creditstar group

CONSOLIDATED ANNUAL REPORT 2024

CREDITSTAR GROUP AS

LIVE YOUR BEST FINANCIAL LIFE.

Creditstar makes your life effortless with financial products tailored to you and your everyday needs.

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GENERAL INFORMATION

Business name:	**Creditstar Group AS**
Main activity:	**EMTAK 64991 (Other financial service activities, except insurance and pension funding)**
Commercial Registry number:	**11728905**
Address:	**Kai 4, Tallinn, Estonia**
Telephone:	**+372 6 988 710**
Fax:	**+372 6 531 508**
E-mail:	**info@creditstar.com**
Corporate website:	**www.creditstar.com**
Beginning of financial year:	**01.01.2024**
End of financial year:	**31.12.2024**
Legal form:	**Public Limited company (AS)**
Auditor:	**KPMG Baltics OÜ**

CONSOLIDATED MANAGEMENT REPORT

Structure of the Consolidation Group

The Creditstar Group consolidation group comprises of the following companies:

Creditstar Group AS	parent company	Registered in Estonia
Creditstar International OÜ	subsidiary	Registered in Estonia
Creditstar Estonia AS	subsidiary	Registered in Estonia
Monefit Estonia OÜ	subsidiary	Registered in Estonia
Monefit Card OÜ	subsidiary	Registered in Estonia
Creditstar Finland OY	subsidiary	Registered in Finland
Creditstar Sweden AB	subsidiary	Registered in Sweden
Creditstar Poland Sp. z o.o.	subsidiary	Registered in Poland
Creditstar UK Ltd.	subsidiary	Registered in the UK
Mobmo Ltd.	subsidiary	Registered in the UK
Creditstar Spain S.L.	subsidiary	Registered in Spain
Creditstar Czech s.r.o.	subsidiary	Registered in Czech Republic
Creditstar Denmark ApS	subsidiary	Registered in Denmark

Members of the Management Board and Supervisory Board of Creditstar Group AS
Member of the Management Board: Aaro Sosaar
Members of the Supervisory Board: Silva Sosaar, Valter Kaleta and Kristjan Vahar.

Shareholders of Creditstar Group AS, as of 31 December 2024
SA Financial Investments OÜ, registry code 12718041, owner of 100% of the share capital.

> "Our company and team are well aligned to continue attracting substantial growth in the future."

PROFITABLE INTERNATIONAL FINANCE BUSINESS SINCE 2006

Creditstar Group's mission is to enable our customers to live their best financial life. We do that by offering financial products - credit and investment - tailored to our customers' everyday needs. We have proven our ability to run an efficient business.

10,000 €

Loans up to 58+ months.
Revolving Credit & Instalment Loan

We offer credit under Monefit and Creditstar, and investments under Monefit brand.

monefit creditstar

Up to

10.52%APY

Offering daily returns via
P2P investment product

363m €

Total assets

1.42m

Registered users across all markets

120+

Team members from 30 countries

CREDIT PRODUCT

Operational in

8 European countries

INVESTMENT PRODUCT

Available in

31 countries*

**In European Economic Area + Switzerland*

LATEST MILESTONES AND DEVELOPMENTS...

monefit

In March 2024, we launched Vaults – a fixed-term investment product offering enhanced daily returns – on the Monefit SmartSaver platform. By year-end, customers had opened over 16,000 Vaults, reflecting strong adoption and interest.

respecting differences

HEALTH PROMOTING WORKPLACE 2024

In May 2024 our Estonian headquarters was awarded the "Respecting Differences" label by the Secretary General of the Ministry of Economic Affairs and Communications, and the "Health Promoting Employer" label by the Health Development Institute of Estonia.

...LATEST MILESTONES AND DEVELOPMENTS

DECEMBER 2024

Creditstar successfully raised €9 million

We secured €9 million in bond funding, with maturities of 12, 18, and 30 months. The funds will be used to expand Creditstar's consumer credit portfolios across key markets and refinance existing liabilities.

NOVEMBER 2024

Creditstar Group and Kilde announce $10M funding agreement

We signed a $10 million (approx. €9.3 million) funding limit agreement with Kilde, a private credit investment platform based in Singapore. This partnership is another strong step forward in our mission to help customers "Live Your Best Financial Life."

With this additional funding, Creditstar will continue to expand our flexible and transparent credit products across Europe, offering even more people convenient and accessible financial options. We'll also continue to enhance our investment and savings products to support customers in over 30 countries in building secure financial futures.

Kilde specializes in connecting family offices, funds, and accredited investors to private credit opportunities worldwide, focusing on well-capitalized companies with strong management and healthy balance sheets.

OCTOBER 2024

Monefit's SmartSaver 2nd Anniversary

SmartSaver celebrates two years with special rewards for users and a UNICEF donation initiative, contributing a portion of all deposits to global education.

OCTOBER 2024

Monefit SmartSaver Investor Webinar

Monefit hosted its first SmartSaver webinar, providing investors with insights and answering questions about the platform and its offerings.

SEPTEMBER 2024

Creditstar held an annual hackathon in Tallinn HQ

Creditstar hosted a hackathon in Tallinn HQ, where team members worked together to brainstorm and develop exciting new features for credit and investment products.

JUNE 2024

Creditstar successfully raised €24 million

Creditstar Group raised €24 million through bond issuance and loan syndicates. Bonds were issued on the 3rd of June with 1, 2, and 3-year maturities.

MAY 2024

Creditstar hosted an investor event

Creditstar held an investor webinar during the event, offering investors valuable insights into the company's latest business developments.

APRIL 2024

Creditstar investors have earned €100M in interest

Throughout our history, Creditstar Group has paid over €100 million in interest to investors across various investment platforms, including bonds, direct loans, and P2P loans. We are immensely proud to say that our investors have earned competitive returns and are very grateful for their support. We look forward to continuing this journey together, shaping the future of finance.

MARCH 2024

Monefit introduces SmartSaver Vault

Vault lets investors park their money for six or twelve months and enjoy higher daily compound returns. SmartSaver further personalises the investment experience by allowing investors to name their Vaults with life goals, making saving a more engaging and goal-focused journey.

BANKING TECH AWARDS

For the third consecutive year, Creditstar was shortlisted for the 2024 Banking Tech Awards. This time in the Best Newcomer Banking Brand category with our Monefit brand. The Banking Tech Awards recognise the best uses of technology in financial services around the world.

STRONG PROGRESS AND KEY ACHIEVEMENTS IN 2024

2024 has been a pivotal year for Creditstar, marked by significant advancements and growth milestones. We have demonstrated resilience, innovation, and a strong commitment to our strategic objectives. Our continued focus on operational excellence and customer-centric products has laid a robust foundation for strong growth in 2025.

"

Creditstar is a company that moves fast, thinks smart, and makes a real impact. But at the heart of everything we do is our people. Every single person here helps shape our future.

Irina Zozulja
Head of People Operations and Culture

OUR PRODUCTS ARE DESIGNED FOR QUICK AND EASY USER EXPERIENCE FROM ALL DEVICES.

Our revenue and customer growth have been fuelled by entry to new geographical markets, expanding customer base and new product.

CREDIT

creditstar **monefit CreditLine**

Access up to 10,000 EUR through our flexible credit line over 58+ months or opt for a fixed-term loan of up to 36 months.

Easy access
Suitable for various lifestyle needs
Attractive pricing
Favourable repayment
Faster service

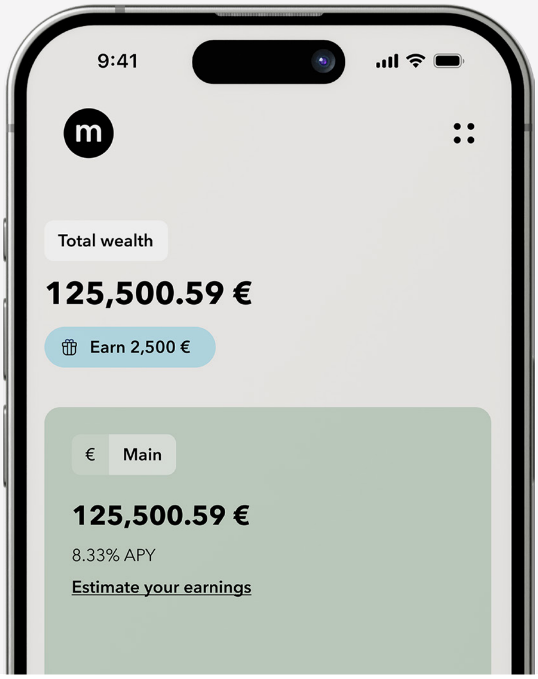
INVESTMENT

monefit SmartSaver

P2P investment product offering fixed returns of 7.25% to 10.52 % APY.

Easy access
High yield return
No fees or hidden cost
Low barrier to entry
Invest up to €500K

Available in 31 countries (EEA + Switzerland)



WE PROVIDE CONSUMER CREDIT IN 8 EUROPEAN COUNTRIES

INVESTMENT PRODUCT AVAILABLE IN 31 COUNTRIES

WE MAKE OUR CUSTOMERS' LIVES EFFORTLESS WITH FINANCIAL PRODUCTS TAILORED TO YOU AND YOUR EVERYDAY NEEDS.

Our strategy prescribes constant international operations. Thanks to the convergence and development of international technology, data, communications and financial services, geographical location no longer puts constraints on our business. Using our technology, we are able to rationalise our processes and costs by better controlling our budgets and diversifying workflow across countries.

OUR CORE VALUES

CUSTOMER FOCUS
We offer products and services to build lasting customer relationships, always acting with integrity, professionalism, and clear communication.

GROWTH
We grow by expanding geographically, adding products, and focusing on scalable solutions, while continuously developing personally and professionally.

PROFESSIONALISM
We enhance our skills and uphold a clear operational model, taking responsibility and acting as a transparent, team-oriented, and responsible lender.

INNOVATION
We seek improvement through creativity and innovation, encouraging new ideas, learning from trial and error, and delivering better solutions for our customers.

EFFECTIVE EFFICIENCY
We focus on doing things right—quickly, simply, transparently, and efficiently—maximizing our resources to achieve the best outcomes.

SIGNIFICANT ENVIRONMENTAL AND SOCIAL IMPACTS

Although the environmental and social impact of Creditstar Group's operations is smaller compared to manufacturing companies, we consider it important to act responsibly and transparently.

We want our customers and investors to be able to make informed and sustainable decisions, which is why we also pay attention to the impacts of our activities.

Our greatest direct environmental impact is related to office operations, particularly energy consumption, the use of office supplies, and employee commuting.

Although this impact is relatively small, we have begun measuring our carbon footprint and are taking steps to gradually reduce it.

We also plan to apply for a Green Office label to support environmentally sustainable work practices and raise awareness among our employees.

In terms of social impacts, our role is more significant.

Our activities directly influence customers' financial behavior and well-being.

We actively contribute to increasing financial literacy to help customers make responsible economic decisions and avoid over-indebtedness.

At the employee level, we value diversity and support an inclusive work culture: our team includes people of different ages, genders, and ethnic backgrounds.

We also place great emphasis on employee well-being and development opportunities.

CHIEF EXECUTIVE'S REVIEW

2024: DRIVING PROGRESS, ADVANCEMENTS, AND MOMENTUM

2024 has been a transformative year for our company, marked by significant achievements that have strengthened our foundations and positioned us for accelerated growth. Reflecting on the year, it is clear that the lessons learnt from previous challenges have driven our resilience and innovation, enabling us to make remarkable progress across financial performance, product development, operations, and organisational culture. This year has highlighted the strength of our vision and the dedication of our teams, customers, and stakeholders.

