4finance Holding S.A.

Société anonyme

Consolidated
Annual Report for the year
ended 31 December 2024

Address: 8-10, Avenue de la Gare, L-1610 Luxembourg, Grand Duchy of Luxembourg
RCS Luxembourg: B171.059

Contents

Rounding and Percentages

Some numerical figures included in these financial statements have been subject to rounding adjustments.

Accordingly, numerical figures shown for the same category presented in different tables may vary slightly, and numerical figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

In these financial statements, certain percentage figures have been included for convenience purposes in comparing changes in financial and other data over time. However, certain percentages may not sum to 100% due to rounding.

Information on the Company

Name of the Company	*4finance Holding S.A.*
Legal status	*Public limited liability company*
Number, place and date of registration	*B171.059, Luxembourg, Luxembourg, August 27, 2012*
Legal and postal address	*8-10, Avenue de la Gare, L-1610 Luxembourg, Grand Duchy of Luxembourg*
Board members and their positions	*Kieran Donnelly, Chairman of the Board of Directors, category B director* *James Etherington, category B director* *Fabrice Hablot, category A director* *Daniela Roca, category A director, till 31 March 2024* *Katalin Agune Kato, category A director, from 1 April 2024*
Reporting period	*01.01.2024–31.12.2024*
Information on shareholders	*4finance Group S.A. 100%*
Auditors	*PKF Audit & Conseil Sàrl* *76, Avenue de la Liberte* *L-1930 Luxembourg*

Consolidated Management Report

4finance Holding S.A. (the "Company"), one of Europe's largest digital consumer lending groups, operating in 12 countries globally, presents its annual report including its audited annual accounts for the twelve month period ended 31 December 2024.

The share capital of the Company as at 31 December 2024 was EUR 35 750 thousand (31 December 2023: EUR 35 750 thousand), divided into 3 575 000 000 ordinary shares (31 December 2023: 3 575 000 000 shares) with nominal value of EUR 0.01 each (31 December 2023: EUR 0.01), fully paid via contribution-in-kind.

The Company is rated B2 (negative outlook) by Moody's and B (stable outlook) by Fitch.

Important events in 2024 and future developments

The Company and its subsidiaries (collectively, "the Group") had a strong overall performance in 2024, with good customer demand and repayment dynamics and fundamental asset quality metrics that were stable across the business. TBI Financial Services delivered record growth, both on its loan book and in profitability.

Online loan issuance volume was €565.1 million during the period, broadly stable year-on-year, reflecting a focus on unit economics and profitability rather than volume growth. Demand for credit remained strong across most markets, particularly in the Czech Republic and Spain.

TBI Financial Services loan issuance increased by 29% to €1 168.2 million year-on-year, compared to €907.3 million in 2023, surpassing the one billion euro annual milestone.

The cost to income ratio for the period improved significantly to 41.9% vs 43.4% in the prior year. Cost discipline and operational efficiency remain a focus both in the online business and banking business. Cost base at TBI Financial Services year-on-year increased to support growing revenue and geographical expansion.

Significant acquisitions and disposals

In April 2024, the Group received the second payment of €6 million due for the sale of its Polish business. The remaining amount of €6 million was sold to a third party in Q4 2024, with half paid in cash and half due on 31 December 2026.

In June 2024, the Company took a 15% stake in a newly formed Luxembourg entity Digital Finance Holdings S.A. that intends to focus on emerging market consumer lending, see more in Note (23) and (33).

In August 2024, a new entity in Georgia (Premium Leasing LLC) was established, owned 100% by the Company. Lending operations commenced in February 2025.

In November 2024, the Group completed the restructuring of 4finance business entities in Spain, Czech Republic and Sweden, plus the bond issuer 4finance S.A., from AS 4finance (Latvia) to 4finance Holding S.A. (Luxembourg) to simplify its corporate structure.

In November 2024, 4finance ApS, an entity in Denmark being wound down, was sold to 4finance Group S.A. and correspondingly released from being a guarantor of the group's bonds.

A non-operating entity 4f Sales Inc. was sold to 4finance Group S.A. in December 2024.

Changes in Management

In April 2024, Katalin Agune Kato replaced Daniela Roca, the previous category A director of 4finance Holding S.A. and 4finance S.A.

Financing

In March 2024, the Group repurchased €0.4 million notional of its EUR 2026 bonds from TBI Bank EAD. At the end of 2024, the Group held €40.0 million of its EUR 2026 bonds and €4.3 million of its EUR 2028 bonds in treasury.

In May 2024, Fitch Ratings assigned 4finance Holding S.A. a Long-Term Issuer Default Rating (IDR) of 'B' and a Short-Term IDR of 'B'. The Outlook on the Long-Term IDR is Stable. Fitch have also assigned 4finance S.A.'s outstanding senior unsecured bonds a long-term rating of 'B' with a Recovery Rating of 'RR4'. In August 2024, the Group ended its contract with credit rating agency S&P Global Ratings.

In July 2024, the balance of the related party loan to 4finance Group S.A. was reduced by €17 million, bringing the outstanding amount to just under €10 million.

On 29 August 2024, the Group's EUR 2028 bonds, which are listed on the Frankfurt stock exchange, were additionally admitted to trading on the Nasdaq Baltic Alternative market First North.

In September 2024, the Group's former Polish business fully repaid its loan to 4finance S.A. which totaled €33.8 million, including principal and accrued interest.

Dividend

No dividends were paid by the Company in 2024.

Regulatory changes

On 27 November 2024 the Swedish parliament adopted a bill concerning strengthening consumer protection against risky lending and over-indebtedness. As a result, starting from 1 March 2025, the nominal interest rate cap for consumer loans in Sweden is reduced from 40 to 20 percentage points above the reference rate.

In 2024, the Swedish government submitted a new proposal, requiring companies with a Consumer Credit Operations Act license to reapply for a license as either a bank or a credit market company. On 30 January 2025 the Swedish Government submitted a referral to the Council on Legislation. The legislative amendments are proposed to enter into force on 1 July 2025. Under the current proposal, companies with a Consumer Credit Operations Act license will have until the end of July 2026 to apply for a new license and may continue operations until their application is examined.

Environment, Social and Governance (ESG)

In July 2024, the Group published an update on the progress of its support of the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labour Environment, and Anti-Corruption.

Future developments

Going in to 2025 the Group intends to:

- Grow and optimise its core online markets to retain profitability in the online business
- Pilot and develop new products for core markets
- Continue its deliberate step-by-step approach to geographic expansion, both directly and by providing development funding
- Maximise value from TBI Bank including a potential sale.

Review and development of the Group's business and financial position

Interest income for the twelve months ended 31 December 2024 amounted to EUR 444 360 thousand, compared with EUR 385 995 thousand in 2023, which represents an increase of 15%.

The Group's loan principal issuance volume increased by 17% in the period, delivering growth in the average balance of net receivables and interest income.

TBI Financial Services loan book has continued to grow, particularly in Romania and Greece, with an increase of 24% in net receivables year-on-year.

The TBI Financial Services interest income growth of 28% was driven by a loan issuance volume increase of 29% comparing to the previous period, contributing a year-on-year increase of EUR 54 843 thousand in interest income.

The balance of outstanding net loans at the end of 2024 was EUR 1 315 927 thousand, a 21% increase compared with EUR 1 084 414 thousand as of 31 December 2023, mainly coming from growth in TBI Financial Services. As at 31 December 2024 TBI Financial Services contributed EUR 1 176 875 thousand of net receivables, an increase of 24% from prior year.

Operating costs increased by 16% year-on-year. The year-on-year decrease in online business costs reflects ongoing focus on efficiency. At TBI Financial Services, higher personnel costs, software & systems expense and professional services costs supported growing revenue.

Foreign exchange movements resulted in a net loss of EUR 1 654 thousand for the year 2024 mainly from hedging and swap costs in PLN, CZK, PHP and RON against EUR. In the prior year there was a net foreign exchange loss of EUR 5 030 thousand.

Net impairment charges were EUR 172 403 thousand compared to EUR 148 447 thousand for the twelve months ended 31 December 2023.

Gross impairment charges increased vs twelve months ended 31 December 2023 due to significantly higher portfolio (gross portfolio increased by 22% year-on-year). Asset quality indicators remain good at product level across the business with changes in impairment charges and cost of risk mainly due to changing portfolio mix.

The Group's profit before tax for the period ended 31 December 2024 amounted to EUR 65 413 thousand, a significant increase from EUR 58 345 thousand profit reported for the twelve months ended 31 December 2023.

Principal risks and uncertainties

4finance applies Group-level policies for overall risk management, and there are Group policies covering specific areas such as credit risk, liquidity risk, market risks, operational risks and capital management risks.

A more detailed description of risk management is available in Note (4) Risk management of these Financial Statements.

Corporate Governance

Regulatory compliance is a vital part of the Group's operations and is taken very seriously throughout the business. As a responsible lender, the Group plays an active role in industry associations in several of its markets to support development of appropriate regulation.

The Executive Committee works with the senior leaders across the Group to promote and foster a corporate culture of the highest ethical standards, internal controls and legal compliance.

Ownership

The Group's significant ultimate beneficial owner was unchanged during the year, i.e. Edgars Dupats with 29.4971% as of period end, with all other shareholders holding less than 10%.

Important events after the balance sheet date

Acquisition

In January 2025, the Group established a subsidiary in Kazakhstan to act as a shared services hub for analytics and risk teams.

Financing

In February 2025, the Group re-sold €2 million notional of its EUR 2026 bonds that were held in treasury at market prices above par. As of the date of this report, the Group holds €38 million of its EUR 2026 bonds and €4 million of its EUR 2028 bonds in treasury.

According to the Terms and Conditions of the EUR 2028 bonds, the Group offered EUR 2028 bond investors a put option in February 2025 for up to €15 million at par. No valid requests were received during the notice period, so no bonds were repurchased.

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James Etherington

Category B director of the Board of Directors

17 April 2025

Consolidated Statement of Comprehensive Income

	Note	2024 EUR'000	2023 EUR'000
Interest income	6	444 360	385 995
Interest expense	7	(77 726)	(65 780)
Non-recurring finance income		12	934
Net interest income		**366 647**	**321 149**
Fee and commission income	8	60 273	50 747
Fee and commission expense	9	(6 336)	(5 704)
Other operating income	10	23 471	18 422
Non-interest income		**77 408**	**63 465**
Operating income		**444 055**	**384 614**
Operating costs	11	**(208 140)**	**(180 186)**
Other income		3 478	2 559
Non-recurring income/(expense)	12	77	4 835
Net foreign currency loss	13	(1 654)	(5 030)
Pre-provision operating profit		**237 816**	**206 792**
Net impairment losses	14	(172 403)	(148 447)
Profit before tax		**65 413**	**58 345**
Income tax for the reporting period	15	(13 098)	(14 201)
Profit from continuing operations		**52 314**	**44 144**
Profit for the period		**52 314**	**44 144**
Profit attributable to:			
Equity holders of the Group		52 314	44 144
Profit		**52 314**	**44 144**
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss			
Net gains /(losses) on debt instruments at FVOCI		1 510	3 260
Foreign currency translation differences on foreign operations		(701)	(4 382)
Other		(76)	-
Other comprehensive income/(loss), net of tax		**733**	**(1 122)**
Total comprehensive income for the period		**53 047**	**43 022**
Total comprehensive income or loss attributable to:			
Equity holders of the Group		53 047	43 022

The accompanying notes on pages 13 to 93 form an integral part of these consolidated financial statements.

