep its own capital in its risk assets hence making ESTO a more attractive debt capital investment prospect for external creditors.
- Interest coverage ratio no less than 2.0.
- Upkeep of the ICR helps the ESTO Group to keep control on the cost of capital and cost of operating expenses, which in turn makes ESTO a more attractive debt capital investment prospect for external creditors.
- Cash buffer to loan book: no less than 2%.
- Upkeep of the cash buffer helps the ESTO Group to manage the volatility of cash flows derived from portfolio and external creditors.

Market risks

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

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

i. Interest rate risk

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

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

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

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

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(in thousands of euros)

31.12.2024	Total	Maturity within 1 year	Maturity 1-5 years
Assets bearing fixed interest rate risk			
Loans and advances to customers	70,136	62,801	7,336
Assets bearing fixed interest rate risk total	**70,136**	**62,801**	**7,336**
Liabilities bearing fixed interest rate risk			
Loans and bonds from investors	27,003	14,158	12,845
Liabilities bearing fixed interest rate risk total	**27,003**	**14,158**	**12,845**
Interest gap	**43,133**	**48,643**	**(5,509)**
Assets bearing floating interest rate risk			
Loans and advances to customers	2,677	-	2,677
Assets bearing floating interest rate risk total	**2,677**	**-**	**2,677**
Liabilities bearing floating interest rate risk			
Loans and bonds from investors	39,335	19,335	20,000
Liabilities bearing floating interest rate risk total	**39,335**	**19,335**	**20,000**
Interest gap	**(36,658)**	**(19,335)**	**(17,323)**

(in thousands of euros)

31.12.2023	Total	Maturity within 1 year	Maturity 1-5 years
Assets bearing fixed interest rate risk			
Loans and advances to customers	61,037	56,449	4,588
Assets bearing fixed interest rate risk total	**61,037**	**56,449**	**4,588**
Liabilities bearing fixed interest rate risk			
Loans and bonds from investors	31,502	25,052	6,450
Liabilities bearing fixed interest rate risk total	**31,502**	**25,052**	**6,450**
Interest gap	**29,535**	**31,398**	**(1,862)**
Assets bearing floating interest rate risk			
Loans and advances to customers	1,300	-	1,300
Assets bearing floating interest rate risk total	**1,300**	**-**	**1,300**
Liabilities bearing floating interest rate risk			
Loans and bonds from investors	28,431	14,431	14,000
Liabilities bearing floating interest rate risk total	**28,431**	**14,431**	**14,000**
Interest gap	**(27,131)**	**(14,431)**	**(12,700)**

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

Operational risk

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

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

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

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

Additionaly, the Group could face the operational risk arising from Bonds issued, because of requirements set by financial covenants.

Financial covenants set for the whole ESTO Group including all subsidiaries are as follows:

- To maintain the Interest Coverage Ratio (ICR) of at least 1.5.
- To maintain the Equity Ratio of at least 20 % (twenty per cent).
- To maintain the Capitalization Ratio of at least 20 % (twenty per cent).

In order to maintain the operational risk arising from financial covenants, ESTO Group Management board reviews the Group financials on a monthly basis. All the covenants were sucesfully met as at 31 December 2024 and 31 December 2023.

Capital management

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

The Group's capital management runs on three pillars:

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

The Group is not obliged to keep capital reserves according to Estonian, Lithuanian and Latvian regulations.

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

- The minimum capital required by laws and regulations, including buffers.
- The level of capital that is needed to cope with contingencies and stress situations.
- The shareholders' required rate of return and effective capital management.
- The level of capital required for counterparts to consider ESTO Group a reliable partner and to ensure more efficient access to the funding market.