Aaro Sosaar
CEO

Financially, we have made great strides, securing funding through several successful capital raises that have supported our growth initiatives. This included multiple bond issuances, the most recent of which in December, allowed us to fund future growth and refinance maturing obligations. Additionally, we established important partnerships, including a private credit investment platform based in Singapore, further expanding our reach to family offices, funds, and accredited investors and enhancing our financial capabilities.

In product development, 2024 has been a year of innovation and growth. We launched a subscription-based credit solution in new markets, offering competitive and flexible financial tools designed to meet the diverse needs of our customers. Our investment product has experienced remarkable growth acceleration, demonstrating increasing trust and engagement from our customers. The year also saw continuous refinements across our offerings, ensuring they remain customer-focused, transparent, and aligned with modern financial requirements. These advancements underline our commitment to delivering high-quality, innovative solutions that empower our customers to achieve their goals.

Operationally, we have concentrated on enhancing efficiency and scalability. One key success has been the integration of our customer support systems, which has enabled us to handle more interactions while significantly reducing response times and improving overall satisfaction. We have also made considerable progress in regulatory and licensing efforts, including preparatory work for new licences that will support our expansion in key markets. These initiatives underscore our commitment to maintaining a strong operational framework as we continue to scale.

Our organisational culture has been central to our success. Throughout the year, we

CHIEF EXECUTIVE'S REVIEW

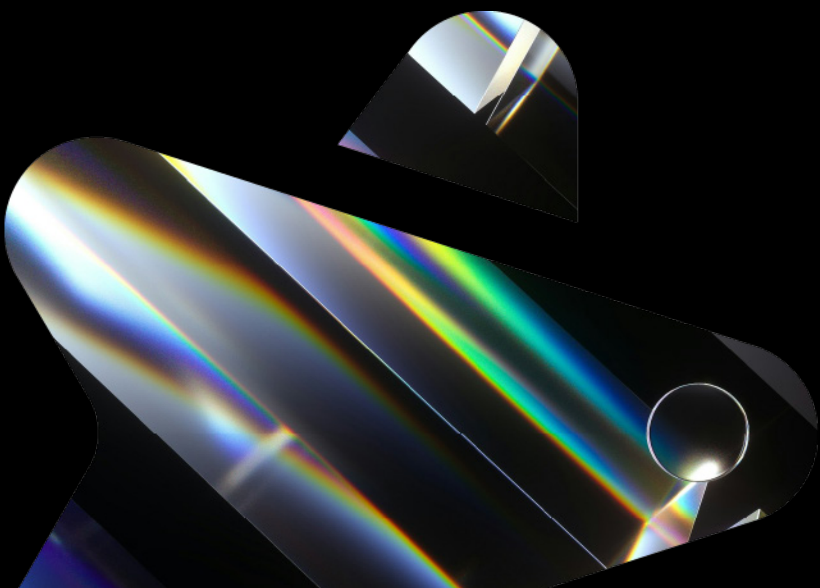
have prioritised fostering a collaborative and inclusive workplace environment. Company-wide initiatives, from wellness programmes to team-led activities, have strengthened our culture and enhanced team cohesion. Our efforts to promote diversity, well-being, and engagement have been recognised through industry accolades, reflecting our commitment to being an employer of choice. Strategic investments in talent have also supported our growth, with key hires in critical areas and targeted expansion into promising regions to meet our evolving business needs.

Looking ahead to 2025, we anticipate a year of accelerated growth and innovation. We are targeting significant increases in credit issuance across key markets, alongside further growth in our investment product. Continued enhancements to our credit solutions will provide customers with more flexible and innovative options, while planned upgrades to our IT infrastructure will streamline operations. Furthermore, we are excited to introduce new products to market, tailored to meet the evolving needs of our customers and strengthen our competitive position.

As we close 2024, it is evident that this year has been a pivotal chapter in our journey. The progress we have achieved is a testament to the hard work of our teams, the trust of our partners, and the loyalty of our customers. Together, we have built a stronger, more dynamic organisation, ready to take on the opportunities ahead. As we look forward to 2025, our focus remains on delivering value, driving innovation, and empowering our stakeholders to achieve their financial goals while continuing our mission to help customers "Live Your Best Financial Life."

Aaro Sosaar

Chief Executive Officer



BUILDING SMARTER FINANCIAL TOOLS – 2024 IN REVIEW WITH CPO KASHYAP SHAH

As financial behaviour shifts and expectations rise, we sat down with Creditstar's Chief Product Officer, Kashyap Shah, to reflect on product innovation in 2024 – and what's coming next.

Q: Let's start with the big picture. How did your product vision evolve in 2024?

This year marked a step change in how we delivered on our mission: building financial tools that offer real control and clarity. We've always focused on simplicity and trust, but in 2024, we pushed harder, scaling what worked and sharpening our focus on what users truly value.

Q: What changes did you see in consumer credit behaviour, and how did you respond?

We saw a clear shift: borrowing is becoming more intentional. People aren't just reacting to emergencies – they're using credit to manage life proactively. So we launched Credit+, a flat-fee model with zero interest that removes uncertainty and encourages better habits. It's transparent, mobile-first, and rewards responsible usage.

At the same time, our traditional CreditLine continued to grow. It supports users who need fast, flexible access to funds, whether to manage cash flow more easily, cover a purchase, or avoid fees. Both products offer control and clarity, which is what customers expect now.

Q: On the investment side, what innovations did you introduce to deliver better customer value?

SmartSaver continued to grow rapidly. In a region with over €2 trillion sitting in low-interest deposits, our investment product offers an alternative: up to 10.52% APY, no fees, and daily compounding. It's simple and passive by design.

Vaults – fixed-term options with flexible top-ups and early exits – became especially popular in 2024. Customers like the balance of higher returns and liquidity. It gives them more confidence without added complexity.

INTERVIEW

Q: How did you enhance user experience across your products this year?

Experience is where product decisions matter most. This year, we rolled out instant card deposits, which led to faster reinvestment and better activation. We redesigned dashboards, simplified onboarding, and cut time to funding. These aren't cosmetic tweaks – they drive engagement, reduce support needs, and build trust.

Q: Can you share how technology and data have shaped your product and risk decisions?

We moved away from traditional scoring toward behavioural underwriting and affordability signals. Using AI and machine learning, we assess users based on how they actually behave, not just their credit history.

We've also reduced dependence on open banking. By relying more on real-time user data, we've improved decision speed and accuracy. Our portfolio quality improved notably, especially across longer-duration products.

Q: How do you bring the customer voice into product development?

Almost everything we shipped this year started with users. Vaults came from feedback around passive income and better returns. Credit+ was shaped by calls for simpler, fairer borrowing.

We don't just survey – we observe behaviour, analyse feedback, and test constantly. That's led to better nudges, smarter reinvestment prompts, and personalised tips that improve outcomes. We build with people, not just for them.

Q: What kind of platform foundation are you building for the future?

Our infrastructure is modular and partner-ready. That means we can expand faster and embed our products into other platforms – banks, fintechs, wallets, and even payroll apps. Embedded finance isn't theory for us – it's happening.

We want to be wherever users already manage their money. If we can meet them in those moments – and make it seamless – the value we create grows exponentially.

Q: What excites you the most heading into 2025?

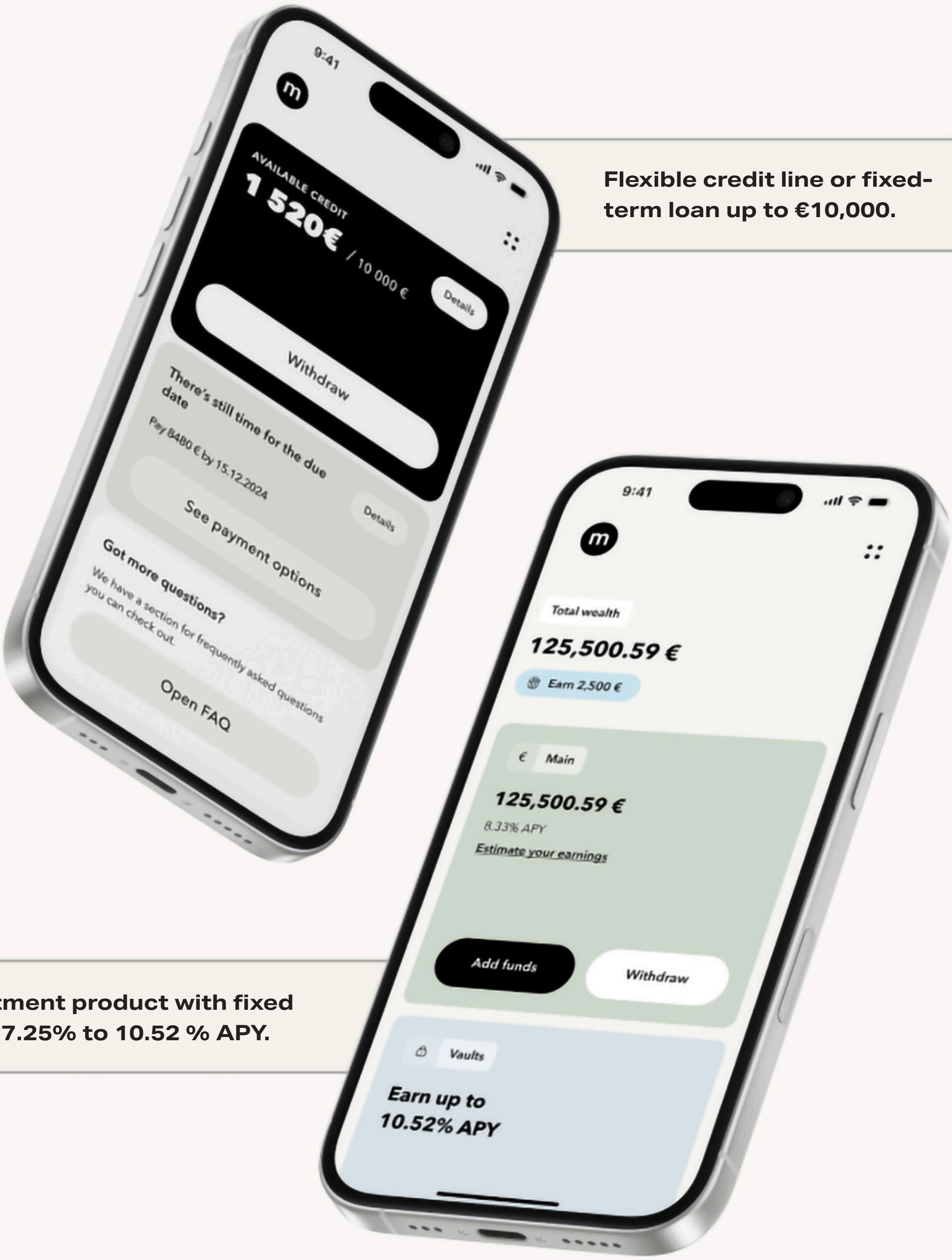
Personalisation, automation and contextual value offering. We're building smarter tools that adapt in real time – like goal-based saving flows, dynamic credit suggestions, and frictionless investing journeys. Everything becomes simpler, more relevant, and more helpful.