Signed by:

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James Etherington

Category B director of the Board of Directors

17 April 2025

Consolidated Statement of Financial Position

	Note	31.12.2024 EUR'000	31.12.2023 EUR'000
Assets			
Cash and cash equivalents	16	294 735	261 559
Placements with other banks		40 472	48 283
Derivatives		34	3 072
Gross receivables due from customers	17	1 475 616	1 211 671
Allowance for impairment	17	(159 689)	(127 257)
Net receivables due from customers	17	**1 315 927**	**1 084 414**
Net investments in finance leases	18	855	1 341
Debt and equity investments	19	239 047	147 794
Loans to related parties, net of impairment	20	20 683	31 396
Loans to other parties, net of impairment	21	2 480	31 918
Other assets	22	43 844	56 758
Investments in associates and joint ventures	23	561	989
Prepaid expenses		3 367	4 128
Property and equipment	24	18 146	18 164
Intangible assets	25	39 412	29 117
Goodwill	25	27 419	27 238
Tax assets		10 546	5 258
Deferred tax assets	26	14 879	13 516
Total assets		**2 072 407**	**1 764 945**
Liabilities			
Loans and borrowings	27	332 104	301 609
Deposits from customers	28	1 335 213	1 111 462
Income tax liabilities	15	11 355	12 330
Derivatives		296	1 134
Other liabilities	29	98 740	96 758
Total liabilities		**1 777 709**	**1 523 293**
Share capital	30	35 750	35 750
Retained earnings		289 517	237 236
Reserves	30	(30 568)	(31 334)
Total equity attributable to equity holders of the Company		**294 699**	**241 652**
Total equity		294 699	241 652
Total shareholders equity and liabilities		**2 072 407**	**1 764 945**

The accompanying notes on pages 13 to 93 form an integral part of these consolidated financial statements.

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James Etherington

Category B director of the Board of Directors

17 April 2025

Consolidated Statement of Cash Flows

	Note	2024 EUR'000	2023 EUR'000
Cash flows from operating activities			
Profit before tax		**65 413**	**58 345**
Adjustments for:			
Depreciation and amortisation		11 689	7 896
Net loss on foreign exchange from borrowings and other monetary items		(3 543)	(613)
Impairment losses on loans		195 014	165 570
Reversal of provision on debt portfolio sales		(13 958)	(7 428)
Write-off and disposal of intangible and property and equipment assets		1 485	1 127
Interest income from non-customers loans		(8 425)	(8 523)
Interest expense on loans and borrowings and deposits from customers		77 715	65 783
Non-recurring finance expense / (income)		41	(2 011)
Other non-cash items, including loss/(gain) on disposals		(233)	(3 414)
Profit before adjustments for the effect of changes to current assets and short-term liabilities		**325 198**	**276 732**
Adjustments for:			
Change in financial instruments measured at fair value through profit or loss		2 200	(3 463)
(Increase) in other assets (including TBI statutory reserve, placements & leases)		(15 957)	(87 970)
Increase in accounts payable to suppliers, contractors and other creditors		6 351	13 293
Operating cash flow before movements in portfolio and deposits		**317 792**	**198 592**
Increase in loans due from customers		(457 488)	(425 726)
Proceeds from sale of portfolio		44 342	28 883
Increase in deposits (customer and bank deposits)		223 751	325 017
Deposit interest payments		(43 118)	(33 077)
Gross cash flows from operating activities		**85 279**	**93 689**
Corporate income tax (paid), net of refunds received		(21 542)	(12 072)
Net cash flows from operating activities		**63 737**	**81 617**
Cash flows from / (used in) investing activities			
Purchase of property and equipment and intangible assets		(20 574)	(19 303)
Net cash from (Purchase) / Sale of financial instruments		(69 674)	(78 278)
Other / related party loans issued		(6 525)	(3 538)
Other / related party loans repaid		32 703	840
Interest received on other / related party loans		7 079	8 544
Disposal of subsidiaries, net of cash disposed		8 538	(2 528)
Acquisition of subsidiaries, net of cash acquired		-	(31)
Net cash flows used in investing activities		**(48 453)**	**(94 294)**

Consolidated Statement of Cash Flows

	Note	2024 EUR'000	2023 EUR'000
Cash flows from / (used in) financing activities			
Loans received and notes issued		28 452	29 765
Repayment and repurchase of loans and notes		-	(7 632)
Interest payments		(32 996)	(29 611)
Costs of notes issuance/amendment		-	(2 465)
FX hedging margin		(2 925)	3 700
Payment of lease liabilities		(4 299)	(3 265)
Net cash flows used in financing activities		**(11 768)**	**(9 508)**
Net increase / (decrease) in cash and cash equivalents		**3 516**	**(22 185)**
Cash and cash equivalents at the beginning of the period		**133 503**	**155 550**
Effect of exchange rate fluctuations on cash		(7)	138
Cash and cash equivalents at the end of the period	16	**137 012**	**133 503**
Minimum statutory reserve	16	157 723	128 056
Total cash on hand and cash at central banks	16	**294 735**	**261 559**

The accompanying notes on pages 13 to 93 form an integral part of these consolidated financial statements.

Signed by:

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James Etherington

Category B director of the Board of Directors

17 April 2025

Consolidated Statement of Changes in Equity

	Share capital	Reorganiza-tion reserve	Currency translation reserve	Share based payment reserve	Obligatory reserves	Fair value reserve of financial assets at FVOCI	Retained earnings	Total equity attributable to shareholders of the Company	Total equity
Group	**EUR'000**	**EUR'000**	**EUR'000**	**EUR'000**	**EUR'000**	**EUR'000**	**EUR'000**	**EUR'000**	**EUR'000**
1 January 2023	**35 750**	**(31 240)**	**445**	**2 191**	**3 239**	**(5 385)**	**193 630**	**198 630**	**198 630**
Total comprehensive income									
Profit for the reporting period	–	–	–	–	–	–	44 144	44 144	44 144
Other comprehensive income (OCI)	–	–	(4 382)	–	–	3 260	–	(1 122)	(1 122)
Reclassification of reserves	–	–	–	–	644	–	(644)	–	–
Transactions recorded directly in equity									
Reclassification of share based payment reserve (Note 34)	–	–	–	(106)	–	–	106	–	–
31 December 2023	**35 750**	**(31 240)**	**(3 937)**	**2 085**	**3 883**	**(2 125)**	**237 236**	**241 652**	**241 652**
1 January 2024	**35 750**	**(31 240)**	**(3 937)**	**2 085**	**3 883**	**(2 125)**	**237 236**	**241 652**	**241 652**
Total comprehensive income									
Profit for the reporting period	–	–	–	–	–	–	52 314	52 314	52 314
Other comprehensive income (OCI)	–	–	(701)	–	–	1 510	(76)	733	733
Reclassification of reserves	–	–	–	–	–	(6)	6	–	–
Transactions recorded directly in equity									
Reclassification of share based payment reserve (Note 34)	–	–	–	(37)	–	–	37	–	–
31 December 2024	**35 750**	**(31 240)**	**(4 638)**	**2 048**	**3 883**	**(621)**	**289 517**	**294 699**	**294 699**

The accompanying notes on pages 13 to 93 form an integral part of these consolidated financial statements.

Signed by:

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James Etherington

Category B director of the Board of Directors

17 April 2025

Notes to the Consolidated Financial Statements

(1) Reporting entity

4finance Holding S.A. (the "Company") is incorporated and registered in Luxembourg. The Company is the holding company for several subsidiaries in Europe, Asia and North America (together referred to as the "Group"). The Group entities have provided loans to millions of customers. Currently, the Group operates in Bulgaria, Czech Republic, Latvia, Lithuania, Romania, Greece, Georgia, Spain, Philippines, Mexico, Sweden and the United Kingdom. The Group sold its wind-down or non-operating entities in Denmark, United States of America and Lithuania in 2024.

The Group holds banking subsidiaries in Bulgaria, Romania and Greece (together referred to as the "TBI Financial Services"), that focus on banking and retail lending servicing individuals and small to medium-sized enterprises. TBI Financial Services also includes online business in Bulgaria that was transferred to 4finance Holding S.A. in 2025.

The Group companies, excluding TBI Financial Services, together are referred to as "4finance Group". Details of 4finance Group and TBI Financial Services are disclosed separately in these financial statements where appropriate, in-line with how the management of the Group analyses information.

The Group financial statements form part of the parent company, 4finance Group S.A. (the "Parent"), consolidated financial statements. The consolidated financial statements of the parent company, 4finance Group S.A., are available upon request at 8-10, Avenue de la Gare, L-1610 Luxembourg, Grand Duchy of Luxembourg.

(2) Basis of preparation

(a) Statement of Compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU (further "IFRS").

These consolidated financial statements were approved by the Company's Board of Directors on 17 April 2025. The shareholders have the power to reject the financial statements prepared and presented by the Board of Directors, and the right to request that new financial statements be prepared.

The Company prepares separate financial statements for statutory purposes in accordance with the relevant Luxembourg legislation.

(b) Basis of Measurement

After considering the operating environment and uncertainties in the Group's various countries, management believes the going concern basis of accounting to be appropriate for these financial statements.

The financial statements have been prepared on a going concern basis as the directors are satisfied that the Group has adequate resources to continue in business for the foreseeable future. Forecasting and stress testing have been performed with various assumptions modelled for a range of scenarios. The stress testing covered credit losses and the level of originations. The directors are of the opinion that the Group continues to be a going concern under both the base and stressed scenario.

The financial statements have been prepared on an historical cost basis, except for the following: debt and equity instruments and financial assets and liabilities measured at fair value through profit or loss or other comprehensive income (including derivative instruments).

(2) Basis of preparation (continued)

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 5.

(c) Functional and presentation currency

The consolidated financial statements are presented in thousands of Euro (EUR), unless stated otherwise. EUR is chosen as the presentation currency since most of the Group's operational activities are based in the European Union. Group companies operate in the functional currencies of Euro (EUR), United States Dollar (USD), Swedish Krona (SEK), Czech Koruna (CZK), Bulgarian Lev (BGN), Georgian Lari (GEL) Romanian New Lev (RON), Philippine Peso (PHP), British Pound Sterling (GBP), Gibraltar Pound (GIP), Singapore Dollar (SGD), Turkish Lira (TRY) and Mexican Peso (MXN). The Company's functional currency is EUR.

(3) Significant accounting policies

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

(i) Basis of Consolidation

(i) Subsidiaries

Subsidiaries are those enterprises 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 that control effectively commences until the date that control effectively ceases.

(ii) Transactions eliminated on consolidation

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

(iii) Business combinations

Business combinations are accounted for using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises as the difference between consideration transferred and the fair value of identifiable net assets acquired is tested annually for impairment. Transaction costs are expensed as incurred, except if they are related to the issue of debt or equity securities. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in profit or loss. Any contingent consideration is measured at fair value at the date of acquisition.

(iv) Discontinued operation

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group that either has been disposed of, or is classified as held for sale, and:

(3) Significant accounting policies (continued)

- represents a separate major line of business or geographical area of operations,
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or
- is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale.

When an operation is classified as a discontinued operation, the comparative statement of profit or loss and OCI is re-presented as if the operation had been discontinued from the start of the comparative periods.

(iii) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary and/or associate at the date of acquisition. Goodwill on acquisition of subsidiaries is included in intangible assets. In respect of equity-accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment in the associates.

Goodwill is allocated to cash-generating units and is stated at cost less accumulated impairment losses.

Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Any impairment expense is recognised immediately as an expense and is not subsequently reversed. Gains or losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Negative goodwill arising on an acquisition is recognised immediately in profit or loss.

(iv) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currency of the operation at the exchange rate published by the Central Bank of the country of operation or the European Central Bank or Bloomberg for euro zone countries at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated into the functional currency at the spot exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on translation are recognised in the statement of comprehensive income.