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Note 4. Fair value of financial instruments

Measurement of fair values

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

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

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

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

Classification of financial instruments and their fair values

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

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

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

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(in thousands of euros)

	Carrying amount	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	Fair value
	31.12.2024	**(Level 1)**	**(Level 2)**	**(Level 3)**	**31.12.2024**
Financial assets measured at amortised cost					
Loans and advances to customers (Note 6)	72,813	-	-	88,299	88,299
Other assets (Note 7)	1,315	-	-	1,315	1,315
Cash and cash equivalents (Note 5)	2,535	2,535	-	-	2,535
Intangible assets (Note 8)	2,604	-	-	2,864	2,864
Total financial assets at amortised cost	**79,267**	**2,535**	**-**	**92,479**	**95,014**
Financial liabilities at amortised cost					
Loans and borrowings (Note 9)	66,338	-	75,785	-	75,785
Trade payables (Note 10)	1,058	-	-	1,058	1,058
Other payables (Note 10)	343	-	-	343	343
Total financial liabilities at amortised cost	**67,739**	**-**	**75,785**	**1,401**	**77,186**

(in thousands of euros)

	Carrying amount	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	Fair value
	31.12.2023	**(Level 1)**	**(Level 2)**	**(Level 3)**	**31.12.2023**
Financial assets measured at amortised cost					
Loans and advances to customers (Note 6)	62,337	-	-	74,227	74,227
Other assets (Note 7)	887	-	-	887	887
Cash and cash equivalents (Note 5)	2,398	2,398	-	-	2,398
Intangible assets (Note 8)	1,971	-	-	2,168	2,168
Total financial assets at amortised cost	**67,593**	**2,398**	**-**	**81,432**	**79,679**
Financial liabilities at amortised cost					
Loans and borrowings (Note 9)	59,932	-	64,742	-	64,742
Trade payables (Note 10)	949	-	-	949	949
Other payables (Note 10)	313	-	-	313	313
Total financial liabilities at amortised cost	**61,194**	**-**	**64,742**	**1,262**	**66,004**

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

Note 5. Cash and cash equivalents

(in thousands of euros)

	31.12.2024	31.12.2023
Unrestricted bank accounts	2,535	2,398
Total	**2,535**	**2,398**

Note 6. Loans and advances to customers

(in thousands of euros)

	31.12.2024	31.12.2023
Loans and advances to customers	75,898	65,713
Less impairment loss allowance	(3,085)	(3,376)
Total	**72,813**	**62,337**

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

Loans and advances to customers at amortised cost

(in thousands of euros)

	31.12.2024			31.12.2023		
	Gross carrying amount	ECL allowance	Carrying amount	Gross carrying amount	ECL allowance	Carrying amount
Hire purchase loans	13,421	(254)	13,166	16,022	(432)	15,591
Credit agreements	53,177	(2,287)	50,891	46,969	(2,792)	44,176
Consumer loans	6,550	(544)	6,006	1,295	(152)	1,143
Other loans	2,751	-	2,751	1,427	-	1,427
Total	**75,898**	**(3,085)**	**72,813**	**65,713**	**(3,376)**	**62,337**

More information is disclosed in Note 3.

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

Note 7. Other assets

(in thousands of euros)

	31.12.2024	31.12.2023
Trade receivables	951	597
Other financial assets	-	16
Deferred tax asset	364	274
Total	**1,315**	**887**

More information is disclosed in Note 3.

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Note 8. Intangible assets

(in thousands of euros)

	Proprietary systems	Intangible assets in progress	Total
Carrying amounts at 01.01.2023	**1,021**	**459**	**1,480**
Additions from development	129	664	793
Additions	2		2
Amortisation	(169)	-	(169)
Disposals	-	(6)	(6)
Other changes	-	(129)	(129)
Cost in 2023	2	664	665
Accumulated amortisation at 31.12.2023	(409)	-	(409)
Carrying amounts at 31.12.2023	**983**	**987**	**1,971**
Additions from development	410	862	1,271
Additions	7	-	7
Amortisation	(199)	-	(199)
Other changes	-	(447)	(447)
Cost in 2024	7	862	869
Accumulated amortisation at 31.12.2024	(607)	-	(607)
Carrying amounts at 31.12.2024	**1,202**	**1,402**	**2,604**

Total intangible assets at the end of the reporting period amounted to €2,604 thousand. Proprietary systems consist of internally developed technical platforms directly related to the Group's core business processes. Intangible assets in progress comprise development-stage software and system upgrades that are expected to be capitalised upon completion.