The best feedback we heard this year came from a customer who said, "I finally feel in control of my money – and I didn't need to become a finance expert." That's the kind of progress we aim for. In 2025, we'll keep making it easier for people to take confident steps toward their financial goals and live their best financial life.

Thank you Kashyap. As we close the year, we're more confident than ever in where we're going and more energised than ever to build a product that matters.

LIVE YOUR BEST FINANCIAL LIFE

We believe everyone deserves better financial tools — simple, powerful, and built for real life. Across 32 countries and over 1.4 million users, Creditstar and Monefit offer two essentials: consumer credit and investments. Our goal is to build a scalable, user-first ecosystem that empowers people with confidence and control at every step of their financial journey.



Flexible credit line or fixed-term loan up to €10,000.

P2P investment product with fixed returns of 7.25% to 10.52 % APY.

We see overall reduction in weighted average funding cost and anticipate a continued decline in average interest rates as we further scale Monefit SmartSaver.

MAIN ECONOMIC INDICATORS AND RATIOS

(In thousands euros)

Financial position statement's indicators	31.12.2024	31.12.2023
Total assets	367 002	295 302
Gross loan portfolio	414 016	335 173
Impairments to portfolio	62 794	53 333
Notes issued	87 657	77 153
Other borrowings	203 948	147 638
Equity	70 536	64 028

Comprehensive income statement's indicators	31.12.2024	31.12.2023
Interest income	74 031	63 139
Interest expense	-37 239	-31 525
Net interest income	36 792	31 614
Personnel expense	-4 106	-3 932
Operating expense	-12 633	-10 289
Loan impairment charges	-9 460	-6 783
Depreciation of tangible assets and amortization of intangible assets	-1 784	-2 009
Profit for the year	7 244	9 988

Financial ratios	31.12.2024	31.12.2023
Net interest margin (NIM)	11.6%	12.4%
Return on equity (ROE)	10.8%	17.3%
Asset utilization (AU)	22.4%	23.6%
Net debt to equity	4.11	3.6

With over 1.4 million registered customer accounts, our product strategy continues to demonstrate its effectiveness in meeting customer needs.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in thousands of euros)	Note	31.12.2024	Restated 31.12.2023	Restated 01.01.2023
ASSETS				
Current assets				
Cash and cash equivalents	7,11	6 650	809	334
Loans and advances to customers	10	94 738	93 764	74 209
Trade and other receivables	12	1 647	4 611	1 966
Prepayments	13	2 087	1 949	1800
Total current assets		**105 123**	**101 132**	**78 309**
Non-current assets				
Loans and advances to customers	10	256 488	188 074	155 237
Property and equipment	14	1 258	1 494	156
Intangible assets and goodwill	15	4 133	4 602	5 680
Total non-current assets		**261 879**	**194 170**	**161 074**
TOTAL ASSETS		**367 002**	**295 302**	**239 383**
LIABILITIES				
Current liabilities				
Loans and borrowings	16	264 325	149 117	125 444
Trade payables and other payables	18	4 861	6 483	4 603
Total current liabilities		**269 186**	**155 600**	**130 047**
Non- current liabilities				
Loans and borrowings	16	27 280	75 674	58 078
Total non- current liabilities		**27 280**	**75 674**	**58 078**
Total liabilities		**296 466**	**231 274**	**188 125**
EQUITY				
Share capital	20	21 000	21 000	21 000
Other reserves	20	8 256	8 256	8 256
Unrealised foreign exchange differences	20	2 450	1 922	-862
Retained earnings		38 830	32 851	22 863
Total equity		**70 536**	**64 028**	**51 258**
Total equity and liabilities		**367 002**	**295 302**	**239 383**

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME

(in thousands of euros)	Note	2024	Restated 2023
Interest income	9	74 031	63 139
Interest expense	9	-37 239	-31 525
Net interest income		**36 792**	**31 614**
Other revenue		168	143
Other income		1	1 333
Net loss arising from derecognition of financial assets measured at amortised cost	10	-1 143	0
Impairment losses on financial instruments	10	-9 460	-6 783
Other operating expenses	21	-12 633	-10 147
Personnel expenses	22	-4 106	-3 932
Depreciation and amortisation	14,15	-1 784	-2 009
Profit (loss) before tax		**7 834**	**10 218**
Income tax expense		-590	-230
Profit (loss) for the period		**7 244**	**9 988**
Other comprehensive income			
Other comprehensive income to be classified to profit or loss in subsequent periods			
Unrealised foreign exchange differences		888	2 396
Total other comprehensive income		**888**	**2 396**
Total comprehensive income for the period		**8 132**	**12 384**
Profit attributable to			
Owners of the parent company		8 132	12 384
Total comprehensive income attributable to			
Owners of the parent company		**8 132**	**12 384**

creditstar group

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CONSOLIDATED STATEMENT OF CASH FLOWS

(in thousands of euros)	Note	2024	Restated 2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit (loss) for the period		**7 244**	**9 988**
Adjustments for:			
— Interest income	9	-74 031	-63 139
— Interest expense	9	37 239	31 525
— Net impairment loss on loans and advances	10	9 460	6 783
— Net loss arising from derecognition of financial assets measured at amortised cost	10	1 143	0
— Depreciation and amortisation	14,15	1 784	2 009
Total adjustments		**-24 404**	**-22 822**
Changes in:			
— Trade and other receivables	12	-175	207
— Trade and other payables	18	-850	1 324
— Other liabilities and provisions		0	-277
— Loans and advances to customers	10	-78 848	-59 171
Total changes		**-79 873**	**-57 916**
Interest received		72 393	63 027
Interest paid	16	-21 412	-17 035
Income taxes paid		-590	-230
NET CASH FROM / (USED IN) OPERATING ACTIVITIES		**-46 642**	**-24 990**
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property and equipment	14	-130	-427
Acquisition of intangible assets	15	-904	-143
Proceeds from sale of subsidiaries, net of cash disposed		0	1 262
NET CASH FROM / (USED IN) INVESTING ACTIVITIES		**-1 033**	**-691**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of debt securities	16	23 787	18 989
Repayment of debt securities	16	-13 202	-16 177
Payment of lease/rent liabilities	16	-185	-93
Proceeds from credit facility	16	1 925	1 548
Repayment of credit facility	16	-2 751	-2 088
Proceeds from P2P	16	76 151	30 304
Repayment of P2P	16	-46 421	-18 844
Proceeds from loans and borrowings	16	20 301	-12 331
Repayment of loans and borrowings	16	-5 280	-1 093
Dividends paid	20	-800	0
NET CASH FROM / (USED IN) FINANCING ACTIVITIES		**53 525**	**24 877**
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		**5 850**	**579**
Cash and cash equivalents at 1 January	7,11	809	334
Effect of exchange rate fluctuations on cash and cash equivalents held		-9	-104
Cash and cash equivalents at 31 December		**6 650**	**809**

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in thousands of euros)	Share capital	Other reserves	Unrealised foreign exchange differences	Retained earnings	Total equity
Balance at 01.01.2023 (restated)	**21 000**	**8 256**	**-861**	**22 863**	**51 258**
Total comprehensive income for the period	**0**	**0**	**2 782**	**9 988**	**12 770**
Profit for the period	0	0	0	9 988	9 988
Other comprehensive income for the period	0	0	2 396	0	2 396
Changes in reserves	0	0	386	0	386
Balance at 31.12.2023 (restated)	**21 000**	**8 256**	**1 921**	**32 851**	**64 028**
Total comprehensive income for the period	**0**	**0**	**529**	**6 779**	**7 308**
Profit for the period	0	0	0	7 244	7 244
Other comprehensive income for the period	0	0	888	0	888
Changes in reserves	0	0	-359	-465	-824
Transactions with owners of the Company Contributions and Distributions					
Payment of dividends	0	0	0	-800	-800
Total Contributions and Distributions	0	0	0	-800	-800
Balance at 31.12.2024	**21 000**	**8 256**	**2 450**	**38 830**	**70 536**

Additional information on equity is provided in Note 20.

The notes on pages 28 to 67 are an integral part of these financial statements.

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We have a track record of strong financial performance.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. GENERAL INFORMATION

Creditstar Group AS (also referred to as the 'Creditstar' or the 'Group') is a group domiciled in Estonia on 05.10.2009. The Group's legal address is Kai 4 10111 Tallinn Estonia, Estonia. These consolidated financial statements comprise the Company's and its subsidiaries (collectively, the Group). The Group's main business lines are the provision of consumer finance products, including credit agreements and installment loans, which are designed to provide accessible financing solutions to individuals.

NOTE 2. BASIS OF ACCOUNTING

The Group's consolidated financial statements as at and for the year ended 31 December 2024 have been prepared in accordance with the International Financial Reporting Standards as adopted by the European Union (IFRS). These consolidated financial statements are the Group's first IFRS consolidated financial statements. Information on adjustments arising from the transition to IFRSs is disclosed in Note 26.

The accounting and reporting principles described have been applied consistently to all periods presented.

The management board authorised these consolidated financial statements for issue on 04.07.2025. Under the Estonian Commercial Code, the annual report must also be approved by the supervisory board and the shareholders.

NOTE 3. FUNCTIONAL AND PRESENTATION CURRENCY

These consolidated financial statements are presented in Euro, which is the Group's functional currency.

NOTE 4. USE OF JUDGEMENTS AND ESTIMATES

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 and liabilities and income and expenses. Although these estimates have been made to the best of management's knowledge and their judgement of current events, the actual outcome may ultimately not coincide with them and may significantly differ from these estimates.

Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed 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 effects on the amounts recognised in the financial statements is included in the following notes:

— Note 6: establishing the criteria for determining whether credit risk on the financial asset has increased significantly since initial recognition, determining the methodology for incorporating forward-looking information into the measurement of ECL and selection and approval of 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 6 section "Financial assets and financial liabilities" and note 6 section: "Impairment".

NOTE 5. ADOPTION AND INTERPRETATION OF NEW REVISED STANDARDS AND NEW ACCOUNTING POLICIES

Standards, interpretations and amendments to published standards as endorsed by European Union effective in current year

The accounting policies are consistent with those of the previous financial year, except for the following standards, interpretations and amendments effective as of 1 January 2024:

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

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

— Supplier Finance Agreements (Amendments to IAS 7 and IFRS 7)

The adoption of these standards, where applicable, did not have a material impact on the financial statements or performance of the Group.

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.

IFRS 18 Presentation and Disclosure in Financial Statements

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

IFRS 18 replaces IAS 1 Presentation of Financial Statements. The major changes in the requirements are summarised below.

A more structured statement of profit or loss

IFRS 18 introduces newly defined 'operating profit' and 'profit or loss before financing and income tax' subtotals and a requirement for all income and expenses to be allocated between three new distinct categories based on a company's main business activities: operating, investing and financing.

Under IFRS 18, companies are no longer permitted to disclose operating expenses only in the notes. A company presents operating expenses in a way that provides the 'most useful structured summary' of its expenses by either:

— Nature;

— Function: or

— Using a mixed presentation.

If any operating expenses are presented by function, then new disclosures apply.

Management-defined Performance Measures which should be disclosed and audited.

IFRS 18 also requires some 'non-GAAP' measures to be reported in the financial statements. It introduces a narrow definition for Management-defined Performance Measures ("MPMs"), requiring them to be:

— A subtotal of income and expenses;

— Used in public communications outside the financial statements; and

— Reflective of management's view of financial performance.

For each MPM presented, companies need to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards.