(3) Significant accounting policies (continued)

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

31 December 2024		31 December 2023	
SEK	0.08727	SEK	0.09012
DKK	0.13409	DKK	0.13418
PLN	0.23392	PLN	0.23441
GBP	1.20601	GBP	1.15068
CZK	0.03971	CZK	0.04045
GEL	0.34238	GEL	0.33580
BGN	0.51130	BGN	0.51130
GIP	1.20601	GIP	1.15068
USD	0.96256	USD	0.90498
RON	0.20103	RON	0.20098
AMD	-	AMD	0.00224
ARS	0.00094	ARS	0.00112
MXN	0.04640	MXN	0.05341
PHP	0.01658	PHP	0.01632
SGD	0.70602	SGD	0.68535

The Bulgarian Lev is pegged to the Euro.

(ii) Foreign operations

The assets and liabilities of foreign operations are translated into EUR, the Group's presentation currency, exchange rates used at the reporting date are set by the Central Bank of the country of operation or the European Central Bank or given by Bloomberg for euro zone countries, exchange rates at the reporting dates are specified in the table above. The income and expenses of foreign operations are translated into the Company's functional currency at exchange rates at the transaction date. Foreign currency translation differences are recognized in other comprehensive income.

Foreign exchange gains or losses arising from a monetary item receivable from, or payable to, a foreign operation, the settlement of which is neither planned nor likely to occur in the foreseeable future and which in substance is considered to form part of the net investment in the foreign operation, are recognised directly in the foreign currency translation reserve.

(iv) Share-based payment transactions

The Parent of the Group operates an equity-settled, share-based compensation plan, under which both the Parent and the Group receive services from employees as consideration for equity instruments (options) of the Parent. There are no new share options granted in the year ended 31 December 2024. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options at the grant date.

(3) Significant accounting policies (continued)

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions and service conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement period and grant date.

The grant by the Parent of options over its equity instruments to the employees of the Group is treated as an equity contribution presented in Equity position Share based payment reserve.

(v) Cash and cash equivalents

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

For the purposes of the cash flow statement, TBI Financial Services' cash and cash equivalents comprise cash on hand, cash held with central banks, cash in nostro accounts held with other banks, as well as term deposits with banks with original maturity of less than three months.

(vi) Financial Instruments

(i) Recognition

Financial assets and liabilities are recognized in the statement of financial position when the Group becomes a party to the contractual provisions of the instrument. All regular purchases of financial assets are accounted for at the settlement date.

(ii) Classification and Measurement

A financial asset or liability is initially measured at its fair value plus, in the case of a financial asset or liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or liability.

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

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

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

(3) Significant accounting policies (continued)

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

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

(iii) Business model assessment

The Group's financial assets are managed together to fulfil the business objectives set by the Group's management team and financial assets are divided into following business models:

- Held to collect - Financial assets are managed to realize cash flows by collecting payments of principal and interest over life of the instrument. Asset sales are very rare or insignificant relative to the size of portfolio
- Held to collect and sell - Objectives under this model are achieved by both collecting contractual cash flows and selling of financial assets
- Other - Portfolios of financial assets that are managed with the objective of realizing cash flow through sales whose performance is evaluated on fair value basis or are held-for-trading.

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

A financial asset is classified as measured at amortised cost when it meets SPPI criteria and is managed under held to collect business model, or FVOCI when SPPI criteria is met and business model is held to collect and sell unless designated as at FVTPL. The SPPI test requires consideration whether the contractual terms of the financial asset give rise, on specific dates, to cash flows that are solely payment of principal and interest:

- Principal - is the fair value of the financial asset at initial recognition, that may change over time due to periodic repayments
- Interest - is consideration for:
    - the time value of money
    - the credit risk associated with the principal amount outstanding during a particular period of time
    - consideration for basic lending risks and costs
    - a profit margin.

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

(v) Derecognition

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

The Group also derecognises certain assets when it writes off balances pertaining to the assets deemed to be uncollectible.

(3) Significant accounting policies (continued)

Financial asset or liability contract modifications may result in derecognition, that is assessed according to qualitative and quantitative derecognition criteria. If derecognition criteria is met modified financial asset or liability is derecognised and a new modified financial asset is recognised.

(vi) Modification of financial assets and liabilities

Any modification to financial contract that is measured at amortised cost needs to be either derecognised or appropriately measured if modification is considered as non-substantial. Both qualitative and quantitative factors are considered in order to assess if the modification is substantial or not.

For modifications that do not result in derecognition, the gross carrying amount of the asset is recalculated by discounting the modified contractual cash flows using original EIR that was effective before modification. Any difference between initial gross carrying amount and recalculated gross carrying amount is recognized in the profit or loss as modification gain or loss. Any costs, fees or commissions are part of the modification and also adjust carrying amount of the modified financial contract.

Qualitative factors

Following qualitative factors indicate that modification is substantial indicating that financial asset needs to be derecognised:

- Currency conversion - Substantial modification is identified when the currency of the contract is changed and the change was not stipulated in the original contract. If the currency change is required by law, e.g. due to conversion to EUR, it is not treated as modification.
- Change of counterparty - Substantial modification is identified if a separate agreement with the new counterparty is signed (associated with new credit risk assessment process). If the counterparty change is recorded solely due to legal reasons and within the rules agreed in the contract (e.g. due to death of borrower, re-assignment to co-borrower), it is not a case qualifying for derecognition.
- Change of product type - Substantial modification is identified when the product type is changed to the different one (e.g. revolving product changed to instalment product).
- Consolidation of debt - Substantial modification is identified when several loans are consolidated under one contract.
- Breach of SPPI test - Substantial modification is identified when the change of contractual terms results in breach of the SPPI test. After SPPI test breach is identified a financial asset is derecognised a new financial asset is recognised and is measured at FVTPL.

Quantitative factors

Financial asset or liability is subject to derecognition if there is a substantial difference between present value of future cash flows before and after modification. For financial assets and liabilities any changes in present value of +/- 10% are considered as substantial.

(vii) Fair value measurement principles

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal market, 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.

(3) Significant accounting policies (continued)

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

Where there is no quoted price in an active market, the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all the factors that market participants would take into account in pricing a transaction.

The key financial instruments of the Company and the Group are cash, trade receivables, loans to customers, loans to related parties, equity investments, bonds issued, trade payables, deposits from customers and other creditors arising from the business activities.

(viii) Derivative financial instruments

Derivative financial instruments include interest rate and foreign exchange swaps or options and forward instruments. Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. All derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative.

Changes in the fair value of derivatives are recognised immediately in the statement of comprehensive income.

The Group is engaged in hedging activities of its foreign exchange risk. The Group does not apply hedge accounting. Given the low level of trading activity, the Group has estimated that any valuation adjustments are not material and has therefore not incorporated these into the fair value of derivatives.

(ix) Loans and advances

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

For the purposes of these consolidated financial statements, trade receivables and loans to customers are measured at amortised cost using the effective interest rate method. An impairment loss allowance for the expected credit losses is established. The Group’s policy is described in Note 3 *(xv)* and Note 5.

(x) Debt and equity instruments

Debt and equity instruments are those that are to be held over an indefinite period of time and that may be disposed of in response to liquidity needs or changes in interest rates, exchange rates or prices of securities.

Purchases and sales of financial assets are recognised on the settlement date - the date when the Group has transferred or received the asset.

Debt and equity instruments follow classification and measurements requirements as prescribed in Note 3 *(vi)*.

(xi) Investment in associates and joint ventures

Associates are those enterprises in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of the associated entity unless there is evidence to suggest otherwise.

(3) Significant accounting policies (continued)

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement and have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Interests in associates and joint ventures are accounted for using the equity method. Under IAS 28 they are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of equity accounted investees, until the date on which significant influence ceases.

When the Group's share of losses equals or exceeds the Group's interest in the associate, that interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred obligations in respect of the associate.

(xii) Property and equipment

(i) Owned assets

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

(ii) Depreciation

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of the individual assets. Depreciation commences on the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and ready for use. Land is not depreciated.

The estimated useful lives are as follows:

Buildings	25 years
Computer equipment	up to 3 years
Leasehold improvements	up to 5 years
Other property and equipment	up to 5 years
Motor vehicles	4-10 years

(xiii) Intangible assets

The Group has a detailed intangible assets ('IA') capitalisation policy covering accounting for development projects. The Group incurs costs for development of computer software and similar items, which may be capitalized. Capitalized expenditure can be either external (for example, IT subcontractors) or generated internally within the entity (for example, employees developing IT software).

Only those assets are capitalised that are separately identifiable, for which the entity has control, and for which probable future economic benefits shall be recognized. No intangible asset costs arising from the research phase of a project are capitalized. Expenditure on research is expensed when incurred.

Amortisation commences once the item is in the location and conditions necessary for it to be capable of operating in the manner intended by management and has been accepted by the business owner.

Intangible assets, other than goodwill, are stated at cost less accumulated amortization and impairment losses.

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. Amortization is charged to the income statement in operating costs line on a straight-line basis over the estimated useful lives of intangible assets.

(3) Significant accounting policies (continued)

The estimated useful lives are as follows:

Licenses, trademarks and similar rights	up to 5 years
Software and other intangible assets	up to 5 years

(xiv) Repossessed assets

TBI Financial Services repossesses certain assets serving as collateral for non-performing loans. These assets are not held for capital appreciation or rental income, but are expected to be sold in the ordinary course of business, and therefore are classified as inventories. Inventories mainly consist of real estate such as land, buildings purchased and held-for-sale in the future. Inventories are accounted at cost. The cost of inventories comprises all purchase costs, costs of conversion and other costs incurred in bringing the inventories to their present condition. Inventories are held at the lower of purchase cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. The amount of write-down of inventories to net realizable value is recognized as expense in the period the write-down occurs. When inventories are sold, the carrying amount of those inventories is recognized as an expense in the period in which the related revenue is recognized.

(xv) Impairment

(i) Financial assets

4finance Group

At each reporting date, the 4finance Group assesses whether there is objective evidence that financial assets not carried at fair value through profit or loss and not available for sales financial assets are impaired. The expected credit loss (ECL) model under IFRS 9 accelerates the recognition of impairment losses and leads to higher impairment allowances at the date of initial application. The expected credit loss is calculated as a function of the probability of default (PD), the exposure at default (EAD) and the loss given default (LGD).

Loan portfolio is grouped into Stage 1, Stage 2 and Stage 3, based on the applied impairment methodology, as described below:

- Stage 1 - Performing loans: part of loan portfolio where no significant increase in credit risk has occurred (delay days equal or less than 30 days), 4finance Group recognizes an allowance based on twelve months expected credit losses.
- Stage 2 - Loans with significant increase in credit risk (delay days over 30 days but equal to or less than 90 days): when a loan shows a significant increase in credit risk since initial recognition, 4finance Group records an allowance for the lifetime expected credit loss.
- Stage 3 - Defaulted loans: Financial assets are recognized in Stage 3 when there is objective evidence that the loan is impaired (delay days over 90 days). 4finance Group recognizes the lifetime expected credit losses for these loans and in addition, the Group accrues interest income on the amortised cost of the loan net of allowances, when it’s probable it will be received.

For entities in Philippines loans are in Stage 1 till 30 days past due (including) after which the loans default and are written off.

The 4finance Group for LGD calculation uses recovery rates that are based on discounted historic cash-flows from defaulted loans.

(3) Significant accounting policies (continued)

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

The carrying amount of the asset is reduced through the use of an allowance account and recognition of the loss in Statement of Comprehensive Income. The write-off period for past due loans is more than 360 days except for entities in Philippines where the write-off period for past due loans is more than 30 days. Allowances for credit losses on loans and receivables are assessed collectively. Collectively assessed impairment allowances cover credit losses inherent in portfolios of loans and advances with similar credit risk characteristics when there is objective evidence to suggest that they contain impaired financial assets, but the individual impaired items cannot yet be identified.