The Group capitalises development costs that meet the recognition criteria under IAS 38. Such assets are measured at cost and amortised over their estimated useful lives on a straight-line basis. Intangible assets in progress are not amortised until the asset is available for use.

Note 9. Loans and borrowings

The terms and conditions of outstanding loans are as follows:

(in thousands of euros) **Repayment schedule 2024**

	31.12.2024	**Current loans** (Within 12 months)	**Non-current loans** (Within 1-5 years)	**Interest rate**	**Currency**	**Due date**
Loans	40,451	13,154	27,297	8.57-15%	EUR	2025-2027
Marketplace loan	19,335	19,335	-	7-12%	EUR	2025
Subordinated loans	6,552	1,004	5,547	12%-16%	EUR	2025-2027
Total	**66,338**	**33,493**	**32,845**	**-**	**-**	**-**

(in thousands of euros) **Repayment schedule 2023**

	31.12.2023	**Current loans** (Within 12 months)	**Non-current loans** (Within 1-5 years)	**Interest rate**	**Currency**	**Due date**
Loans	39,904	23,952	15,952	8.57-15%	EUR	2024-2026
Marketplace loan	14,431	14,431	-	7-11%	EUR	2024
Subordinated loans	5,598	1,100	4,498	12-16%	EUR	2024-2025
Total	**59,932**	**39,482**	**20,450**	**-**	**-**	**-**

More information is disclosed in Note 3, Note 4 and Note 20.

As at 31 December 2024, the carrying amount of loans and borrowings was €66,338 thousand (31 December 2023: €59,932 thousand). Of this amount, €6,552 thousand (2023: €5,598 thousand) relates to subordinated loan agreements, and €19,335 thousand (2023: €14,431 thousand) to marketplace loans.

Part of the consumer credit portfolio has been pledged as collateral to secure the Group's loan obligations. Pledge terms and coverage depend on the specific agreements with each creditor.

In accordance with financing agreements, the Group is subject to quarterly financial covenant requirements, including:

- ✓ *Interest coverage ratio must not be less than 1.5,*
- ✓ *Equity ratio must not be less than 20%, and*
- ✓ *Capitalisation ratio must not fall below 20%.*

As at 31 December 2024 and 31 December 2023, the Group was in compliance with all financial covenants.

As at 31 December 2024, interest payables amounted to €502 thousand (31 December 2023: €494 thousand) and represent accrued but unpaid interest on financial liabilities, primarily related to borrowings disclosed above.

Note 10. Trade payables and other payables

(in thousands of euros)

	31.12.2024	31.12.2023
Trade payables	1,058	949
Total trade payables	**1,058**	**949**
Payables to employees	292	271
Other accrued expenses	51	43
Total other payables	**343**	**313**
Total trade payables and other payables	**1,401**	**1,263**

Short-term	1,401	1,263
Long-term		-
Total	**1,401**	**1,263**

Trade payables primarily relate to obligations for goods and services acquired in the ordinary course of business. Other payables include accrued but unpaid employee salaries, bonuses, and operational costs. All amounts are non-interest-bearing and are settled within normal operating cycles.

More information is disclosed in Note 3.

Note 11. Tax liabilities

(in thousands of euros)

	31.12.2024	31.12.2023
Value added tax	29	4
Personal income tax	48	45
Social tax	73	66
Pension contribution	2	2
Unemployment insurance contribution	3	3
Total	**156**	**120**

More information is disclosed in Note 3.