Greater disaggregation of information

To provide investors with better insight into financial performance, the new standard includes enhanced guidance on how companies group information in the financial statements.

This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes.

Companies are discouraged from labelling items as 'other' and are required to disclose more information if they continue to do so.

Other changes applicable to the primary financial statements

IFRS 18 sets operating profit as a starting point for the indirect method of presenting cash flows from operating activities and eliminates the option for classifying interest and dividend cash flows as operating activities in the cash flow statement (this differs for companies with specified main business activities). It also requires goodwill to be presented as a separate line item on the face of the balance sheet.

Transition

In its annual financial statements prepared for the period in which the new standard is first applied, an entity shall disclose, for the comparative period immediately preceding that period, a reconciliation for each line item in the statement of profit or loss between:

- The restated amounts presented applying IFRS 18; and
- The amounts previously presented applying IAS 1.

The Group plans to apply the new standard from 1 January 2027. The Group expects that the new standard, when initially applied, will have a material impact on its financial statements. The Group is in the process of assessment of the potential impact on its financial statements resulting from the application of IFRS 18.

The following other 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.

- Lack of Exchangeability (Amendments to IAS 21)
- Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)
- IFRS 19 Subsidiaries without Public Accountability: Disclosures
- Annual Improvements to IFRS Accounting Standards – Volume 11

None of these other standards, interpretations and amendments are expected to have an impact on the financial position or performance of the Group.

NOTE 6. MATERIAL ACCOUNTING POLICIES

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

Basis of consolidation

The consolidated financial statements comprise the financial statements of Creditstar Group AS and its subsidiaries, consolidated line by line.

Business combinations

The Group accounts for business combinations under the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group.

In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Any contingent consideration is measured at fair value at the date of acquisition.

Consolidation of subsidiaries is terminated if the parent loses control of the subsidiary.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group 'controls' an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position and the statement of cash flows include highly liquid (with a maturity up to 3 months from the date of acquisition) investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in market value. These comprise cash in hand, current accounts at banks, term deposits with a maturity of three months or less, and money market fund units.

Foreign currency

The functional currency of the Parent Company is the euro, which is also the presentation currency for the Group's consolidated and the Parent Company's unconsolidated financial statements. All other currencies are considered to be foreign currencies.

Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency of the Group at the exchange rates at the date of the transactions. All foreign currency transactions are recorded on the basis of the foreign currency exchange rates of the European Central Bank officially valid on the transaction date.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. The foreign currency gain or loss on monetary items is the difference between the amortised cost in the functional currency at the beginning of the year, adjusted for effective interest, impairment and payments during the year, and the amortised cost in the foreign currency translated at the spot exchange rate at the end of the year.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value is determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. The official quotation of the respective currency of the European Central Bank is used for the conversion. Foreign currency differences arising on translation are generally recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into euro at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into euro at the exchange rates at the dates of the transactions.

Foreign currency differences are recognised in OCI and accumulated in the translation reserve, except to the extent that the translation difference is allocated to NCI.

When a foreign operation is disposed of in its entirety or partially such that control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, then the relevant proportion of the cumulative amount is reattributed to NCI.

Interest

i. Effective interest rate

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

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

When calculating the effective interest rate for financial instruments other than purchased or originated credit-impaired assets, the 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 allowances. 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 subsequent to initial recognition interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

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

iv. Presentation

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

Interest expense presented in the statement of profit or loss 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.

If a loan commitment is not expected to result in the draw-down of a loan, then the related loan commitment fee is recognised on a straight-line basis over the commitment period.

Other fee and commission income – including account servicing fees, investment management fees, sales commission, placement fees and syndication fees – is recognised as the related services are performed. Other fee and commission expenses 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 recognises trade receivables, loans and advances, deposits, debt securities issued on the date on which they are originated. All other financial instruments (including regular-way purchases and sales of financial assets) are recognised 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. A trade receivable without a significant financing component is initially measured at the transaction price.

ii. Classification

Financial assets

Subsequently the Group classifies a financial asset as measured at: amortised cost, FVOCI or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

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.

The following financial assets are reflected in the amortised acquisition cost: cash and cash equivalents, trade receivables, accruals and other short-term and long-term receivables (including loan receivables). Loans and advances measured at amortised cost, initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortised cost under the effective interest method.

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;

— 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 primary business model comprises of loans to retail customers that are held for collecting contractual cash flows. The loans consist of unsecured installment loans 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.

Financial liabilities

A financial liability is measured subsequently at amortised cost or FVTPL. A financial liability is measured at FVTPL if it is held for trading purposes, is a derivative or is recognised as such at initial recognition. Financial liabilities at FVTPL are valued at fair value and net profit and loss, including any interest expense, is recognised in profit or loss.

Other financial liabilities are recognised at amortised cost using the effective interest rate method. Interest expenses and profit or loss from changes in the exchange rate are recognised in the income statement. Profit or loss on termination of recognition shall be recognised through net profit.

Reclassifications

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

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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 the contractual terms are modified and the new cash flows from the financial liability are substantially different. In that case 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.

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.

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

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.

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 of the factors that market participants would take into account 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 has 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 are the portion of lifetime ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date. 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.

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 estimates 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 entity 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 determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level.

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.

Property and equipment

i. Recognition and measurement

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

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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 systems	3 years
— office furnishings and renovations	5 - 10 years
— office appliances and fixtures	5 years
— other tangible fixed assets	5 years
— right-of-use assets - premises (IFRS 16)	Lease term*
— right-of-use assets - machinery and equipment (IFRS 16)	Lease term*

** Under IFRS 16, right-of-use assets are depreciated over the shorter of (i) the asset's useful life or (ii) the lease term, including renewal options that the Group expects to exercise.*

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

Intangible assets

i. Goodwill

Goodwill is not amortised.

ii. Software

Software acquired by the Group is measured at cost less accumulated amortisation and any accumulated impairment losses.

Expenditure on internally developed software is recognised as an asset when the Group is able to demonstrate: that the product is technically and commercially feasible, its intention and ability to complete the development and use the software in a manner that will generate future economic benefits, and that it can reliably measure the costs to complete the development.

The capitalised costs of internally developed software include all costs directly attributable to developing the software and capitalised borrowing costs, and are amortised over its useful life.

Internally developed software is stated at capitalised cost less accumulated amortisation and any accumulated impairment losses.

iii. Other intangible assets

Other intangible assets, including customer relationships, patents and trademarks, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses.

iv. 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.

v. Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values under the straight-line method over their estimated useful lives and is generally recognised in profit or loss.

Software is 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 lives for current and comparative periods are as follows:

— internally generated software 2-10 years

— customer relationships 7 years

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 (other than investment properties and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

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. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

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. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Leases

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

Group acting as a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates consideration in the contract to each lease component on the basis of its relative standalone price.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove any improvements made to branches or office premises.

The right-of-use asset is subsequently depreciated under the straight-line method from the commencement date to the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by analysing its borrowings from various external sources and makes certain adjustments to reflect the terms of the lease and type of asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

— fixed payments, including in-substance fixed payments;
— variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
— amounts expected to be payable under a residual value guarantee; and
— the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost under the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets in 'property and equipment' and lease liabilities in 'borrowings' in the statement of financial position.

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including leases of IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Employee benefits

i. Short-term employee benefits

Short-term employee benefits include salary and social security contributions, benefits related to the temporary suspension of employment (holiday pay or other similar benefits) if the temporary suspension 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 as a result of a past event, it is probable that the entity 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.

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Share capital

The share capital in the amount of 21 000 042 euros (31.12.2023: 21 000 042 euros) is divided into 3 333 340 ordinary shares (31.12.2023: 3 333 340 ordinary shares) with a nominal value of 6,30 euros (31.12.2023: 6,30 euros) per share.

Capital reserve

The Estonian Commercial Code requires companies to set up a capital reserve. Each year at least one twentieth of profit for the year has to be transferred to the capital reserve until the reserve amounts to one tenth of share capital. The capital reserve may be used to cover losses and to increase share capital but not to make distributions to shareholders.

Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

i. Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

ii. Corporate income tax in Estonia

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 and non-business expenditures.

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.

iii. Corporate income tax in other countries

In accordance with the income tax laws of other jurisdictions, the net profit of subsidiaries and the profit of permanent establishments, adjusted for temporary and permanent differences as determined by local tax legislation, are subject to current income tax in the countries where the Group's subsidiaries and permanent establishments operate.

Generally Income tax is payable on dividends declared, as well as on fringe benefits, gifts, donations, entertainment expenses and non-business expenditures.

Current tax liabilities are reported under current liabilities in the statement of financial position. Deferred tax assets and liabilities are reported under non-current assets and non-current liabilities, respectively.

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

Corporate income tax rate	2024	2023
Spain	25%	25%
Poland	19%	19%
Finland	20%	20%
UK	19%	19%
Czech	19%	19%
Sweden	22%	22%
Denmark	22%	22%

iv. Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

In accordance with the laws of the Republic of Estonia, the Group's profit for the financial year is not taxed in Estonia. The obligation to pay corporate income tax arises upon distribution of profits and is recognised in profit or loss for the period as an expense when dividends are announced.

The Group's deferred income tax liability arises from the Group's investments in Estonian subsidiaries and branches, unless the Group is able to control the timing of reversal of taxable temporary differences and it is probable that they will reverse in the foreseeable future. Examples of the reversal of taxable temporary differences are the payment of dividends, the sale or liquidation of an investment and other transactions.

Since the Group controls the dividend policy of the subsidiary or branch, it is also able to control the timing of the reversal of temporary differences related to the investment in question. Therefore, if the parent company has decided not to distribute such profits in the foreseeable future, it will not recognise the deferred tax liability. If the parent has decided that dividends will be paid in the foreseeable future, the deferred tax liability shall be recognised to the extent of these distributions in accordance with IAS 12.40.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflects uncertainty related to income taxes, if there is any.

The maximum income tax liability that would result from the disbursement of free equity in the form of dividends is set out in Note 25 to the annual report.

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:

- is a member of the group's management;
- has control or significant influence over the group (for example, through an interest in shares). An entity is a related party if one or more of the following conditions apply:
    - the entity and the group are under common control;
    - one entity is an entity controlled by a third party, and the other entity is under significant influence of that third party;
    - the entity has control or significant influence over the group;
    - the entity is under the control or significant influence of the group;
    - entities over which a member of the group's management (or their close relative) has significant control or significant influence;
    - entities controlled by persons (or their close relatives) who have control or significant influence over the group.

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 7. 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 is the risk that a counterparty will not meet its contractual obligations under a financial instrument, and that Creditstar Group will incur a financial loss as a result. Creditstar's credit risk arises primarily from loans and advances to customers across its operations in Estonia, Finland, Sweden, Poland, the United Kingdom, Spain, the Czech Republic, and Denmark.

Creditstar's credit risk management framework is designed to ensure responsible lending and to comply with applicable legal acts and guidelines in each country of operation, including the EU Consumer Credit Directive and other relevant local regulations. Creditstar's internal credit risk policies emphasize responsible lending practices and aim to balance risk mitigation with profitability. Credit risk management also considers concentration risk and country credit risk as integral parts of its approach.

Creditstar manages and controls credit risk through following measures:

— maintaining well-diversified portfolio with relatively small individual loan exposures;

— conducting regular stress tests and scenario analyses;

— taking controlled risks and continuously monitoring risk profile; and

— issuing loans with optimal risk and return ratio.