In assessing collective impairment, the 4finance Group uses statistical modelling of historical trends of the probability of default, timing of recoveries and the amount of expected loss, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical modelling. Default rates, loss rates and the expected timing of future recoveries are regularly benchmarked against actual outcomes to ensure that they remain appropriate. Specific individual impairment testing is not undertaken since the loan portfolio consists of a large number of small exposure loans that would make individual impairment testing impractical.

The 4finance Group uses forward looking information to enhance ECL models. The Group incorporated forward looking information into its provisioning model, and currently forward-looking information is used and is updated regularly. The Group once a year makes a new assessment to define products where the probability of default is sensitive to macro-economic indices changes and calculate coefficients using linear regression for selected products to use them in the model for a one year period till next review; once per quarter there is a review and update of forecasted macro variables values and the macro effect is recalculated based on recent macro-economic data outlook by using fixed regression coefficients.

For the assessment of expected credit loss for loans to entities (e.g., related parties or 3rd parties), historic default rates produced by a ratings agency are used.

Impairment losses on portfolios of assets carried at amortised cost are measured as the difference between the carrying amount of the financial asset and the present value of estimated discounted future cash flows. Impairment losses are recognized in the statement of comprehensive income and reflected in an allowance account against loans and advances. Interest on impaired assets is recognized indirectly through a change in

net impairment allowance when repayments are received from impaired loans. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the statement of comprehensive income.

TBI Financial Services

Receivables due from customers

TBI Financial Services recognizes expected credit losses (ECL) for all receivables that are not carried at FVTPL. ECL are based on the difference between the contractual cash flows due under the terms of the contract and all cash flows that TBI Financial Services expects to receive discounted at the original effective interest rate. Expected cash flows include cash flows from the sale of the collateral provided or other credit enhancements that form an integral part of the contract terms.

(3) Significant accounting policies (continued)

ECL are recognized in two stages. For credit exposures for which there is no significant increase in credit risk since initial recognition, ECL are recognized for credit losses that arise as a result of non-performing events that are possible over the next 12 months (12-month ECL). For credit exposures for which there is a significant increase in credit risk since initial recognition, the impairment allowance is determined in respect of the credit losses expected over the entire remaining life of the instrument, irrespective of the occurrence of the default (ECL over the lifetime of the instrument).

Cash, cash equivalents and debt instruments

For amounts due from banks and debt instruments at fair value through other comprehensive income, the Group applies impairment based on the counterparty's credit rating.

At each reporting date, TBI Financial Services determines whether a debt instrument is considered as a low credit risk using all reasonable and reasoned information that is available without undue cost or effort. In this assessment, TBI Financial Services reviews the credit rating of the debt instrument. In addition, TBI Financial Services assesses whether there is a significant increase in credit risk where the contractual payments are past due over 30 days.

TBI Financial Services' debt instruments in other comprehensive income include only quoted bonds. The policy of TBI Financial Services is to evaluate the ECL for these instruments on a 12-month basis. However, when there is a significant increase in the credit risk after the occurrence, the provision is based on the ECL for the entire duration of the instrument. TBI Financial Services uses the ratings to determine whether the credit risk of the debt instrument is significantly increased, as well as to assess the ECL.

Definition of default

TBI Financial Services considers a financial instrument as defaulted when the contractual payments are overdue more than 90 days. In certain cases, however, a financial asset might be considered as defaulted when internal or external information indicates that it is unlikely that TBI Financial Services will receive all outstanding contractual cash-flows without taking any debt collection actions.

Write-off policy

TBI Financial Services removes its risk exposures from the balance sheet depending on the type of the receivable, the number of days in delay of payments and the collateral coverage of the exposure.

Credit exposures in Corporate Banking segment are removed from the TBI Financial Services' balance sheet by decision of the Impairment Committee based on a specific and substantiated proposal by the SME Collection and Asset Management Department.

As of 31 December 2023 credit exposures in Retail Banking are removed from the TBI Financial Services' balance sheet at a loan level, automatically, after they become more than 540 days past due. The exposures extended by Vivus.bg EOOD, and by foreign companies, part of the 4finance Group have write off period more than 360 days.

Modified financial assets

Under certain circumstances, the renegotiation or modification of the contractual cash flows of a financial asset may result in derecognition of the existing financial asset. Accordingly, the date of the modification is the date of initial recognition of the new financial asset when new ECL is calculated for the modified financial

(3) Significant accounting policies (continued)

asset. If the contractual cash flows of a financial asset are renegotiated or otherwise modified but the financial asset is not derecognised, it cannot automatically be considered that the financial asset has a lower credit risk.

TBI Financial Services assesses whether there has been a significant increase in credit risk after initial recognition based on reasonable and reasoned information available without incurring unnecessary expense or effort. This includes both past and future period information as well as credit risk assessment for the expected life of the financial asset, incl. information on the circumstances that led to the modification. Evidence that the criteria for recognizing the expected credit losses for the entire duration of the instrument are no longer met may include current and timely data on the fulfilment of the payment obligation under the modified contractual terms.

If there is objective evidence that impairment loss exists for loans and receivables, the loss is calculated as the difference between the carrying amount of the asset and the present value of the estimated cash flows (except future losses that are not accumulated), discounted at the original effective interest rate of the financial asset. The carrying amount of the asset is written down using an allowance account and the impairment loss is recognised in the profit or loss account.

If a loan bears a floating interest rate, the discount rate used to determine the impairment loss is the current effective interest rate set out in the agreement.

The calculation of the present value of the expected future cash flows of secured financial assets takes into account the cash flows which may be received upon disposal of collateral, less costs of acquisition or costs to sell.

When consumer loans are extended to individuals, TBI Financial Services accrues collective impairment which reflects the expectations of management regarding the future cash flows from the consumer portfolio. When applying collective impairment, the loan portfolio is assessed on a portfolio basis, taking into account the homogeneous nature of the exposure’s risk profile. Impairment is based on contractual cash flows and historical experience regarding the losses of assets with similar characteristics of credit risk, adjusted for any data to reflect any current conditions that were not present in the periods of historical information.

Future cash flows for a group of financial assets that are collectively reviewed for impairment are determined based on the contractual cash flows related to the assets and the historical loss experience on credit risk bearing assets similar to those at TBI Financial Services. The loss assessed, based on historical experience, is adjusted based on current data, in order to reflect the influence of the present conditions which did not impact the period in which the loss assessment was made, as well as to eliminate the effect of conditions in the historical period, which no longer exist.

If in a subsequent period the impairment loss decreases and this decrease may be objectively attributed to an event occurring after the recognition of the loss (i.e. improvement of the credit rating of the debtor), the impairment loss already recognised is reversed through the allowance account. The amount of the adjustment is recognised in the statement of comprehensive income.

Renegotiated loans

Loans which are subject to collective impairment review, or which are individually significant and their terms have been renegotiated, are considered performing as of the time of the renegotiation. In subsequent periods the asset is considered in default and is disclosed as such only if the new terms and conditions have been breached.

(3) Significant accounting policies (continued)

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups. Impairment losses are recognised in the statement of comprehensive income in Non-recurring expense line. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are 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.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(xvi) Provisions

A provision is recognised in the statement of financial position when the Group has a legal or constructive obligation as a result of a past event, can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(xvii) Contingent liabilities

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

(xviii) Share Capital and reserves

(i) Currency revaluation reserve

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

(ii) Obligatory reserves

Under Luxembourg corporate law, the Company must allocate at least 5% of the statutory annual net profit, based on the stand-alone financial statements, to a legal reserve until this reserve reaches 10% of the issued share capital. The legal reserve is not available for dividend distributions.

(3) Significant accounting policies (continued)

Under Lithuanian law, an annual allocation to the legal reserve must be made of at least 5% of net profit until the reserve comprises 10% of the share capital. The reserve cannot be distributed, but rather only be used to cover losses.

Under Bulgarian law in accordance with the requirements of the Commercial Act, TBI Financial Services is required to provide into a reserve fund equaling at least 1/10 of profit, until the fund reaches 1/10 or more of the share capital. If the amount in the reserve fund falls below the minimum, it is obliged to fill the gap so as to recover the minimum level over a period of two years. Under the provisions of the banking legislation, banks are not allowed to pay dividends before they make the required contributions.

(iii) Reorganization Reserve

The reorganization reserve relates to a number of legal reorganizations. The entity accounted for these reorganizations as common control transactions using net asset values. This reserve arises on consolidation and is not distributable to shareholders.

(iv) Share based payment reserves

The Group is part of wider group share-based payment arrangements where settlement for the services received is performed by the parent company. The Group accounts for such transactions as share-based payment transactions and recognizes expenses for services received, unless the services received qualify for recognition as an asset, and an increase in its equity for the contribution received from the parent.

(v) Fair value reserve of financial assets at FVOCI

The reserve includes changes in fair value of financial instrument classified and measured at FVOCI.

(xviii) 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. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

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

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

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

(3) Significant accounting policies (continued)

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

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments.

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

TBI Financial Services as a lessor

Leases in which TBI Financial Services does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the income statement due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Lease contracts are classified as finance leases when the TBI Financial Services has transferred to the lessee all material risks and rewards associated with the leased assets. Receivables on finance leases are carried in line Net investments in finance leases in the statement of financial position. The Group applies its accounting policies for impairment of financial assets when finance lease contracts are impaired.

(xix) Financial guarantee contracts

Financial guarantee contracts are relevant for TBI Financial Services units within the Group. Financial guarantee contracts are contracts that require the issuer to make specified payment to reimburse the holder for a loss the holder incurs because a specified debtor fails to make payments when they fall due in accordance with the terms of the debt instrument. Such financial guarantees are issued to banks, financial institutions and other bodies on behalf of customers to secure loans, overdrafts and other bank facilities.

Financial guarantees are initially recognised in the financial statements at fair value on the date of issuance of the guarantee. Following initial recognition, the Group's liabilities related to such guarantees are measured at the higher of: *(a)* the initial measurement less the amortisation calculated to recognise commission income earned on a straight-line basis over the life of the guarantee and *(b)* the best estimate of the expenditure required to settle any financial obligation arising at the balance sheet date. These estimates are based on experience of similar transactions and history of past losses, supplemented by the judgement of management.

(xx) Dividends

Dividends in relation to ordinary shares are reflected as an appropriation of retained earnings in the period in which they are declared.

(xxi) Fiduciary assets in custody

TBI Financial Services keeps assets on behalf of its customers and in its capacity as an investment intermediary. These assets are not presented in the statement of financial position as they do not represent TBI Financial Services' assets.

(3) Significant accounting policies (continued)

(xxii) Taxation

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

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

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

the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(xxiii) Income and expense recognition

All significant income and expense categories including interest income and expenses are recognized in the statement of comprehensive income on an accrual basis.

(i) Interest income and expense

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

Revenue is not recognized when there is doubt whether the cost of services will be covered.

(ii) Fee and commission income and expenses

Fees and commissions are recognised as the related services are performed and control over a service is transferred to a customer. Fee and commission income comprises mainly money agent's commissions, transfer fees in Bulgarian Levs and foreign currency, and treasury transactions, and are recognised under the current accruals principle or on the transfer date, as appropriate. Income may be recognised at a point in time or over the time. Over time revenue recognition is proportional to progress towards satisfying a performance obligation by transferring control of promised services to a customer. Income which does not qualify for recognition over time is recognised at a point in time when the service is rendered. The Group has no material receivables and contract liabilities from contracts with customers as non-refundable up-front fees are not charged to customers upon commencement of contracts with customers.

(3) Significant accounting policies (continued)

(iii) Penalty fee income

Income from penalty fees is recognized as received.