Note 12. Share capital and reserves

Share capital

Share capital in amount of 10 thousand (31 December 2023: € 5 thousand) is divided into 10000 ordinary shares (31 December 2023: 5000 ordinary shares) with a nominal value of 1 euro (31 December 2023: 1 euro) per share.

Number of shares	31.12.2024	31.12.2023
In the beginning of the period	**5,000**	**5,000**
Changes during the year	5,000	-
At the end of the period	**10,000**	**5,000**

Retained earnings

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

Reserves

Reserves included in the equity are as follows:

(in thousands of euros)

	31.12.2024	31.12.2023
Merger reserve	(23,952)	(23,952)
Voluntary equity capital	27,602	29,263
Total	**3,650**	**5,311**

Merger reserve: On 20 May 2022 the completed transaction of the acquisition of ESTO AS additionally created a merger reserve of € (23,952) thousand.

Voluntary equity capital: On 20 May 2022 the completed transaction of the acquisition of ESTO AS gave € 29,698 thousand value which in the beginning of reporting period was allocated as follows: € 29,263 thousand to voluntary equity capital, € 435 thousand to share premium. As of 31 December 2024, voluntary equity capital consisted of €27,602 thousand due to €1,661 thousand voluntary capital reduction via distribution to shareholders.

Statutory legal reserve

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

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

In the consolidated Group financial statements, statutory legal reserve compiled with the requirements arising from Estonian Commercial Code for the ESTO AS subsidiary is not reflected due to the selected consolidation method applied after the acquisition of ESTO AS.

Share premium

Share premium of the Group as at 31 December 2024 consisted of €435 thousand (31 December 2023: €435 thousand).

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Note 13. Contingent liabilities

The Group's retained earnings at the end of the reporting period amounted to €7,718 thousand (31 December 2023: €893 thousand euros). The maximum possible amount of income tax liability that may result from the payment of all retained earnings as dividends is €1,392 thousand (31 December 2023: €149 thousand), so it would be possible to pay out €6,327 thousand as a net dividend (31 December 2023: €744 thousand euros).

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

Note 14. Net interest and similar income from loans

(in thousands of euros)

	2024	2023
Interest and similar income from loans		
Interest income from loans	22,209	16,963
Interest income from corporate loans	12	22
Contract fee income	61	56
Loan management fee income	714	380
Total interest and similar income from loans	**22,996**	**17,422**
Interest expense		
Interest amount due to creditors	(7,174)	(5,715)
Total interest expense	**(7,174)**	**(5,715)**
Net interest and similar income from loans	**15,822**	**11,706**

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

Note 15. Other interest income

(in thousands of euros)

	2024	2023
Other interest income		
Interest income from financial instruments	234	204
Other financial interest income	43	20
Total other interest income	**277**	**224**

In the current reporting period, the Group revised the presentation of other interest income to include interest income from financial instruments that was previously presented under interest income from loans (interest and similar income from loans). Comparative figures for the year ended 31 December 2023 have been reclassified accordingly to ensure consistent presentation. This reclassification had no impact on the Group's net profit or equity.

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Note 16. Net fee and commission income

Disaggregation of fee and commission income

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

(in thousands of euros)

	2024	2023
Service lines		
Financial service fees	614	389
Platform and subscription fees	184	61
Payment processing and transaction fees	1,927	1,483
Other fee and commission income	421	379
Total fee and commission income from contracts with customers	**3,145**	**2,313**
Fee and commission expense	(1,793)	(1,480)
Net fee and commission income	**1,352**	**832**

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

Performance obligations and revenue recognition policies

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

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

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

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Note 17. Other operating expenses

(in thousands of euros)