Through these measures, Creditstar aims to manage and mitigate credit risk exposures and to ensure that the overall portfolio quality is maintained within the Group's risk appetite.

i. Credit quality analysis

The following tables set out information about the credit quality of financial assets measured at amortised cost without taking into account 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 6 "Financial assets and financial liabilities" subsection "Impairment".

	31.12.2024			
In thousands of euros	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Loans and advances to customers at amortised cost				
Gross carrying amount	338 290	11 108	64 618	414 016
Loss allowance	-13 070	-3 599	-46 125	-62 794
Carrying amount	**325 220**	**7 509**	**18 493**	**351 222**

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		31.12.2023		
In thousands of euros	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Loans and advances to customers at amortised cost				
Gross carrying amount	268 558	11 659	54 956	335 173
Loss allowance	-10 646	-3 571	-39 116	-53 333
Carrying amount	**257 912**	**8 088**	**15 840**	**281 840**

The following table sets out information about the overdue status of loans to customers in Stages 1, 2 and 3.

Loans and advances to customers at amortised cost – gross carrying amount

		31.12.2024		
In thousands of euros	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Portfolio not past due	321 708	0	0	321 708
Up to 30 days	16 582	0	0	16 582
31-60 days	0	6 338	0	6 338
61-90 days	0	4 770	0	4 770
Over 90 days	0	0	64 618	64 618
Total portfolio	**338 290**	**11 108**	**64 618**	**414 016**

		31.12.2023		
In thousands of euros	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Portfolio not past due	251 361	0	0	251 361
Up to 30 days	17 197	0	0	17 197
31-60 days	0	6 170	0	6 170
61-90 days	0	5 489	0	5 489
Over 90 days	0	0	54 956	54 956
Total portfolio	**268 558**	**11 659**	**54 956**	**335 173**

Cash and cash equivalents

Group's cash and cash equivalents balance at 31.12.2024 was 6,650 thousand euro (2023: 809 thousand euro)

For the purposes of the cash flow statement, cash equivalents are short-term (with a maturity up to 3 months from the date of acquisition) highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in market value, incl. cash in hand, current accounts at the bank, term deposits with a maturity of three months or less and money market fund units.

The table below presents the distribution of the Group's cash and cash equivalents by the credit rating of the respective counterparty, classified into three categories (based on Standard & Poor's and Moody's rating agencies):

— Rating 1: Institutions rated A or above (A3/A- and better),

— Rating 2: Institutions rated in the BBB range (Baa3/BBB- to Baa1/BBB+),

— No rating: Institutions for which no public credit rating from S&P or Moody's was available at the reporting date.

(in thousands of euros)	31.12.2024	31.12.2023
Rating 1	92	79
Rating 2	4 867	395
No rating	1 690	335
Total	**6 650**	**809**

The majority of the Group's cash is held with counterparties that have an investment grade rating. The Group actively monitors its exposure to individual institutions and aims to minimize credit risk by maintaining balances primarily with reputable financial institutions.

ii. Amounts arising from ECL

Inputs, assumptions and techniques used for estimating impairment

See accounting policy in Note 6 "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, including relevant macroeconomic factors.

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, Creditstar does significant increase assessment on a collective basis.

For the purpose of assessing significant increases in credit risk on a collective basis, financial instruments are grouped on the basis of 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 is more than 90 days past due on any material credit obligation to the Group.

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 both the assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and the measurement of ECL. 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
— 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 Creditstar Group's credit risk, with scenario adjustments. Adjustments are made based on an established methodology supported by external forecasts, which are reviewed regularly.

The Group incorporates forward-looking information through scenario-weighted adjustments using country-specific macroeconomic forecasts (e.g. GDP growth, inflation, and unemployment). Scenario weights applied include: positive (20%), conservative (60%), and negative (20%). These scenarios are applied across all group geographies and reflect the impact of short-term economic indicators relevant to each country's portfolio. GDP growth, unemployment, and inflation forecasts sourced from governmental bodies and monetary authorities (e.g. the IMF and national central banks). The company applied the following principles for scenarios:

— Conservative Scenario – The actual value of the macroeconomic indicator as of 31 December 2024. If this value was more favorable than the average forecast for the next three years, it was instead used in the Positive Scenario;
— Positive Scenario – The average forecasted value of the macroeconomic indicator for the next three years (2025–2027). If the value of the indicator was worse than in the Conservative Scenario, it was instead used in the Conservative Scenario.;
— Negative Scenario – The worst value of the macroeconomic indicator observed over the past 15 years (2009–2023).

The table below illustrates which macroeconomic indicators had the most significant impact on the portfolio and shows the scenario values at the country level:

Country	Economic indicator	Positive scenario	Conservative scenario	Negative scenario
Finland	GDP growth	1,83%	-0,20%	-8,10%
Spain	GDP growth	2,90%	1,83%	-10,90%
Czech	GDP growth	2,23%	1,10%	-5,30%
United Kingdom	GDP growth	1,50%	1,10%	-10,30%
Poland	Inflation rate	3,60%	3,90%	14,40%
Estonia	Unemployment rate	6,83%	7,60%	10,86%
Denmark	Unemployment rate	2,90%	3,00%	5,80%
Sweden	Unemployment rate	8,00%	8,50%	8,70%

**The source of the data presented in the table is the International Monetary Fund, except for Estonia, where data from the Bank of Estonia is used.*

Creditstar Group applies the resulting adjustments from these scenarios to Probability of Default (PD) 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 net related to a current or potential credit deterioration of the customer. An existing loan whose terms have been modified may be derecognised and the renegotiated loan recognised 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 results in derecognition, a new loan is recognised and allocated to Stage 1 (assuming it is not credit-impaired at that time).

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 within the 12-month PD ranges for the asset to be considered Stage 1.

Measurement of ECL

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

— probability of default (PD);

— loss given default (LGD);

— exposure at default (EAD);

— discount factor (D).

ECL for exposures in Stage 1 are calculated by multiplying the 12-month PD by LGD, EAD and D. Lifetime ECL (exposures in Stage 2 and 3) are calculated by multiplying the lifetime PD by LGD, EAD and D.

PD is an estimate of the likelihood of default over a given time horizon. The PD is grouped by geographies, days past due and by length of exposure. PD calculation for Stage 1 is divided into two: for loans in 0 DPD PD is calculated based on a contract-level back-testing approach, measuring the share of accounts that transitioned to default over a 12-month horizon. PD for loans in 1-30 DPD and in Stage 2 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. For Stage 3 PD of 100% is assigned as per IFRS 9 default classification. PD estimates are recalibrated for different economic scenarios except Stage 3 PD.

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 are calculated on a discounted cash flow basis using the effective interest rate as the discounting factor.

EAD represents the expected exposure in the event of a default. The 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.

D is a discount factor that reflects the present value of expected future losses and EIR is used as a discount factor.

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:

— date of initial recognition;

— remaining term to maturity;

— geographic location of the borrower.

Loss allowance

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

	2024			
In thousands of euros	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Loans and advances to customers at amortised cost				
Balance at 1 January	10 646	3 571	39 116	53 333
Net remeasurement of loss allowance	-4 418	884	13 380	9 846
New financial assets originated or purchased	9 644	2 423	5 185	17 252
Financial assets that have been derecognized	-2 608	-1 620	-12 259	-16 487
Write-offs	-163	-4	-983	-1 150
Balance at 31 December	**13 101**	**5 254**	**44 439**	**62 794**

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	2023			
In thousands of euros	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Loans and advances to customers at amortised cost				
Balance at 1 January	9 080	3 021	34 453	46 554
Net remeasurement of loss allowance	-3 025	-798	10 247	6 424
New financial assets originated or purchased	5 910	2 131	4 610	12 651
Financial assets that have been derecognized	-1 321	-782	-10 193	-12 296
Balance at 31 December	10 644	3 572	39 117	53 333

iii. Concentrations of credit risk

The Group monitors concentrations of credit risk by geographic location. An analysis of concentrations of credit risk from loans and advances is shown below.

	2024	2023
In thousands of euros	**Loans and advances to customers**	
Concentration by location		
Estonia	173 454	144 043
Finland	48 365	32 900
Sweden	3 361	2 566
Poland	42 554	35 184
United Kingdom	352	1 118
Czech Republic	2 166	2 140
Spain	78 798	63 358
Denmark	2 172	531
Balance at 31 December	**351 222**	**281 840**

Liquidity risk

Liquidity risk is the risk that the Creditstar Group will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises from mismatches in the timing and amounts of cash flows, which is inherent to the Creditstar Group's operations and investments.

The Group's liquidity risk is influenced by several key factors:

— ensuring a sustainable liquidity reserve to meet short-term customer funding needs;

— maintaining access to capital markets; and

— managing the terms and quality of financial assets and liabilities.

Liquidity risk is managed by maintaining an appropriate structure of assets and liabilities and by planning for both short-term and long-term liquidity needs. The Group's Management Board oversees liquidity risk management.

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.

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As at 31.12.2024 In thousands of euros	Total	Contractual cash flows up to 6 months	7-12 months	2-5 years	Carrying amount
Financial liability by type					
Loans and borrowings (Note 16)	331 182	100 805	193 931	36 446	291 605
Trade payables (Note 18)	4 861	4 861	0	0	4 861
Total	**336 043**	**105 666**	**193 931**	**36 446**	**296 466**
Cash and cash equivalents	6 650	6 650	0	0	6 650
Loans and advances to customers (Note 10)	506 343	55 218	81 356	369 769	351 222
Other assets (Note 12,13)	3 739	2 459	1 280	0	3 739
Total	**516 732**	**64 327**	**82 636**	**369 769**	**361 611**

As at 31.12.2023 In thousands of euros	Total	Contractual cash flows up to 6 months	7-12 months	2-5 years	Carrying amount
Financial liability by type					
Loans and borrowings (Note 16)	269 885	58 577	108 203	103 106	224 791
Trade payables (Note 18)	6 483	6 333	150	0	6 483
Total	**276 368**	**64 910**	**108 353**	**103 106**	**231 274**
Cash and cash equivalents	809	809	0	0	809
Loans and advances to customers (Note 10)	504 442	88 809	79 015	336 618	281 840
Other assets (Note 12,13)	6 557	5 277	1 280	0	6 557
Total	**511 808**	**94 895**	**80 295**	**336 618**	**289 206**

The amounts in the table 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

ii. Liquidity reserves

As part of the management of liquidity risk arising from financial liabilities, the Group holds liquid assets comprising of cash and cash equivalents.

The Group ensures that it maintains sufficient liquidity to meet upcoming obligations and operational costs. Liquidity is managed through regular monitoring of cash balances and projected cash flows.

Through these measures, Creditstar Group aims to maintain a robust liquidity position and ensure its ability to meet financial obligations as they fall due.

Market risks

Market risk is the risk that changes in market prices—such as interest rates and foreign exchange rates—will affect the Group's income or the value of its financial instruments. Creditstar Group's primary market risks are interest rate risk, currency risk, and regulatory risk. The Group's core business activities do not expose it to commodity or equity price risk.

The Group manages market risk through regular monitoring and by implementing policies and internal limits that align with the Group's overall risk appetite.

i. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Creditstar Group's financial assets and liabilities are based on fixed interest rates. As a result, the Group is not exposed to interest rate risk.

ii. Foreign exchange risk

Currency risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in foreign exchange rates. While the Group's financing is predominantly in euros (EUR), the Group does have exposure to currency risk due to:

— a portion of its loan portfolio being denominated in currencies other than EUR (such as CZK, DKK, PLN, SEK), and

— a portion of its funding is also being raised in USD.