(iv) Other income

Income from Insurance broker activities from TBI Financial Services includes income whereby the bank acts as an agent selling insurance issued from third party companies to the banks' clients. TBI Financial Services does not bear the insurance risk on these transactions. The income is recognized in line with the above paragraph. Income from insurance broker services performed by Group entity in Philippines is presented in other operating income in line with above paragraph.

(xxiv) Staff costs and related contributions

The Group pays social security contributions to state-funded insurance and pension schemes as required by the laws and regulations of the various jurisdictions in which the Group operates. The Group is not party to any defined benefit pension scheme.

(xxv) Operating segments

The Group determines and presents operating segments based on the information that is internally provided to the Group's management board.

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components, whose operating results are reviewed regularly by the management to make decisions about resources allocated to the segment and assess its performance, and for which discrete financial information is available. Segment results that are reported to the management include items directly attributable to the segment as well as those that can be allocated on a reasonable basis.

(xxvi) Embedded derivatives

Derivatives may be embedded in another contractual arrangement (a host contract). The Group accounts for an embedded derivative separately from the host contract when the host contract is not itself carried at fair value through profit or loss, the terms of the embedded derivative would meet the definition of a derivative if they were contained in a separate contract, and the economic characteristics and risks of the embedded derivative are not closely related to those of the host contract. If the economic characteristics and risks of the embedded derivative are closely related to those of the host contract, then the embedded derivative is not separated and accounted for separately.

(xxvii) Changes in accounting policies

Except for the changes below, the Group has consistently applied the accounting policies set out in Note 3 for all periods presented in these consolidated financial statements.

The Group has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with the date of initial application on 1 January 2023.

(i) *New standards, amendments to standards and interpretations which did not have a significant effect to the Group:*

- Amendments to IAS 1: Presentation of Financial Statements: Classification of Liabilities as Current or Non-current
- Amendments to IAS 8 Amendments to IAS 1: Classification of Liabilities as Current or Noncurrent

(3) Significant accounting policies (continued)

- Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback
- Amendments to IAS 1 Presentation of Financial Statements: Non-current Liabilities with Covenants

(ii) Standards in issue but not yet effective which effects are under review:

- Amendments to IAS 21: The Effects of Changes in Foreign Exchange Rate: Lack of Exchangeability - 1 January 2025

(4) Risk management

Key financial and non-financial risks related to the Group's financial instruments and operating activities are:

- Credit risk
- Liquidity risk
- Market risk, including:
  - Interest rate risk
  - Currency risk
  - Price risk
- Operational risk
- Capital management risk.

Management has implemented procedures to control the key risks.

(a) Credit risk

Credit risk is the risk of a financial loss to the Group if a counterparty/customer fails to meet its contractual obligations and arises primarily from the Group's loans due from customers.

The table below shows the maximum exposure to credit risk for the components of the Statement of Financial Position. Exposures are based on net carrying amounts as reported in the Statement of Financial Position.

The Group's maximum credit exposures are shown gross, i.e. without taking into account any collateral or other credit enhancements.

(4) Risk management (continued)

	31.12.2024 EUR'000	31.12.2023 EUR'000
Cash and cash equivalents	294 735	261 559
Placements with other banks	40 472	48 283
Net receivables due from customers	**1 315 927**	**1 084 414**
Corporate clients	176 342	155 386
Corporate client impairment	(3 496)	(3 349)
Individual clients	1 299 274	1 056 285
Individual client impairment	(156 193)	(123 908)
Net investments in finance leases	**855**	**1 341**
Gross investment in finance leases	1 470	1 858
Finance lease impairment	(615)	(517)
Loans to related parties, net of impairment	20 683	31 396
Loans to other parties, net of impairment	2 480	31 918
Other assets	43 844	56 758
Derivatives	34	3 072
Debt and equity investments	239 047	147 794
Credit risk exposures related to contingent liabilities and irrevocable commitments are as follows:		
Contingent liabilities*	207 135	109 687
Total maximum exposure to credit risk	**2 165 213**	**1 776 222**

**For more details on contingent liabilities see Note (31) Contingent liabilities and irrevocable commitments*

(4) Risk management (continued)

The table below presents the maximum credit risk exposure of the 4finance Group and TBI Financial Services as of 31 December 2024 without taking into account collateral:

	4finance Group	**TBI Financial Services**	**Total**
	EUR'000	**EUR'000**	**EUR'000**
Cash and cash equivalents	79 125	215 610	294 735
Placements with other banks	-	40 472	40 472
Net receivables due from customers	**139 052**	**1 176 875**	**1 315 927**
Corporate clients	-	176 342	176 342
Corporate client impairment	-	(3 496)	(3 496)
Individual clients	174 525	1 124 749	1 299 274
Individual client impairment	(35 473)	(120 720)	(156 193)
Net investments in finance leases	**74**	**781**	**855**
Gross investment in finance leases	74	1 396	1 470
Finance lease impairment	-	(615)	(615)
Loans to related parties, net of impairment	20 683	-	20 683
Loans to other parties, net of impairment	2 480	-	2 480
Other assets	10 787	33 057	43 844
Derivatives	34	-	34
Debt and equity investments	16 404	222 643	239 047
Total credit risk exposure*	**268 639**	**1 689 439**	**1 958 078**

** Excluding contingent liabilities. For more details on contingent liabilities see Note (31) Contingent liabilities and irrevocable commitments*

For additional details on loans refer to Note (17) Net receivables due from customers and on finance leases to Note (18) Net investments in finance leases.

4finance Group's Credit Risk Policy defines lending and loan book management guidelines according to its business strategy and efficient risk management, protecting assets as well as complying with local regulatory requirements. Loan credit risk is managed by the relevant local teams, supported by the Group's centralized data analytics, data science and collection teams. Lending rules and scorecards (the 'underwriting process') are implemented for all products, and the customer's risk profile is analyzed prior to a loan being issued. During the underwriting process the Group uses multiple attributes including, but not limited to, customer credit history checks and income levels. The current underwriting process is mainly done automatically based on statistical evidence, with very few areas of manual judgement or input. The underwriting process is adjusted to specific country requirements and characteristics. It is periodically reviewed and, if necessary, rebuilt.

A Debt Collection policy guiding overall collections process throughout the life cycle of the loan is established. Detailed guidelines for specific collections stages are released as well. 4finance Group has implemented country-specific debt collection processes based on the above-mentioned policies and guidelines. All processes comply with local regulations and ensure a smooth collection process. The performance of different customer groups is analyzed on a regular basis by the Debt Collection department.

(4) Risk management (continued)

Management believes that current procedures and tools are sufficient to effectively manage the credit risk of different customer groups.

In addition, the structure of the loan portfolio is based on many small value loans, and consequently separate customer exposures cannot individually cause material losses to the 4finance Group.

The calculation methodology for loan impairment is described in Note (5) Use of estimates and judgements. Quantitative information on 4finance Group's credit risk is disclosed in the table below.

Credit quality of loan portfolio (4finance Group):

	Gross receivables 31.12.2024	Allowance for doubtful debts 31.12.2024	Net receivables 31.12.2024	Gross receivables 31.12.2023	Allowance for doubtful debts 31.12.2023	Net receivables 31.12.2023
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Stage 1 (no more than 30 days past due)	135 484	(7 897)	127 587	131 638	(10 164)	121 474
Stage 2 (past due from 31 to 90 days)	17 464	(10 416)	7 048	16 007	(9 374)	6 633
Stage 3 (past due more than 90 days)	21 576	(17 160)	4 416	24 410	(18 038)	6 372
	174 525	**(35 473)**	**139 051**	**172 055**	**(37 576)**	**134 479**

When reviewing the portfolio and the respective provisions, management concentrates on the quality by ageing buckets as outlined above.

4finance Group's Expected Credit Losses

The following table provides an explanation of how allowance for impairment (for receivables from customers) changed during the period.

	Allowance for impairment Opening balance 01.01.2024	Origination and acquisition	Derecognition & repayments	Change in credit risk	Write-offs	Other & FX	Allowance for impairment Closing balance 31.12.2024
Stage 1	10 164	10 221	(11 158)	464	(1 793)	(1)	7 897
Stage 2	9 374	(327)	(7 019)	8 441	-	(53)	10 416
Stage 3	18 038	1 054	(6 201)	16 945	(12 532)	(144)	17 160
	37 576						**35 473**

TBI Financial Services

TBI Financial Services is exposed to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when they fall due. Significant changes in the individual counterparty, the economy or in the situation in a particular industry segment could result in losses other than the losses for which impairment loss allowances are identified by TBI Financial Services management as at the balance sheet date. To manage credit risk, TBI Financial Services has developed strict potential borrower analysis and assessment procedures, including scoring procedures and detailed verification of data provided. Loans to corporate clients

(4) Risk management (continued)

are mainly secured by collateral. Collateral is valued by obtaining a market value and then further reduced to take into account various risks. They are monitored on a regular basis and the underlying collateral is subject to re-appraisal on an annual basis. For impairment purposes, loans are monitored for Days Past Due ('DPD'), and other impairment triggers. For loans to groups of related party SME's, exposures are assessed collectively.

Loans to individuals are not secured. In addition, TBI Financial Services has developed an effective payment monitoring system as well as a procedure for measuring the collection of receivables. Preliminary analysis and subsequent monthly monitoring are in place to detect the concentration of related parties by sectors of the economy and other cross-sections in compliance with TBI Financial Services internal rules.

TBI Financial Services structures the level of credit risk it is exposed to by placing limits on its exposure to one borrower or group of borrowers, geographical region and industry segment. Such risks are monitored regularly and are subject to annual or more frequent review.

TBI Financial Services risk exposures are classified in three groups based on the criteria of credit risk level, Stage 1 (with DPD <31 days), Stage 2 (with DPD<31 days with forbearance measures and exposures with DPD between 31 and 90 DPD), Stage 3 (exposures with DPD>90 and with NPL triggers).

Loans extended to individuals are monitored as per the overdue payments indicator.

The exposure to each borrower, including banks and intermediaries, is further restricted by sub-limits covering on-balance sheet and off-balance sheet exposures, commitments, and daily delivery risks in relation to trading items such as forwards. The actual exposures against the respective limits are monitored on a daily basis.

Credit quality of loan portfolio and finance leases (TBI Financial Services):

	Gross receivables 31.12.2024	Allowance for doubtful debts 31.12.2024	Net receivables 31.12.2024	Gross receivables 31.12.2023	Allowance for doubtful debts 31.12.2023	Net receivables 31.12.2023
	EUR'000	**EUR'000**	**EUR'000**	**EUR'000**	**EUR'000**	**EUR'000**
Stage 1 (no more than 30 days past due)	1 140 724	(39 444)	1 101 280	921 963	(27 241)	894 722
Stage 2 (past due from 31 to 90 days)	46 375	(16 287)	30 088	32 366	(12 199)	20 167
Stage 3 (past due more than 90 days)	115 388	(69 101)	46 287	86 867	(50 757)	36 110
	1 302 487	**(124 831)**	**1 177 656**	**1 041 196**	**(90 197)**	**950 999**

Collateral

TBI Financial Services employs a set of policies and practices to mitigate credit risk. A requirement of the TBI Financial Services to borrowers (other than consumer loans to individuals), is to provide suitable collateral prior to the disbursement of loans approved. The main types of collateral for loans are as follows:

- cash in Bulgarian Levs and foreign currencies
- mortgages on real estate
- pledges on business assets such as receivables, inventory, plant and equipment
- pledges over financial instruments, and
- guarantees issued in favour of TBI Financial Services.

(4) Risk management (continued)

In order to minimise credit loss, TBI Financial Services requires additional collateral from counterparties as soon as impairment indicators are observed. The collateral held as a pledge for financial assets, other than loans and advances, is determined by the nature of the financial instrument.