	2024	2023
Rent expenses	(276)	(203)
Advertising and marketing expenses	(451)	(831)
Technology and data costs	(452)	(580)
Product development costs	(28)	(38)
Customer support expenses	(173)	(53)
Collection management expenses	(53)	(135)
Training, consultancy and auditing costs	(708)	(615)
Communication and postage	(187)	(9)
Travel and transportation costs	(50)	(44)
Other labour costs	(57)	(65)
Other expenses	(106)	(72)
Value added tax	(612)	(544)
Total	**(3,151)**	**(3,190)**

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

Note 18. Personnel expenses

(in thousands of euros)

	2024	2023
Wages, salaries and bonuses	(2,432)	(2,047)
Social security contributions and other taxes	(596)	(504)
Total personnel expenses before capitalization	**(3,027)**	**(2,551)**
Capitalized personnel expenses	414	244
Total personnel expenses	**(2,614)**	**(2,307)**
Average number of employees reduced to full-time equivalents	61	63
Average number of employees by type of employment	**61**	**63**
A number of persons employed under the employment contract	61	63

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Note 19. Income tax

(in thousands of euros)

	2024	2023
Income tax	89	106
Total	**89**	**106**

In 2024, the Group recognised a deferred income tax asset of €89 thousand in relation to its subsidiary ESTO UAB, which is expected to be utilized once the subsidiary becomes profitable (2023: €106 thousand). As at 31 December 2024, the total deferred tax asset recognised by the Group amounted to €364 thousand (31 December 2023: €274 thousand). More information is provided in Note 7.

(in thousands of euros)

	ESTO UAB	
	2024	**2023**
Financial profit (loss) before taxes	**(1,040)**	**(904)**
Non - deductible expenses	**509**	**320**
Other non-deductible expenses	509	320
Taxable profit (loss) before taxes brought forward	**(531)**	**(584)**
Income Tax (15%)	**(80)**	**(88)**
Income Tax	**80**	**88**
Temporary differences	9	19
Income Tax total	**89**	**106**

Note 20. Related party disclosures

Balances with related parties

(in thousands of euros)

		31.12.2024	31.12.2023
	Receivables	**Liabilities**	**Liabilities**
Owners (legal entities) with a qualifying interest and entities under their control or significant influence	3	6,616	5,828
Close family members of members of the executive and higher management and owners (private individuals) with a qualifying interest, and entities under their control or significant influence	-	414	263

Transactions with related parties are normal course of business, more information is provided in the Note 2.7. Related parties. Transactions occurred inside the ESTO Group are eliminated from the consolidated financial statements.

No additional commitments apart of Loan liabilities as of 31 December 2024 and 31 December 2023 exists.

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(in thousands of euros)

Loans 2024

	Loans received	Repayment of loans received	Interest accrued	Interest paid	Interest rate	Currency
Owners (legal entities) with a qualifying interest and entities under their control or significant influence	804	-	787	779	12%	EUR
Loans received and repayments	**804**	**-**	**787**	**779**	**12%**	**EUR**
Close family members of members of the executive and higher management and owners (private individuals) with a qualifying interest, and entities under their control or significant influence	310	100	26	25	12%	EUR
Loans received and repayments	**310**	**100**	**26**	**25**	**12%**	**EUR**

(in thousands of euros)

Loans 2023

	Loans received	Repayment of loans received	Interest accrued	Interest paid	Interest rate	Currency
Owners (legal entities) with a qualifying interest and entities under their control or significant influence	-	-	708	708	12%	EUR
Loans received and repayments	**-**	**-**	**708**	**708**	**12%**	**EUR**
Close family members of members of the executive and higher management and owners (private individuals) with a qualifying interest, and entities under their control or significant influence	-	-	34	34	12%	EUR
Loans received and repayments	**-**	**-**	**34**	**34**	**12%**	**EUR**

More information is provided in the Note 9.