As of 2024, Creditstar Group has deemed it not necessary to enter into derivative financial instruments, such as currency forwards or swaps, to hedge foreign exchange risk. The Group continues to monitor its exposure to currency risk and adjusts its operational strategies as needed to mitigate potential impacts on profit and equity.

Currency exposure

The carrying amounts of the Group's monetary financial assets and liabilities exposed to foreign exchange risk at the reporting date were as follows:

Exposure to currency risk as 31.12.2024								
in thousands of EUR	**EUR**	**CZK**	**DKK**	**GBP**	**PLN**	**SEK**	**USD**	**TOTAL**
Loans and advances to customers	306 881	2 051	2 689	411	37 803	1 390	0	**351 226**
Trade and other receivables	2 826	14	61	36	568	72	157	**3 734**
Loans and borrowings	-289 335	0	-5	-116	-9 443	0	-1 925	**-291 605**
Trade and other payables	-3 865	-35	-47	-144	-512	-252	0	**-4 861**
Net statement of financial exposure	**16 504**	**2 030**	**2 698**	**-38**	**37 859**	**1 210**	**-1 768**	**58 495**

Exposure to currency risk as 31.12.2023								
in thousands of EUR	**EUR**	**CZK**	**DKK**	**GBP**	**PLN**	**SEK**	**USD**	**TOTAL**
Loans and advances to customers	247 453	2 018	502	793	30 676	396	0	**281 838**
Trade and other receivables	6 289	6	7	39	207	9	0	**6 560**
Loans and borrowings	-224 461	0	-5	-324	0	0	0	**-149 116**
Trade and other payables	-6 003	-33	-19	-43	-108	-273	0	**-6 479**
Net statement of financial exposure	**40 484**	**1 991**	**485**	**465**	**30 775**	**132**	**0**	**57 126**

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Sensitivity Analysis

A 10% strengthening or weakening of the EUR against each of the foreign currencies at the reporting date would have increased/decreased profit or equity as follows. This analysis assumes that all other variables, including interest rates, remain constant.

	Profit or loss (2024)		Profit or loss (2023)	
in thousands of EUR	**Strengthening**	**Weakening**	**Strengthening**	**Weakening**
EUR (10% movement)	1 650	-1 650	2 328	-2 328
CZK (10% movement)	203	-203	199	-199
DKK (10% movement)	270	-270	49	-49
GBP (10% movement)	-4	4	47	-47
PLN (10% movement)	3 786	-3 786	3 078	-3 078
SEK (10% movement)	121	-121	13	-13
USD (10% movement)	-177	177	0	0

In 2025 the Group plans to raise funds other than EUR, therefore, where appropriate, the Group may also consider natural hedging strategies by structuring funding and expense flows in the same currency as the relevant assets or liabilities.

iii. Regulatory risk

The risk that changes in laws, regulations, or supervisory expectations in the jurisdictions in which the Group operates could affect the Group's consumer finance activities, including lending practices and product structures. Such changes could result in modifications to business models, increased compliance costs, or limitations on certain products or services. Creditstar Group actively monitors regulatory developments in each of its markets and engages with relevant stakeholders to anticipate and respond to changes in the regulatory environment.

Operational risk

Operational risk is the risk of direct or indirect loss arising from inadequate or failed internal processes, people, systems, or from external events. This includes legal risk, compliance risk, information technology risk, activity risk, personnel risk, system security risk, and other risks that may impair the normal business activities of Creditstar Group or cause damage in other ways.

Information technology risk

Information technology risk arises from technical failures, disruptions in local or global networks, or unauthorized access to the Group's systems. To manage this risk, the Group maintains robust internal controls and ensures that supporting and backup systems are regularly updated and periodically tested. Access to hardware, software, and confidential information is strictly limited to authorized personnel.

Activity risk

Activity risk arises from shortcomings in internal procedures, which could lead to errors in calculations, reporting, or operational processes that misrepresent the financial position or performance of the Group. To mitigate this risk, the Group implements detailed internal procedures covering all operational activities. Key functions such as transaction initiation, approval, fulfillment, monitoring, accounting, and registration are segregated among different employees or departments to ensure independent checks and reduce the risk of both deliberate and unintentional errors.

Personnel risk

Personnel risk relates to the loyalty, competence, and suitability of employees to perform their duties effectively. The Group mitigates this risk by hiring only individuals with appropriate education and experience, maintaining training programs, and conducting regular qualification assessments, including an attestation system. The Management Board regularly reviews personnel policies and procedures to ensure their adequacy and alignment with the Group's operational needs.

Legal risk

Legal risk arises from invalid transactions, inadequate legal assessments, or non-compliance with applicable regulations. The Group's legal department is actively involved in reviewing legally significant processes, developing customer contracts, and overseeing business relationships to ensure compliance with applicable laws. Standard contracts are used for regular services, while non-standard contracts are reviewed and approved by the legal department.

System security risk

System security risk includes the risk of unauthorized access to the Group's assets, documentation, and electronic communications systems. The Group implements robust security systems, internal procedures, and access controls to safeguard its systems and data.

Prevention of money laundering and terrorism financing

The Group has implemented comprehensive procedures and staff training programs to prevent money laundering and terrorism financing. Compliance with these procedures is considered critical to maintaining the integrity of the Group's operations.

Reporting and governance

The Group has an internal reporting system for operational risks, loss events, and incidents. The risk management function provides the Management Board with at least monthly reviews of operational risk exposures, ensuring that any significant issues are escalated promptly and addressed effectively.

Capital management

The Group's objective in managing capital is to maintain a strong capital base to sustain the trust of shareholders, creditors, and the market, and to support the continued growth of the business. The Group's capital management strategy seeks to balance high profitability with the financial security and flexibility provided by strong capitalization.

The Group operates in multiple jurisdictions, each with its own regulatory capital requirements applicable to financial service providers. The Group actively monitors compliance with these requirements at both the consolidated and local levels to ensure that all entities meet or exceed their respective regulatory obligations.

In addition to regulatory requirements, the Group monitors its capital structure using the net debt-to-equity ratio. Net debt is calculated as total liabilities less cash and cash equivalents. Equity includes all components of equity. The Group's policy is to maintain the net debt-to-equity ratio below 5.

The Group's net debt-to-equity ratio as at 31 December 2024 and 31 December 2023 was as follows:

(in thousands of euros)	31.12.2024	31.12.2023
Total liabilities	296 466	231 274
Minus: cash and cash equivalents	6 650	809
Net debt	**289 816**	**230 465**
Total equity	70 536	64 029
Net debt to equity ratio	**4,11**	**3,6**

NOTE 8. FAIR VALUES 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 exist 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 a 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 of the 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, trade and other receivables, other assets, prepayments, cash and cash equivalents, borrowings, trade payables, payables to employees, provisions and other liabilities.

All of the Group's financial assets and liabilities are initially recognized at fair value and subsequently measured at amortized cost. As at the reporting date, the carrying amounts of financial instruments—including loans and advances to customers, trade and other receivables, cash and cash equivalents, borrowings, and other financial liabilities—approximate their fair value. Therefore, no separate disclosure of fair values has been provided.

Conclusion of fair value assessment

Based on the Group's internal assessment, the fair values of financial instruments as at 31 December 2024 were determined to be equal to or greater than their respective carrying amounts. Therefore, the Group has not presented a separate fair value table.

NOTE 9. NET INTEREST INCOME

(in thousands of euros)	2024	2023
Interest income		
Loans and advances to customers	74 031	63 139
Total interest income	**74 031**	**63 139**
Interest expense		
Financial liabilities measured at amortised cost	-37 239	-31 525
Total interest expense	**37 239**	**-35 525**
Net interest income	**36 792**	**31 614**

NOTE 10. LOANS AND ADVANCES TO CUSTOMERS

(in thousands of euros)	31.12.2024	31.12.2023
Loans and advances to customers at amortised cost	414 016	335 173
Less impairment loss allowance	-62 794	-53 333
Total	**351 222**	**281 840**

Loans and advances to customers at amortised cost

	31.12.2024			31.12.2023		
(in thousands of euros)	**Gross carrying amount**	**ECL allowance**	**Carrying amount**	**Gross carrying amount**	**ECL allowance**	**Carrying amount**
Personal loans	414 016	-62 794	351 222	335 173	-53 333	281 840
Total	**414 016**	**-62 794**	**351 222**	**335 173**	**-53 333**	**281 840**

Credit risk, market risk and impairment of financial assets

Information on the Group's credit and market risks and impairment losses are set out in Note 7. Financial assets that were written off during the reporting period and are no longer subject to enforcement activity

NOTE 11. CASH AND CASH EQUIVALENTS

(in thousands of euros)	31.12.2024	31.12.2023
Payment institution balances	5 290	699
Bank balances	1 360	110
Total	**6 650**	**809**

NOTE 12. TRADE AND OTHER RECEIVABLES

(in thousands of euros)	Note	31.12.2024	31.12.2023
Trade receivables due from related parties	24	1 337	1 467
Short - term claims		310	144
Other receivables		0	3 000
Total		**1 647**	**4 611**
Short-term part		1 647	4 611
Long-term part		0	0
Total		**1 647**	**4 611**

NOTE 13. PREPAYMENTS

(in thousands of euros)	Note	31.12.2024	31.12.2023
Prepayments to suppliers		8	7
Prepayments for deposits		765	1 062
Prepaid expenses		335	253
Tax prepayments		979	627
Total		**2 087**	**1 949**

NOTE 14. PROPERTY AND EQUIPMENT

(in thousands of euros)	IT equipment	Right-of-use lease agreements	Office appliances and furniture	Other tangible fixed assets	Total
Cost at 31.12.2022	256	0	89	0	**345**
Accumulated depreciation at 31.12.2022	-163	0	-26	0	**-189**
Carrying amounts at 31.12.2022	**93**	**0**	**63**	**0**	**156**
Additions	14	1 191	238	175	**1 648**
Depreciation for the year	-64	-164	-29	-23	**-280**
Cost at 31.12.2023	270	1 191	327	175	**1 963**
Accumulated depreciation at 31.12.2023	-227	-164	-55	-23	**-469**
Carrying amounts at 31.12.2023	**43**	**1 027**	**272**	**152**	**1 494**
Additions	77	20	26	7	**130**
Depreciation for the year	-39	-249	-41	-36	**-365**
Cost at 31.12.2024	347	1 211	353	182	**2 093**
Accumulated depreciation at 31.12.2024	266	-413	-96	-59	**-835**
Carrying amounts at 31.12.2024	**81**	**798**	**257**	**123**	**1 258**

NOTE 15. INTANGIBLE ASSETS AND GOODWILL

(in thousands of euros)	Prepayment	Software development	Customer lists	Technology projects	Goodwill	Total
Cost at 31.12.2022	0	52	4 213	7 077	363	**12 403**
Accumulated amortisation at 31.12.2022	0	0	-2 730	-3 294	0	**-6 722**
Carrying amounts at 31.12.2022	**0**	**52**	**1 483**	**3 783**	**363**	**5 680**
Additions	-20	162	0	468	0	**650**
Amortisation for the year	0	0	-127	-988	0	**-1 115**
Impairments	0	0	0	0	-106	**-106**
Disposals	0	0	-507	0	0	**-507**
Cost at 31.12.2023	20	214	3 706	7 545	256	**11 741**
Accumulated amortisation at 31.12.2023	0	0	-2 857	-4 281	0	**-7 139**
Carrying amounts at 31.12.2023	**20**	**214**	**848**	**3 264**	**256**	**4 602**
Additions	10	649	0	290	0	**950**
Amortisation for the year	0	0	-296	-971	0	**-1 267**
Impairments	0	0	0	0	-106	**-106**
Disposals	0	0	-46	0	0	**-46**
Cost at 31.12.2024	30	863	3 659	7 836	150	**12 538**
Accumulated amortisation at 31.12.2024	0	0	-3 153	-5 252	0	**-8 405**
Carrying amounts at 31.12.2024	**30**	**863**	**506**	**2 583**	**150**	**4 133**

Amortisation and impairments of intangible assets is accounted for in the statement of profit or loss and comprehensive income under depreciation and amortization line.