In view of the specifics of the TBI Financial Services business and the increasing portfolio of small consumer loans, the share of unsecured loans within the TBI Financial Services portfolio is growing. These types of loans are mostly average-term (the median term of the portfolio is approximately 27 months) and have low limits (the average receivable amount is approximately BGN 3.3 thousand / around EUR 1.7 thousand).

The table below shows the total amount of loans to customers before provisions and impairment losses by type of collateral at 31 December 2024:

	Loans to customers		
	Gross amount EUR'000	**Collateral* EUR'000**	**Coverage****
Mortgages	128 345	107 911	84.08%
Cash collateral	712	105	14.72%
Other collateral	11 000	12 964	117.85%
Unsecured	1 161 034	-	
Total	**1 301 091**	**120 980**	

* For all collateral, market value is obtained from external appraisers and then further reduced to take into account various risks. Not more than 80% of market value is counted towards the recoverable amount in case of default.

** Coverage of credit risk via collateral, as a percentage of the loan's carrying amount per type of collateral. Collateral values are considered up to the exposures to which these relate.

Contingent liabilities and irrevocable commitments

Guarantees and letters of credit, which represent an irrevocable commitment by TBI Financial Services to make the respective payment if the customer fails to discharge its liability to a third party, gives rise to the same type of risk as loans. Documentary and commercial letters of credit, that represent written commitments of the TBI Financial Services on behalf of a customer, are secured with cash deposits or other pledges in favour of TBI Financial Services. Consequently, TBI Financial Services is exposed to minimal risk.

Commitments to grant loans represents the unutilised portion of the allowed loan amount, guarantees or letters of credit. TBI Financial Services control the maturity of credit commitments since in most cases long-term commitments bear higher credit risk compared to short-term ones.

(4) Risk management (continued)

For more details on TBI Financial Services contingent liabilities and irrevocable commitments see Note (31) Contingent liabilities and irrevocable commitments.

For details regarding loans and leases at 31 December 2024 see the table below:

	Loans to corporate clients EUR'000	**Loans to individual clients EUR'000**	**Financial leases EUR'000**
Neither past due nor impaired	150 561	886 621	89
Past due less than 30 days*	1 771	92 370	-
Past due 31 to 60 days*	4 747	31 272	-
Past due 61 to 90 days*	51	10 273	25
Past due over 91 days*	7 834	105 138	1 282
Collective provisions	(2 484)	(120 720)	(615)
Past due and individually impaired	10 452	-	-
Individual impairment	(1 012)	-	-
Net of loan loss provisions	**171 921**	**1 004 954**	**781**

* Not individually impaired, collective provisioning used

As at 31 December 2024, the carrying amount of financial assets that would otherwise be past due whose terms have been renegotiated is EUR 2 283 thousand (31 December 2023: EUR 4 524 thousand) net of impairment.

Loans to customers that are neither past due, nor impaired

According to its internal rules and policies, TBI Financial Services individually assess all corporate loans in its portfolio and books an impairment allowance if objective evidence for impairment exists. Consumer loans are reviewed for indicators of impairment on a portfolio basis. Credit quality is determined based on an analysis of the number of days past due and the amount overdue.

Past due but not impaired

Corporate past due but not impaired loans include past due loans where the recoverable amount of the collateral fully covers the exposure to the respective borrower.

Loans to customers which are past due and are impaired

For individually assessed accounts, loans are treated as impaired as soon as objective evidence indicates that an impairment loss will be incurred.

TBI Financial Services Expected Credit Losses

The following table provides an explanation of how allowance for impairment (for receivables from customers and finance leases) changed during the period.

(4) Risk management (continued)

	Allowance for impairment Opening balance 01.01.2024	Origination and acquisition	Derecognition & repayments	Change in credit risk	Write-offs	Other & FX	Allowance for impairment Closing balance 31.12.2024
Stage 1	27 240	48 620	(47 473)	11 122	-	(68)	39 441
Stage 2	12 199	(1 175)	3 508	1 750	-	7	16 289
Stage 3	50 758	(1 710)	13 389	79 039	(72 354)	(21)	69 102
	90 197						**124 831**

Deposits, placements with other banks and debt and equity instruments

The table below presents an analysis of deposits with other banks and debt and equity instruments on 31 December 2024 based on criteria set by rating agencies as a result of their credit assessments.

Rating	**Debt and Equity investments EUR'000**	**Placements with other banks EUR'000**
A (Moody's)	10 294	3 414
A (S&P)	5 198	-
A (Fitch)	-	1 017
BAA (Moody's)	80 944	3 026
AAA (Moody's)	50 461	-
AAA (Fitch)	24 985	-
BBB (S&P)	45 704	-
BBB (Fitch)	-	721
BBB (BCRA)	-	1 582
BB (S&P)	3 163	-
BB (BCRA)	-	10 417
BB (Fitch)	-	598
BA (Moody's)	1 433	9 518
B (Fitch)	409	135
B (BCRA)	-	10 043
Unrated	47	-
	222 638	**40 472**

The unrated placements with other banks and financial institutions are rated internally based on an analysis of quantitative and qualitative factors.

(b) Liquidity risk

4finance Group

Liquidity risk is the risk that 4finance Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or other financial assets when due. The liquidity position is managed by the Treasury department. The 4finance Group manages and controls its liquidity position on a day-to-day, short-, medium- and long-term basis by implementing and following relevant procedures, policies,

(4) Risk management (continued)

and processes. The 4finance Group has established the following processes and procedures - 4finance Group cash flow management procedures, 4finance Group bank account management procedures, and an intra-4finance Group financing process. Management believes that the current processes and procedures are sufficient to effectively monitor and manage the liquidity risk of the 4finance Group. 4finance Group's maturity structure of financial assets and liabilities is presented in Note (38) Maturity analysis.

TBI Financial Services

The Management Board of TBI Financial Services assigns the Asset and Liabilities Management Committee as the primary responsible unit to advise the Management Board on liquidity management strategy. The legal requirement for the bank is to maintain a liquidity ratio (LCR) of at least 100%. For more details see Note (38) Maturity analysis.

TBI Financial Services monitor the liquidity of assets and liabilities by type of currency, amount and interest rates on a daily basis. With respect to the large portion of liabilities comprising term deposits from individuals and legal entities, active measures are taken to encourage customers to renew their deposits. Deposits from legal entities are primarily in large amounts and historical experience shows that typically the terms and conditions are re-reviewed and agreed immediately prior to their maturity. For more details see Note (28) Deposits from customers.

(c) Market risk

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

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

Interest rate risk

Interest rate risk is the risk that movements in interest rates will affect the Group's income or the value of its portfolios of financial assets. Management believes that for the Group, with the exception of TBI Financial Services, interest rate risk is not material since all loans are issued and received at fixed rates and most of the borrowings are long term. Interest rate risk for loans to customers arising from short-term-pricing is not considered part of interest rate risk since an immaterial proportion of the interest rates charged relate directly to interest rate variance risk. The large majority of 4finance Group's borrowings have been received at fixed rates. Re-pricing of interest-bearing liabilities is not expected to take place within the next 12 months. TBI Financial Services are subject to floating interest rates (Euribor, Soifbor and Robor) and actively manages this risk. TBI Financial Services are using interest rate swaps. Based on analysis, a 100 bp increase/ (100) bp decrease change in interest rates would result in EUR 784 / (784) thousand effect on the Statement of Comprehensive Income.

Currency risk

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

(4) Risk management (continued)

In TBI Financial Services currency risk is managed by the Management board, which sets limits to control the open foreign currency positions risk, which are monitored daily.

The 4finance Group's currency risk is managed centrally by the Group's Treasury Department. The 4finance Group has established a Currency risk monitoring and management policy. It is the policy to hedge its open positions where practical and economically sensible to do so.

To manage open positions in foreign currencies, the Group has entered into cross currency swaps, interest rate swaps and forward agreements. The purpose of the financial instruments is to limit the Group's exposure to foreign currency fluctuations.

An analysis of sensitivity of the Group's net income for the period and equity to changes in foreign currency exchange rates based on positions existing as at 31 December 2024 and 31 December 2023 and a simplified scenario of a 10% change in PLN, USD, CZK, PHP and RON to EUR exchange rates is as follows:

	31.12.2024		31.12.2023	
	Net income EUR'000	Equity EUR'000	Net income EUR'000	Equity EUR'000
Appreciation of RON against EUR	9 596	9 596	6 890	6 890
Depreciation of RON against EUR	(9 596)	(9 596)	(6 890)	(6 890)
Appreciation of USD against EUR	88	88	261	261
Depreciation of USD against EUR	(88)	(88)	(261)	(261)
Appreciation of CZK against EUR	1 819	1 819	1 725	1 725
Depreciation of CZK against EUR	(1 819)	(1 819)	(1 725)	(1 725)
Appreciation of PHP against EUR	1 189	1 189	1 448	1 448
Depreciation of PHP against EUR	(1 189)	(1 189)	(1 448)	(1 448)
Appreciation of PLN against EUR	-	-	3 196	3 196
Depreciation of PLN against EUR	-	-	(3 196)	(3 196)

The currency risk analysis above illustrates the effect of an isolated appreciation/depreciation of each significant operating currency at 10% change excluding hedges. The Group is hedging majority of exposures in PHP, CZK, RON and SEK. The above analysis does not include any assumptions about the correlation between these currencies. Refer to Note (40) Currency analysis for further information on the Group's exposure to foreign currency risk.

Price risk

4finance Group

Price risk is the risk that the value of a financial instrument carried at fair value will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or factors affecting all instruments traded in the market. Price risk arises when the 4finance Group takes a long or short position in a financial instrument.

TBI Financial Services

In performing its activities, TBI Financial Services are exposed to price risk as government treasury bonds are held. TBI Financial Services risk management policies are designed to identify and analyze risks, to set appropriate risk limits and controls, and to monitor adherence to risk limits by means of a reliable and up-to-

(4) Risk management (continued)

date information system. TBI Financial Services regularly review its risk management policies and systems to reflect changes in the markets, products, and emerging best practice.

(d) Operational risk

Operational risk is the risk of direct or indirect unexpected loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than credit risk, such as those arising from Group's dependency on its supply chains and vendors, public infrastructure, and generally accepted standards of corporate relationships. Operational risks arise from all the Group's operations.

The Group's internal control procedures are designed in a manner that manage operational risk so as to balance the avoidance of financial losses and damage to the Group`s reputation with overall cost effectiveness, while not unduly restricting initiative and creativity.

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

- requirements for appropriate segregation of duties, including the independent authorization of transactions
- requirements for the reconciliation and monitoring of transactions
- compliance with regulatory and other legal requirements
- documentation of controls and procedures
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified
- development of contingency plans
- training and professional development
- ethical and business standards
- risk mitigation, including insurance where this is effective.

The Group is also subject to reputation risk in relation to the lending practices undertaken by each of its operations. Management is fully aware of the scrutiny and interest in the operations of short-term finance institutions by regulators and members of the public. Management seeks to be transparent in the way it markets its business, takes steps to ensure that all operations comply with all relevant legislation and cooperates intensively with regulators, when requested.

(e) Capital management risk

The objectives of the Group's management of capital include:

- compliance with the capital requirements set by regulators as applicable, including the banking markets in which TBI Financial Services operate
- ensuring the Group's ability to continue as a going concern so that it can continue to provide returns for the shareholders
- maintaining a strong capital base which is the basis for the development of the Group's activity.

(4) Risk management (continued)

Capital management of the 4finance Group is not governed by any requirements set by regulatory institutions or international bodies. Management reviews its capital position on a regular basis to ensure positive equity in all subsidiaries of the 4finance Group and to maintain sufficient funds to support its medium- and long-term strategic goals.

TBI Financial Services

Capital adequacy and the use of equity are monitored by TBI Financial Services management, employing techniques based on the guidelines developed by the Basel Committee, as well as EU Directives and Regulations, adopted by the Bulgarian National Bank ('Regulatory Authority') for supervisory purposes. The information required is filed with the Regulatory Authority on a regular basis.