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

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Renumeration and other significant benefits provided to the executive and higher management

(in thousands of euros)

	2024	2023
Remuneration	**200**	**200**

Note 21. Investments in subsidiaries

(in thousands of euros)

	Country	2024	2023
ESTO AS	Estonia	100%	100%
ESTO UAB	Lithuania	100%	100%
ESTO LV AS	Latvia	100%	100%

Investments to subsidiaries in Parent company unconsolidated statements recorded at acquisition cost.

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Note 22. Unconsolidated financial statements of parent company as a separate company

Note 22.1. Statement of Financial Position

(in thousands of euros)

ASSETS	31.12.2024	31.12.2023
Current assets		
Cash and cash equivalents	1,193	736
Loans and advances to customers	1,436	5,504
Prepayments	200	62
Other assets	66	87
Total current assets	**2,895**	**6,390**
Non-current assets		
Loans and advances to customers	30,586	29,646
Investments in subsidiaries	29,700	29,700
Property and equipment	64	34
Intangible assets	2,535	1,891
Total non-current assets	**62,885**	**61,271**
TOTAL ASSETS	**65,780**	**67,661**

LIABILITIES AND EQUITY		
Liabilities		
Current liabilities		
Loans and borrowings	13,324	24,029
Interest payables	302	303
Trade payables and other payables	252	117
Tax liabilities	61	39
Total current liabilities	**13,939**	**24,488**
Non- current liabilities		
Loans and borrowings	27,845	15,168
Total non- current liabilities	**27,845**	**15,168**
TOTAL LIABILITIES	**41,784**	**39,656**

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(in thousands of euros)

Equity	31.12.2024	31.12.2023
Share capital	10	5
Share premium	435	435
Voluntary capital	27,602	29,263
Retained earnings	(1,738)	(436)
Total comprehensive income	(2,313)	(1,261)
Total equity	**23,996**	**28,006**
TOTAL EQUITY AND LIABILITIES	**65,780**	**67,661**

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Note 22.2. Statement of Profit and Loss and Other Comprehensive Income

(in thousands of euros)

	2024	2023
Interest and similar income from loans	3,577	3,898
Interest expense	(4,603)	(4,135)
Net interest and similar income from loans	**(1,026)**	**(236)**
Other interest income	246	205
Total other interest income	**246**	**205**
Fee and commission income	627	886
Fee and commission expense	(91)	(97)
Net fee and commission income	**536**	**789**
Gains from financial instruments	91	-
Other income	7	-
Other operating expenses	(1,193)	(1,282)
Personnel expenses	(715)	(541)
Depreciation and amortisation	(188)	(148)
Other expenses	(127)	(47)
Profit (loss) before income tax	**(2,369)**	**(1,261)**
Income tax	-	-
Profit (loss) for the reporting period	**(2,369)**	**(1,261)**
Other comprehensive income		
Other comprehensive income to be classified to profit or loss in subsequent periods:		
Unrealized gain from financial instruments	56	-
Total other comprehensive income	**56**	**-**
Total comprehensive income for the period	**(2,313)**	**(1,261)**

In the current reporting period, the classification of certain items in statement of profit and loss and other comprehensive income were revised in order to improve the presentation of financial statements. Comparative figures for the year ended 31 December 2023 have been reclassified accordingly to ensure consistent presentation. These changes did not impact the net profit (loss) or equity.

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Note 22.3. Statement of Cash Flows

(in thousands of euros)

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit	**(2,369)**	**(1,261)**
Adjustments or changes for:	**4,170**	**(3,504)**
Interest income	4,139	(3,861)
Depreciation and amortisation	188	148
Other adjustments	(158)	209
Total adjustments or changes	**1,801**	**(4,765)**
Changes in:		
Other assets and prepayments	(115)	376
Trade, interest and other payables	155	154
Total changes	**40**	**530**
NET CASH USED IN OPERATING ACTIVITIES	**1,840**	**(4,235)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(43)	(18)
Acquisition of intangible assets	(856)	(654)
Other loans granted	(10,306)	(7,569)
Repayments of other loans	9,295	7,335
NET CASH USED IN INVESTING ACTIVITIES	**(1,909)**	**(906)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from loans and borrowings	22,291	6,050
Repayments of borrowings	(20,110)	(585)
Paid in share capital	5	-
Voluntary capital reduction	(1,661)	-
NET CASH FROM FINANCING ACTIVITIES	**526**	**5,465**
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	**457**	**325**
Cash and cash equivalents at beginning of period	**736**	**412**
Cash and cash equivalents at end of period	**1,193**	**736**