NOTE 16. LOANS AND BORROWINGS

The terms and conditions of outstanding loans are as follows:

			Maturity period		
(in thousands of euros)	**Currency**	**Carrying amount as at 31.12.2024**	**Up to 1 year**	**2-5 years**	**Over 5 years**
Short-term liabilities					
Loans - related parties (Note 24)	Euro	900	900	0	0
Loans	Euro	53 894	53 894	0	0
P2P	Euro	120 322	120 322		
Bonds	Euro	87 657	87 657	0	0
Lease (Note 17)	Euro	318	318	0	0
Credit facility	Euro	1 065	1 065	0	0
Other short-term liabilities	Euro	169	169	0	0
Total		**264 325**	**264 325**	**0**	**0**
Long-term liabilities					
P2P	Euro	24 787	0	24 787	0
Credit facility	US Dollar	1 925	0	1 925	0
Lease (Note 17)	Euro	568	0	568	0
Total		**27 280**	**0**	**27 280**	**0**

(in thousands of euros)	Currency	Carrying amount as at 31.12.2023	Maturity period Up to 1 year	2-5 years	Over 5 years
Short-term liabilities					
Loans - related parties (Note 24)	Euro	770	770	0	0
Loans	Euro	39 095	39 095	0	0
P2P	Euro	71 519	71 519	0	0
Bonds	Euro	30 664	30 664	0	0
Lease (Note 17)	Euro	301	301	0	0
Credit facility	Euro	3 816	3 816	0	0
Other short-term liabilities	Euro	2 951	2 951	0	0
Total		**149 117**	**149 117**	**0**	**0**
Long-term liabilities					
Loans P2P		28 414	0	28 414	0
Bonds	Euro	46 489	0	46 489	0
Lease (Note 17)	Euro	770	0	770	0
Total		**75 674**	**0**	**75 674**	**0**

As of 31 December 2024, the Group's total loans and borrowings amounted to €291.6 million, of which €228.5 million are classified as short-term and €63.1 million as long-term liabilities. The classification reflects the contractual maturity structure; however, in practice, a substantial portion of the short-term debt is automatically renewed on a rolling basis.

The €53.9 million of loans presented as short-term liabilities are structured to be automatically extended upon maturity, subject to standard platform operations and investor demand. These arrangements do not imply a requirement to settle the entire amount in cash within the next 12 months, and the Group has historically maintained continuous refinancing through these mechanisms.

The Group finances part of its lending operations via peer-to-peer (P2P) investor platforms, including partnerships with three distinct marketplace providers. These liabilities are generally short-term in legal form, but are renewed dynamically in line with the portfolio's financing needs. The average annual interest rate on these P2P instruments ranged between **9.52% and 15.6%** during the reporting period.

Loans from non-platform creditors carry average interest rates of **10% to 21.5%**, while bond instruments have average coupon rates between **12% and 14.5%**, depending on issue terms. The Group's revolving credit facility bears a fixed rate of **17%** annually. Other short-term liabilities, which include operational credit lines and similar instruments, carry effective rates in the range of **18% to 19%**.

Following the end of the reporting period, the Group successfully refinanced a portion of bonds that matured in early 2025, maintaining its funding base and continuity of operations. Certain bondholders agreed to extend the term under renegotiated conditions.

Where applicable, loans and borrowings are secured by guarantees, including commercial pledges over the Group's loan portfolio and cash balances.

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

- The Assets to Equity Ratio shall not exceed 5-to-1 at the end of each Reporting Period
- Net Debt to Equity Ratio shall not exceed 5-to-1 at the end of each Reporting Period
- Cost to Income Ratio shall not exceed 80%

The Group is updating its The Assets to Equity Ratio covenant to better reflect its strong liquidity position and strategic priorities. The current Assets to Equity Ratio covenant (max 5:1) is being replaced with a Net Debt to Equity Ratio (max 5:1), already adopted in a major financing agreement signed in 2025. This change offers a more accurate view of the Group's capital structure.

Total short-term liabilities of the Group amount to 269 186 thousand Euro (2023: 155 600 thousand

Euro) and total short-term assets of the Group amount to 105 123 thousand Euros (2023: 101 132 thousand Euro). Short-term borrowing includes private loan agreements with creditors, bonds, peer-to-peer marketplace financing and credit lines from a financial institution. The borrowings are recorded as short term due to contractual dates, in practice majority of these business and investor relationships are long-term in nature, have lasted for a long period of time and the contractual due dates are extended on an ongoing basis. The management does not foresee any changes in these business and investor relationships in the foreseeable future and expects the liabilities to be extended beyond 2025.

Based on the above, management does not expect any issues in the foreseeable future in meeting its liabilities presented as short-term in the balance sheet as at 31 December 2024.

NOTE 17. LEASE AGREEMENTS

The Group as a Lessee

As a lessee, the Group rents various assets, such as office spaces and transport vehicles. The Group also rents assets classified as low-value items (assets with a new value of less than 5,000 EUR). The Group has decided not to recognize right-of-use assets and lease liabilities for such low-value leases or for short-term leases (less than 12 months). Additionally, the Group does not recognize right-of-use assets and lease liabilities for leases with a duration of less than 12 months.

Below is detailed information regarding the lease agreements under which the Group acts as a lessee.

Right-of-use assets

(in thousands of euros)	Office Spaces	Transport Vehicles	Total
Balance as of 01.01.2023	0	0	0
Additions of right-of-use assets	1 191	0	1 191
Depreciation for the year	-164	0	-164
Balance as of 31.12.2023	**1 027**	**0**	**1 027**
Balance as of 01.01.2024	1 027	0	1 027
Additions of right-of-use assets	0	20	20
Depreciation for the year	-246	-3	-249
Balance as of 31.12.2024	**781**	**17**	**798**

Amounts recognized in the statement of profit or loss

(in thousands of euros)	Note	2024	2023
Interest on lease liabilities		-99	-76
Expenses related to short-term leases		-8	-173
Expenses related to low-value leases		-4	-5
Depreciation for the year		-249	-164
Total		**-360**	**-418**

Right-of-use assets are recognized as property and equipment. The rental agreements for office and commercial spaces can be terminated with a three-month notice period. The Group has assessed the given office and commercial spaces as likely to be used until 28.02.2028.

For the year ended 31 December 2024, the discount rates applied in the measurement of right-of-use assets and lease liabilities ranged from 5% to 10%, depending on the nature of the lease, lease term, and the location of the leased asset. For the comparative year ended 31 December 2023, the discount rates applied ranged from 10% to 13%. Additionally, for certain lease contracts, the lease payments are indexed to the Consumer Price Index (CPI), with annual adjustments to reflect changes in the CPI. The effect of these adjustments is taken into account in the measurement of right-of-use assets, where applicable.

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NOTE 18. TRADE PAYABLES AND OTHER PAYABLES

(in thousands of euros)	Note	31.12.2024	31.12.2023
Trade payables		1 341	1 690
Payables to related parties	24	319	1 474
Total trade payables		**1 660**	**3 164**
Payables to employees		769	692
Tax liabilities	19	919	372
Interest payables		1 200	1 972
Other short-term payables		314	283
Total other payables		**3 201**	**3 318**
Total trade payables and other payables		**4 861**	**6 483**
Short-term		4 861	6 483
Long-term		0	0
Total		**4 861**	**6 483**

NOTE 19. TAX LIABILITIES

(in thousands of euros)	31.12.2024	31.12.2023
Corporate income tax	498	36
Value added tax	120	149
Personal income tax	152	83
Fringe benefit income tax	3	3
Social tax	130	91
Pension contribution	5	3
Unemployment insurance contribution	8	6
Other tax liabilities	3	1
Total Tax liabilities	**919**	**372**

NOTE 20. SHARE CAPITAL AND RESERVES

Share capital

Share capital in amount of 21 000 042 Euro (31.12.2023: 21 000 042 Euro) is divided into 3 333 340 ordinary shares (31.12.2023: 3 333 340 ordinary shares) with a nominal value of 6,30 Euro (31.12.2023: 6,30 Euro) per share.

Unrealized exchange rate differences

The reserve for unrealized exchange rate differences consolidates all foreign currency exchange rate differences arising from the translation of the financial statements of foreign subsidiaries from their functional currencies into the presentation currency of the parent company. At the end of the year, the unrealized exchange rate differences amounted to 888 Euro (as of 31.12.2023: 2 396 Euro).

The change in the reserve arises from changes in the functional currencies of the subsidiaries in Sweden, Poland, UK, Czech and Denmark relative to the Euro.

Dividends

The dividends payment amounted to 800 thousand Euro in 2024, income tax paid on top was 200 thousand Euro.

No dividends were distributed during the reporting period 2023.

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Information on the Group's retained earnings and potential income tax liability is provided in Note 25.

Voluntary reserves

Voluntary reserve has been created by conversion owner's loan. Voluntary reserve as of 31.12.2024 was 8 256 thousand Euro (2023: 8 256 thousand Euro).