The Regulatory Authority requires each bank or group of banks: (a) to hold minimum level of equity of BGN 10 000 thousand and (b) to maintain a ratio of total regulatory capital to risk-weighted assets (RWA), which for TBI Financial Services as of 31 December 2024 is 14.41%. The ratio comprises of a total capital adequacy requirement of 8%, protective capital buffer of 2.5%, systemic risk buffer of 3% for BG RWA exposures (1.20% from the total RWA as of 31 December 2024) and countercyclical buffer of 1.26% from the total RWA as of 31 December 2024 (for BG 2%, for RO 1%, for LT 1%,for LV 0.5%, for GR 0%, for TR 0%). Each bank is also required to hold additional Pillar 2 Requirement and Pillar 2 Guidance, which is 1.45% (P2R) and 0% (P2G) for TBI Financial Services. TBI Financial Services capital adequacy ratio as of 31 December 2024 was 22.28% (31 December 2023: 22.50%).

The TBI Financial Services equity is divided into two tiers in accordance with the definitions and requirements of Regulation No 575 of the European Parliament and of the Council of 26 June 2013.

(5) Use of estimates and judgements

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

4finance Group

In preparing these consolidated financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements of the Group for the period ended 31 December 2023. These included determination of the consolidation group and whether embedded derivatives within financial liabilities require separation. It was determined that embedded derivatives do not require separation.

(a) Allowances for credit losses on loans and receivables, see Note (17) Net receivables due from customers

Total allowances for impairment on loans and advances are assessed collectively. Collectively assessed impairment allowances cover credit losses inherent in portfolios of loans and advances with similar credit risk characteristics when there is objective evidence to suggest that they contain impaired financial assets, but the individual impaired items cannot yet be identified. Collectively assessed impairment allowances also cover credit losses for portfolios of defaulted loans which are defined as being past due by more than 90 days, except for the Philippines portfolio where default is set as more than 30 days past due. In assessing the need for collective loss allowances, management considers factors such as probability of default ('PD'), loss given

(5) Use of estimates and judgements (continued)

default ('LGD'), exposure at default ('EAD'), portfolio size, delay concentration and economic factors. In order to estimate the required allowance, assumptions are made to define the way inherent losses are modelled and to determine the required input parameters, based on historical experience, current and future economic conditions. To assess collective impairment allowances, the loan portfolio is grouped based on delay days. The significant assumptions used in determining collective impairment losses for the loan portfolio include:

- Management calculates loss given default based on collected cash from defaulted loans based on discounted net cash inflows (interest, penalties, principal, commission) in the 9 months from Default date. External Debt Collection costs are deducted from incoming cash inflows. The collected cash observation period can be extended if significant cash collections are observed after 9 months from Default date. All collected cash are discounted to the Default moment by using the last 6 months average effective interest rate ('EIR') including contractual interest rate and fees of the specific product.
- Management calculates probability of default using historic transition matrices which analyze loan portfolio movements by count of loans between the delinquency buckets over a one month period for single payment loans, a three month period for minimum to pay loans and a six month period annualized for instalment loans. The analysis is undertaken on a monthly basis, in which the average probability of default ratios of the last six months for single payment loans and of the last 3 months for instalment loans and minimum to pay loans are calculated.
- Management calculates repayment rates (part of EAD) based on historical repayments of principal for loans that will default in 4 months' time for single payment loans and minimum to pay loans, and based on historical repayments for principal for loans that will default in 1 years' time for bucket until 30 days past due and accordingly in 2 and 1 months for buckets after 30 days past due for instalment loans. A repayment rate is calculated for each delinquency group individually by comparing the actual open principal amount at default date to the initial outstanding principal at observation period.
- Management writes off trade receivables and loans to customers when they are past due more than one year or earlier if deemed to be uncollectable. For the Philippines portfolio, loans are also written off at the point of Default, i.e. over 30 days past due.

The Group also makes use of debt sales to third parties for its defaulted loans. The proceeds from debt sales are included, where relevant, in the cash recoveries for the LGD calculation. Where a regular 'forward flow' debt sale agreement is effective, the average realization price can be used as the LGD for the appropriate delay buckets where the majority of those loans are eligible for the forward flow debt sale.

For new portfolios, where there is insufficient past statistical data, projections of recoveries are used based on the data available and benchmarking of comparable data from other markets where the 4finance Group has wider historical data availability. Projected LGD rates vary across the countries depending on the specifics of individual countries.

During the period ended 31 December 2024, management continually reassessed its impairment allowances for credit losses on loans and receivables. This assessment included a review of historical recovery trends impacting the LGD ratios that underlie the impairment loss allowance calculations. As of 31 December 2024, the weighted average LGD rate across portfolios was 67% (31 December 2023: 63%). On product level single payment loan weighted average LGD was 77%, 66% for instalment loans, 56% for minimum to pay and 69% for near-prime loans.

(5) Use of estimates and judgements (continued)

Sensitivity analysis of the Group's net income for the period and equity to changes in LGD rates given a simplified scenario of a 5% increase in the LGD ratio for each operating entity would increase loan loss impairment for EUR 2 270 thousand (31 December 2023: EUR 2 495 thousand). A 5% decrease would lead to a decrease for EUR 2 426 thousand (31 December 2023: EUR 2 701 thousand).

(b) Separation of embedded derivatives

There is an early redemption option related to the issued debt. These prepayment options are judged to be closely related to the host debt instruments characteristics and, therefore, are not separated from the host debt instrument. 4finance Group does not currently expect these options to be exercised.

(c) Capitalization of internal development costs

During the period, 4finance Group developed certain software solutions. 4finance Group applied IAS 38 to assess expenditure that met the criteria to be capitalized and expenditure to be expensed to profit or loss. Management judgement is required to assess costs falling within 3 specific phases - research and pre-development costs, development costs and maintenance/post-development costs. 4finance Group has set up internal processes allowing it to allocate internal IT costs to the appropriate stage. Only those expenses that have been internally assessed as relating to development are capitalized. In addition, management judgement is required in assessing the useful economic lives of developed projects and performing review of intangible assets carrying value for impairment. Currently, useful life is 3-5 years depending on the nature of the development. When assessing value in use, estimated future cash flows of cash-generating units are discounted to their present value using a rate that reflects current market assessments of the time value of money and the risks associated to the asset. Information in relation to the capitalisation of internal development costs is disclosed in more detail in Note (25) Intangible assets and goodwill.

(d) Deferred tax asset recognition

Significant management judgement is required in assessing deferred tax assets, in particular projecting taxable profits in current and future years, see Note (26) Deferred tax assets.

(e) Fair value of financial instruments

Significant management judgement is used for estimating unobservable inputs and valuation adjustments, see Note (36) Fair value of financial instruments.

(f) Valuation of related and other party loans

Significant management judgement is used for estimating market interest rate and expected credit loss, see Notes (20) Net loans to related parties and (21) Net loans to other parties.

(g) Impairment of Intangible assets and goodwill measurement

Significant management judgement is required for calculation goodwill and assessing intangible asset, including goodwill, impairment. The main judgmental areas include fair value of assets and liabilities acquired calculation for goodwill calculation and projecting expected free cash flows to equity holders in current and future years, estimating discount rates and estimating terminal growth rates, see Note (25) Intangible assets and goodwill.

(h) Provisions and contingent liabilities

Significant management judgement is used for estimating provisions and contingent liabilities in relation to legal cases, see Notes (35) Litigations and (25) Intangible assets and goodwill.

(5) Use of estimates and judgements (continued)

TBI Financial Services

The TBI Financial Services make estimates and assumptions that affect the amounts of reported assets and liabilities within the next financial year. Accounting estimates and judgements are consistently applied and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Allowances for credit losses

TBI Financial Services review its loan portfolios to assess the need for impairment on at least a quarterly basis. In determining whether an impairment loss should be recorded in the Statement of Comprehensive Income, TBI Financial Services make an analysis whether objective data exists indicating that there is a significant decrease in the estimated future cash flows from the loan portfolio. Such evidence may include observable data, indicating an adverse change in the borrowers' ability to meet their loan obligations in the respective portfolio, or their national or local economic conditions indicate that the probability of default has increased. When estimating future cash flows, for assets with credit risk features and objective evidence for impairment similar to those in the portfolio, management uses estimates based on historical losses experienced. The methodology and assumptions used to estimate the amount and timing of future cash flows are reviewed regularly in order to reduce differences between loss estimates and actual loss experience. TBI Financial Services undertake a credit risk stress test which assumes a static portfolio of the bank and migration of loans with DPD up to 90 days to loans with DPD 90+ with a forecast horizon of 12 months as reflected in the average three years transition matrices per product and domicile in adverse scenario with a total effect of EUR 5 003 thousand as of 31 December 2024 (31 December 2023: EUR 899 thousand). As per EBA requirements the adverse scenario assumptions are performed on a dynamic portfolio with 36 months horizon totaling overall risk estimate of EUR 13 796 thousand (31 December 2023: EUR 4 592 thousand).

(b) Collateral and repossessed collateral valuation

The value of real estate collateral is determined by independent expert appraisers, using generally accepted valuation techniques. Such techniques include the revenue method and the discounted cash flow method. In certain cases, fair value is determined based on recent transactions involving real estate with similar features and locations as the collateral.

Non-real estate repossessed collateral is measured at the lower of the value upon acquisition and the fair value less costs to make the sale.

The calculation of fair value of collateral involves the use of estimates, including the future cash flows from the assets and the discount rates applicable to these assets. These estimates are based on the conditions in the local market existing at the date of valuation.

TBI Financial Services management has committed to specific actions aimed at the realization of repossessed assets through disposal.

The assets repossessed against loans are classified as assets acquired from foreclosure on collateral.

TBI Financial Services undertake a collateral depreciation stress test for repossessed assets, which assumes a devaluation of real estate by 5-15% depending on the type of real estate over a forecast horizon of 12 months. As of 31 December 2024, this test resulted in a sensitivity of EUR 167 thousand (31 December 2023: EUR 643 thousand).

(5) Use of estimates and judgements (continued)

(c) Analysis of the components of effective interest rate (EIR)

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

(d) Fair value of financial instruments

Significant management judgement is used for estimating unobservable inputs and valuation adjustments, see Note (36) Fair value of financial instruments.

(e) Provisions and contingent liabilities

Significant management judgement is used for estimating provisions and contingent liabilities in relation to legal cases, see Note (35) Litigations and (31) Contingent liabilities and irrecoverable commitments.

(6) Interest income

Summary

	2024 EUR'000	2023 EUR'000
Loans to customers:		
4finance Group	182 845	179 226
TBI Financial Services	241 573	191 452
Corporate loans:		
4finance Group	7 692	8 370
Due from banks:		
4finance Group	734	152
TBI Financial Services	4 922	3 639
Financial assets carried at fair value through OCI:		
TBI Financial Services	6 595	3 156
	444 360	**385 995**

Interest income from Corporate loans includes interest income from related parties of EUR 3 045 thousand (2023: EUR 3 936 thousand) and interest income from other corporate loans EUR 4 647 thousand (2023: EUR 4 434 thousand).

(6) Interest income (continued)

Interest income split by geographic markets:

The 4finance Group Loans to customers

	2024 EUR'000	2023 EUR'000
Spain	90 048	76 915
Latvia	35 564	34 112
Philippines	25 471	36 808
Czech	24 316	23 814
Sweden	4 146	5 107
Lithuania	1 819	1 369
Mexico	1 037	8
Denmark	445	1 049
Other	-	44
	182 845	**179 226**

TBI Financial Services

	EUR'000	EUR'000
Romania	126 799	102 203
Bulgaria	90 790	76 324
Greece	17 519	6 179
Lithuania	6 465	6 747
Poland	-	1
	241 573	**191 452**

(7) Interest expense

	2024 EUR'000	2023 EUR'000
Deposits from customers	42 174	32 091
Interest expense on notes	29 515	30 043
Interest expense on other loans	5 091	2 663
Other	945	983
	77 726	**65 780**

Interest expense on Deposits from customers increased as a result of TBI Financial Services general policy to attract funds in order to expand their credit activities.