Note 22.4 Statement of Changes in Equity

(in thousands of euros) **2024**

	Share capital	Share premium	Voluntary capital	Unrealized gain from financial instruments	Retained earnings	Total equity
Balance at 31.12.2023	**5**	**435**	**29,263**	**41**	**(1,738)**	**28,006**
Total comprehensive income for the period	**-**	**-**	**-**	**56**	**(2,369)**	**(2,313)**
Profit for the period	-	-	-	-	(2,369)	(2,369)
Other comprehensive income	-	-	-	56	-	56
Reclassification from OCI to profit and loss	**-**	**-**	**-**	**(41)**	**-**	**(41)**
Realized gain from financial instruments	-	-	-	(41)	-	(41)
Transactions with owners of the Company Contributions and distributions						
Paid in share capital	5	-	-	-	-	5
Voluntary capital decrease	-	-	(1,661)	-	-	(1,661)
Total contributions and distributions	**5**	**-**	**(1,661)**	**-**	**-**	**(1,656)**
Balance at 31.12.2024	**5**	**435**	**27,602**	**56**	**(4,107)**	**23,996**

(in thousands of euros) **2023**

	Share capital	Share premium	Voluntary capital	Unrealized gain from financial instruments	Retained earnings	Total equity
Balance at 31.12.2022	**5**	**29,698**	**-**	**41**	**(477)**	**29,267**
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**(1,261)**	**(1,261)**
Profit for the period	-	-		-	(1,261)	(1,261)
Transactions with owners of the Company Contributions and distributions						
Share capital increase	29,263	(29,263)	-	-	-	-
Share capital decrease	(29,263)	-	29,263	-	-	-
Total contributions and distributions	**-**	**(29,263)**	**29,263**	**-**	**-**	**-**
Balance at 31.12.2023	**5**	**435**	**29,263**	**41**	**(1,738)**	**28,006**

In the reporting period ended 31 December 2024, the following equity movements occurred:

A share capital increase of €5 thousand via shareholders payment.

A reclassification of €41 thousand was made from unrealized gain from financial instruments to profit and loss, reflecting a realized gain on financial instruments.

Voluntary capital was decreased by €1,661 thousand through distribution to shareholders.

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Signatures of the management board to the annual report

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

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

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

30.04.2025

Mikk Metsa
Founder & CEO

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Independent Auditors' Report

(Translation of the Estonian original)

To the Shareholders of ESTO Holdings OÜ

Opinion

We have audited the consolidated financial statements of ESTO Holdings OÜ (the Group), which comprise the consolidated statement of financial position as at 31 December 2024, the consolidated statement of profit and loss and other comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the year then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the consolidated financial statements mentioned above present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (Estonia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants (Estonia) (including Independence Standards) and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

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

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the 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 in the audit, or otherwise appears to be materially misstated. In addition, our responsibility is to state whether the information presented in the management report has been prepared in accordance with the applicable legal and regulatory requirements.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard and we state that the information presented in the management report is materially consistent with the consolidated financial statements and in accordance with the applicable legal and regulatory requirements.

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

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

In preparing the consolidated 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.

Auditors' Responsibilities 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (Estonia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing (Estonia), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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 auditors' 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 auditors' 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 fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance 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.

KPMG Baltics OÜ
Licence No 17

Eero Kaup

Certified Public Accountant, Licence No 459

Tallinn, 30 April 2025