NOTE 21. OTHER OPERATING EXPENSES

(in thousands of euros)	2024	2023
Customer register and identification costs	-786	-617
Customer loan collection and legal fees	-203	-422
Customer service and communication costs	-113	-108
Marketing and advertising costs	-2 085	-947
Engineering and loan platform costs	-703	-713
Office and transport costs	-289	-419
Consultancy and auditing costs	-2 469	-2 231
IT services	-389	-334
Bond, loan, factoring and P2P platform costs	-4 721	-3 840
Personnel and other labour costs	-290	-186
Bank and payment provider costs	-527	-256
Other expenses	-59	-74
Total	**-12 633**	**-10 147**

NOTE 22. PERSONNEL EXPENSES

(in thousands of euros)	2024	2023
Wages, salaries and bonuses	-3 199	-3 091
Social security contributions and other taxes	-893	-828
Other personnel expenses	-14	-13
Total	**-4 106**	**-3 932**

Average number of employees reduced to full-time equivalents		
Average number of employees by type of employment		
— A person employed under the employment contract	88	84
— A person providing service under the law of obligations, except for a self-employed person	1	1
— A member of a management or controlling body of a legal person	4	4

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NOTE 23. INVESTMENTS IN SUBSIDIARIES

List of subsidiaries

Investments of the parent company in subsidiaries and associates as of the end of the reporting period:

Subsidiary	Core business	Domicile	Ownership interest at 31.12.2024	Ownership interest at 31.12.2023
Creditstar International OÜ	Financing of Group activities	Estonia	100%	100%
Creditstar Estonia AS	Consumer lending	Estonia	100%	100%
Monefit Estonia OÜ	Consumer lending	Estonia	100%	100%
Monefit Card OÜ	Investment platform	Estonia	100%	100%
Creditstar Finland OY	Consumer lending	Finland	100%	100%
Creditstar Sweden AB	Consumer lending	Sweden	100%	100%
Creditstar Poland Sp.z.o.o	Consumer lending	Poland	100%	100%
Creditstar UK	Consumer lending	UK	100%	100%
Mobmo Ltd.	Holding	UK	100%	100%
Creditstar Spain S.L.	Consumer lending	Spain	100%	100%
Creditstar Czech s.r.o.	Consumer lending	Czech Rep.	100%	100%
Creditstar Denmark ApS	Consumer lending	Denmark	100%	100%

The voting rights of the Group are equal to the percentage of participation in the subsidiary

NOTE 24. RELATED PARTIES

Related party balances according to groups

(in thousands of euros)	31.12.2024	31.12.2023
SHORT-TERM		
Receivables and prepayments		
Companies controlled by shareholders with significant influence over the Group	1 337	1 466
Total receivables and prepayments	**1 337**	**1 466**
Payables and prepayments		
Companies controlled by shareholders with significant influence over the Group	900	770
Total payables and prepayments	**900**	**770**

(in thousands of euros)	31.12.2024	Received loans	Received loans repayments	31.12.2023	Interest accrued for period
RECEIVED LOANS					
Companies controlled by shareholders with significant influence over the Group	900	635	-505	770	0
Total received loans	**900**	**635**	**-505**	**770**	**0**
RECEIVED LOANS	**31.12.2023**	**Received loans**	**Received loans repayments**	**31.12.2022**	**Interest accrued for period**
Companies controlled by shareholders with significant influence over the Group	770	1 026	-846	590	0
Total received loans	**770**	**1 026**	**-846**	**590**	**0**

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	2024	2023	
(in thousands of euros)	**Services**	**Services**	**Non-current assets**
SOLD			
Companies controlled by shareholders with significant influence over the Group	168	143	0
Total sold	**57**	**143**	**0**

	2024	2023	
(in thousands of euros)	**Services**	**Services**	**Non-current assets**
BOUGHT			
Companies controlled by shareholders with significant influence over the Group	2 411	1 768	0
Total bought	**2 411**	**1 768**	**0**

Remuneration and other significant benefits calculated for members of management and highest supervisory body

(in thousands of euros)	2024	2023
Remuneration	161	161
Total remuneration	**161**	**161**

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.

NOTE 25. CONTINGENT LIABILITIES

The Group's retained earnings at the end of the reporting period amounted to 38 830 thousand Euro (31.12.2023: 32 851 thousand Euro). The maximum possible amount of income tax liability that may result from the payment of all retained earnings as dividends is 9 708 thousand Euro (31.12.2023: 8 213 thousand Euro), so it would be possible to pay out 29 123 thousand Euro as a net dividend (31.12.2023: 24 638 thousand Euro).

The calculation of the maximum possible income tax liability is based on the assumption 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 26. RECONCILIATION OF TRANSITION TO IFRS AND COMPARATIVE INFORMATION

COMPARISON OF STATEMENT OF FINANCIAL POSITION PRESENTED ACCORDING TO PREVIOUS FINANCIAL REPORTING STANDARDS WITH STATEMENT OF FINANCIAL POSITION IN ACCORDANCE WITH IFRSs

(in thousands of euros)	Previous report as of 31.12.2023	IFRS report as of 31.12.2023	Correction
Loans and advances to customers	276 092	281 838	5 476
Implementation of IFRS 19. Correction in impairment expenses arising from Expected Credit Losses implementation of IFRS 9 resulting from the recognition of forward-looking expected credit losses on loans receivable. Correction includes cancellation of extraordinary reserve created in 2020.			
Property and equipment	467	1 494	1 027
Implementation of IFRS 16.			
Loans and borrowings	225 689	224 791	-898
Implementation of IFRS 16 and re-classification of unsettled interests from Loans and borrowings to Trade and other payables.			
Trade and other payables	4 515	6 483	1 968
Re-classification of unsettled interests from Loans and borrowings to Trade and other payables.			

COMPARISON OF COMPREHENSIVE INCOME PRESENTED ACCORDING TO PREVIOUS FINANCIAL REPORTING STANDARDS WITH COMPREHENSIVE INCOME COMPLIANT WITH IFRSs

(in thousands of euros)	Previous report as of 31.12.2023	IFRS report as of 31.12.2023	Correction
Impairment losses on financial instruments	-8 480	-6 783	1 697
Implementation of IFRS 19. Correction in impairment expenses arising from Expected Credit Losses implementation of IFRS 9 resulting from the recognition of forward-looking expected credit losses on loans receivable. Correction includes cancellation of extraordinary reserve created in 2020.			

COMPARISON OF CASH FLOWS PRESENTED ACCORDING TO PREVIOUS FINANCIAL REPORTING STANDARDS WITH CASH FLOWS COMPLIANT WITH IFRSs

(in thousands of euros)	Previous report as of 31.12.2023	IFRS report as of 31.12.2023	Correction
Adjustments for: Impairment losses on financial instruments	8 480	6 783	-1 697
Implementation of IFRS 19. Correction in impairment expenses arising from Expected Credit Losses implementation of IFRS 9 resulting from the recognition of forward-looking expected credit losses on loans receivable. Correction includes cancellation of extraordinary reserve created in 2020.			

COMPARISON OF CHANGES OF EQUITY PRESENTED ACCORDING TO PREVIOUS FINANCIAL REPORTING STANDARDS WITH CHANGES OF EQUITY COMPLIANT WITH IFRSs

(in thousands of euros)	Previous report as of 31.12.2023	IFRS report as of 31.12.2023	Correction
Retained earnings	27 140	32 851	5 711
Implementation of IFRS 19. Correction in impairment expenses arising from Expected Credit Losses implementation of IFRS 9 resulting from the recognition of forward-looking expected credit losses on loans receivable. Correction includes cancellation of extraordinary reserve created in 2020.			

The date of transition to IFRS is 01.01.2023

The end of the latest period presented in the entity's most recent annual financial statements in accordance with previous GAAP is 31.12.2023

NOTE 27. EVENTS AFTER THE REPORTING DATE

The management has not identified any significant uncertainty-causing events or circumstances that could cast serious doubt on the ability of the companies of the consolidation group to continue their operations.

NOTE 28. FINANCIAL INFORMATION ABOUT THE PARENT COMPANY

The financial information on the Parent comprises the primary financial statements of the Parent, which are required to be disclosed in accordance with the Estonian Accounting Act. The primary financial statements of the Parent have been prepared using the same accounting policies as were applied on preparing the consolidated financial statements, except that investments in subsidiaries are measured at cost.

STATEMENT OF FINANCIAL POSITION

(in thousands of euros)	31.12.2024	31.12.2023
ASSETS		
Current assets		
Cash and cash equivalents	220	1
Loans to subsidiaries	11 554	10 215
Trade and other receivables	68	47
Total current assets	**11 842**	**10 262**
Non-current assets		
Investments in subsidiaries	2 549	2 549
Intangible assets and goodwill	150	256
Total non-current assets	**2 699**	**2 805**
Total assets	**14 541**	**13 068**
LIABILITIES		
Current liabilities		
Trade and other payables	141	52
Total current liabilities	**141**	**52**
Total liabilities	**141**	**52**
EQUITY		
Issued capital	21 000	21 000
Voluntary reserve	8 256	8 256
Retained earnings	-14 856	-16 241
Total equity	**14 400**	**13 015**
Total equity and liabilities	**14 541**	**13 068**

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(in thousands of euros)	**2024**	**2023**
Interest income	1 625	1 415
Net interest income	**1 625**	**1 415**
Other income	800	0
Other operating income	402	84
Other operating expenses	-451	-112
Personnel expenses	-84	-46
Depreciation and amortisation	-106	-106
Profit (loss) before tax	**2 185**	**1 235**
Income tax expense	0	0
Profit (loss) for the period	**2 185**	**1 235**
Foreign currency exhange differences	0	0
Total comprehensive income for the period	**2 185**	**1 235**

STATEMENT OF CASH FLOWS

(in thousands of euros)	**2024**	**2023**
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit (loss) for the period	**2 185**	**1 235**
Adjustments for:		
— Interest income	-1 625	-1 415
— Depreciation and amortisation	106	106
— Other income	-800	0
Total adjustments	**-2 319**	**-1 309**
Changes in:		
— Trade and other receivables	-21	16
— Trade and other payables	88	-23
Total changes	**68**	**-6**
Dividends received	800	0
Dividends paid	-800	0
NET CASH FROM / (USED IN) OPERATING ACTIVITIES	**-66**	**-80**
CASH FLOWS FROM INVESATING ACTIVITIES		
Loans granted	-1 878	-107
Loans repaid	2 163	188
Interest received	0	0
NET CASH FROM / (USED IN) INVESTING ACTIVITIES	**286**	**80**
CASH FLOWS FROM FINANCING ACTIVITIES		
NET CASH FROM / (USED IN) FINANCING ACTIVITIES	**0**	**0**
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	**219**	**0**
Cash and cash equivalents at 1 January	1	1
Effect of exchange rate fluctuations on cash and cash equivalents held	0	0
Cash and cash equivalents at 31 December	**220**	**1**

creditstar group

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04. 07. 2025
Signature / allkiri
KPMG, Tallinn

STATEMENT OF CHANGES IN EQUITY

(in thousands of euros)	Issued capital	Voluntary reserve	Unrealised foreign exchange differences	Retained earnings	Total
Balance at 31.12 2022	**21 000**	**8 256**	**0**	**-17 476**	**11 780**
Profit for the period	0	0	0	1 235	1 235
Balance at 31.12.2023	**21 000**	**8 256**	**0**	**-16 241**	**13 015**
Carrying amount of interests under control and significant influence	0	0	0	-2 549	2 549
Value of interests under control and significant influence under the equity method	0	0	1 921	51 641	53 562
Adjusted unconsolidated equity at 31.12 2023	**21 000**	**8 256**	**1 921**	**32 851**	**64 028**
Balance at 31.12 2023	**21 000**	**8 256**	**0**	**-16 241**	**13 015**
Profit for the period	0	0	0	2 185	2 185
Payment of dividends	0	0	0	-800	-800
Balance at 31.12 2024	**21 000**	**8 256**	**0**	**-14 856**	**14 400**
Carrying amount of interests under control and significant influence	0	0	0	-2 549	-2 549
Value of interests under control and significant influence under the equity method	0	0	2 450	56 235	58 685
Adjusted unconsolidated equity at 31.12.2024	**21 000**	**8 256**	**2 450**	**38 830**	**70 536**

In accordance with the Estonian Accounting Act, adjusted unconsolidated retained earnings represent the amount that is available for distribution to shareholders.

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Signature / allkiri
KPMG, Tallinn

SIGNATURES OF THE MANAGEMENT BOARD TO THE ANNUAL REPORT

The management board has prepared the management report and the financial statements of Creditstar Group AS consolidation group 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

04.07.2025

Aaro Sosaar

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Estonia

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Independent Auditors' Report

To the Shareholders of Creditstar Group AS

Opinion

We have audited the consolidated financial statements of Creditstar Group AS (the Group), which comprise the consolidated statement of financial position as at 31 December 2024, the consolidated statement of profit or 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 presented on pages 23 to 67, 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, 4 July 2025