Interest expense from other loans includes interest paid for MREL eligible instruments, see Note (27) Loans and Borrowings for more details.

(8) Fee and commission income

	2024 EUR'000	2023 EUR'000
Income from insurance broker's activities and agent's commissions	56 831	48 222
Transfer and transaction income	3 108	2 259
Other income	333	266
	60 273	**50 747**

Fees and commissions are related to TBI Financial Services' operations. Agent's commission income originates from an insurance agency contract. In 2024 the increase of fees and commissions resulted from growing business which includes newly established collaborations with insurance brokers.

(9) Fee and commission expense

	2024 EUR'000	2023 EUR'000
Bank transaction expense	4 598	2 958
Agent's commission expense	1 463	2 235
Other expense	275	511
	6 336	**5 704**

Fees and commissions are related to TBI Financial Services operations. Costs of agent's commissions relate to credit brokerage contracts. The increase in bank transaction expense comes from fees related to card transactions.

(10) Other operating income

	2024 EUR'000	2023 EUR'000
Income from services	23 076	17 054
Other income	318	1 267
Interest income	77	101
	23 471	**18 422**

Other operating income includes income from services and relevant fee income from the online business (mainly in Philippines and Lithuania) such as income from contracts with customers under IFRS 15.

Decrease in other income mainly because of the recognition of historic overpayments from clients in Latvia and Sweden in 2023.

(11) Operating costs

	2024 EUR'000	2023 EUR'000
Personnel costs	96 284	86 302
Marketing and sponsorship	23 566	23 069
Legal and consulting	15 527	11 280
IT expenses	15 345	13 846
Depreciation and amortization	11 570	7 914
Taxes	8 442	5 892
Communication expenses	6 370	5 506
Application inspection costs	6 037	5 304
Annual contribution to deposit guarantee fund	2 821	3 421
Office expenses	2 139	2 253
Bank services	2 109	2 128
Subscriptions and memberships	1 705	886
Travel	1 443	1 573
Debt collection costs	1 290	1 515
Rent and utilities	988	1 790
Other	12 503	7 507
	208 140	**180 186**

The year-on-year increase in operating costs is mainly related to the growing business and geographical expansion of TBI Financial Services and acquisition of Wikipro S.A de CV in Mexico at the end of 2023. The Group maintains its ongoing focus on cost discipline and efficiency, including the wind-downs of certain products/markets.

Other expenses mainly consist of provision for usury claims in Spain and staff event costs.

Executive Committee and Board member remuneration expenses are disclosed in Note 33.

	2024	2023
Auditor's fees (part of Legal and consulting)	EUR'000	EUR'000
Audit fees	1 507	1 289
Audit related fees	29	335
Tax related fees	1	1
	1 537	**1 625**

	2024	2023
Average number of employees		
Senior management/Executives	5	5
Employees	2 464	2 389
	2 469	**2 394**

(12) Non-recurring income/(expense)

	2024 EUR'000	2023 EUR'000
Disposals of subsidiaries	1 090	3 331
Intangible asset write-off	(360)	(165)
Other non-recurring income/(expense)	(654)	1 669
	77	**4 835**

Disposals of subsidiaries in 2024 include results from sale of 4f Sales, Inc. (net gain of EUR 1 080 thousand), 4finance UAB (net gain of EUR 97) and 4finance ApS (net loss of EUR 86 thousand).

Disposals of subsidiaries in 2023 include result from sale of subsidiary in Prestamo Movil S.A. (net gain of EUR 3 429 thousand) and GoodCredit Universal Credit Organization CJSC (net loss of EUR 89 thousand).

The Group has reviewed its IT related internally developed intangible assets portfolio to identify assets which either are not used, or which functionality is not aligned with current business strategy and therefore future economic benefit is not expected and has made a decision to write-off some intangible assets.

In 2023 other non-recurring income includes reversal of Denmark income adjustment from 2020 which was made following mid-year regulatory changes.

(13) Net foreign currency loss

	2024 EUR’000	2023 EUR’000
Net foreign currency loss	747	4 718
Net loss on derivatives	907	312
	1 654	**5 030**

(14) Net impairment losses

	2024 EUR’000	2023 EUR’000
Impairment losses on loans	195 014	165 569
Reversal of provision on debt portfolio sales	(13 958)	(7 427)
Recovery from written-off loans	(8 653)	(9 695)
	172 403	**148 447**

Net impairment losses in 2024 were higher year-on-year reflecting the larger portfolio and a changing product mix. The market for sales of non-performing loans was more active in a number of the Group’s markets during 2024. In 2024 net change in TBI Financial Services financial lease impairment allowance resulted in a loss of EUR 98 thousand (2023: EUR 308 thousand loss).

(15) Income tax for the reporting period

	2024 EUR'000	2023 EUR'000
Current tax	14 624	16 134
Deferred tax	(1 526)	(1 933)
	13 098	**14 201**

Reconciliation of effective income tax:

	2024 EUR'000	2023 EUR'000
Accounting profit before income tax	**65 413**	**58 345**
Theoretical corporate income tax, 24.94%	16 314	14 551
Tax effect of permanent differences related to non-deductible expenses/non-taxable income	7 454	1 069
Impact of tax rate in other jurisdictions	(10 669)	(1 419)
Corporate income tax for the reporting period	**13 098**	**14 201**
Income tax expense reported in the statement of profit or loss	13 098	14 201

The tax charge in 2024 was mainly created by the Group's biggest profitable countries and entities: Czech Republic, Spain and TBI Financial Services (Bulgaria).

Companies within the Group are subject, from time to time to tax inspections by the relevant local tax authorities. Currently, a tax inspection is being undertaking by the local tax authorities in Peso Redee Financing Co. Inc. (Philippines) and a limited scope tax inspection in 4finance Spain Financial Services S.A.U. (Spain). The group expects both audits to finish in 2025 and does not expect any incremental tax provision to be necessary.

Income tax liability as of 31 December 2024 was EUR 11 355 thousand (31 December 2023: EUR 12 330 thousand), while income tax advances as of 31 December 2024 were EUR 9 657 thousand (31 December 2023: EUR 3 589 thousand).

(16) Cash and cash equivalents

	31.12.2024 EUR'000	31.12.2023 EUR'000
Bank balances	96 799	58 518
Cash at central banks other than the minimum statutory reserve	40 214	74 985
Cash and cash equivalents in the statement of cash flows	**137 012**	**133 503**
Minimum statutory reserve	157 723	128 056
Total cash on hand and cash at central banks	**294 735**	**261 559**

As at 31 December 2024, the statutory minimum reserves held with the Bulgarian National Bank (BNB) by TBI Financial Services amount to 12% (31 December 2023: 12%) of the deposits attracted, 12% (31 December 2023: 12%) of funds attracted from abroad and 0% of the funds attracted from other local banks.

As at 31 December 2024, the statutory minimum reserves held at the National Bank of Romania (NBR) amounted to 8% of the funds attracted in new Romanian Lei and 5% of the funds attracted in currencies other than new Romanian Lei, not including funds attracted from other local banks and funds attracted with a residual maturity of less than two years without early termination clauses. The statutory minimum reserves are not available for use in the TBI Financial Services day-to-day operations.

(17) Net receivables due from customers

Summary

Net receivables due from customers have been divided into two parts below. 4finance Group shows all companies under 4finance Holding S.A. with the exception of TBI Financial Services, which has been shown separately.

	Gross receivables 31.12.2024 EUR'000	Allowance for impairment 31.12.2024 EUR'000	Net receivables 31.12.2024 EUR'000	Gross receivables 31.12.2023 EUR'000	Allowance for impairment 31.12.2023 EUR'000	Net receivables 31.12.2023 EUR'000
4finance Group	174 525	(35 473)	139 051	172 055	(37 576)	134 479
TBI Financial Services	1 301 091	(124 216)	1 176 875	1 039 616	(89 681)	949 935
	1 475 616	**(159 689)**	**1 315 927**	**1 211 671**	**(127 257)**	**1 084 414**

(17) Net receivables due from customers (continued)

4finance Group

	31.12.2024	31.12.2023
	EUR'000	EUR'000
Long-term loans due from customers	33 467	34 838
Allowance for impairment of long-term loans due from customers	(1 251)	(6 799)
Long term	**32 216**	**28 039**
Short-term loans due from customers	141 058	137 217
Allowance for impairment of short-term loans due from customers	(34 223)	(30 777)
Short term	**106 835**	**106 440**
	139 051	**134 479**

The 4finance Group's long-term and short-term loans consist of loan balances not exceeding EUR 15 000 per loan (31 December 2023: EUR 15 000 and maturity of up to 7 years) with maturity of up to 7 years. The average loan size in 2024 was EUR 166 (2023: EUR 159). The loans are not collateralized.

Movements in the allowance for impairment for 4finance Group for the respective periods are as follows:

	2024	2023
Allowance for impairment	**EUR'000**	**EUR'000**
Balance at the beginning of period	37 576	26 860
Charge for the period	98 919	99 152
Amounts written-off	(55 119)	(50 347)
Derecognised on disposal of portfolio	(45 659)	(37 689)
Currency effect	(245)	(400)
Balance at period end	**35 473**	**37 576**

The net gain from debt sales of loan portfolios in the 4finance Group is EUR 1 513 thousand (2023: EUR 1 242 thousand) due to more active debt sales markets in 2024.

Movements in the allowance for impairment include movements of EUR 3 762 thousand (2023: EUR 1 887 thousand) on receivables recognized under IFRS 15, which are included in the balance of Other assets (Note 22).

(17) Net receivables due from customers (continued)

Loans by country and currency:

	Gross receivables	Allowance for impairment	Net receivables	Gross receivables	Allowance for impairment	Net receivables
	31.12.2024	31.12.2024	31.12.2024	31.12.2023	31.12.2023	31.12.2023
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Latvia (EUR)	81 341	(11 222)	70 120	86 966	(14 165)	72 801
Spain (EUR)	48 205	(15 441)	32 764	42 919	(15 435)	27 484
Czech Republic (CZK)	17 780	(3 241)	14 538	16 395	(2 596)	13 799
Lithuania (EUR)	10 775	(1 377)	9 398	6 331	(1 319)	5 012
Philippines (PHP)	9 818	(2 053)	7 764	12 770	(2 619)	10 151
Sweden (SEK)	4 458	(422)	4 036	5 941	(1 279)	4 662
Mexico (MXN)	2 149	(1 717)	432	99	(64)	35
Denmark (DKK)	-	-	-	633	(99)	534
	174 525	**(35 473)**	**139 051**	**172 055**	**(37 576)**	**134 479**

TBI Financial Services

Loans to customers

	31.12.2024	31.12.2023
	EUR'000	EUR'000
Individuals	1 124 749	883 070
Corporate clients	175 121	155 386
Staff	1 221	1 161
Total loans to customers	**1 301 091**	**1 039 616**
Allowance for impairment	(124 216)	(89 681)
Total net loans to customers	**1 176 875**	**949 935**

Loans to customers include accrued interest amounting to EUR 24 345 thousand (2023: EUR 19 796 thousand). Loans to customers bearing floating interest rates amount to EUR 153 944 thousand (2023: EUR 132 698 thousand), and loans to customers bearing fixed interest rates amount to EUR 1 147 148 thousand (2023: EUR 916 486 thousand).

Allowance for impairment

The movement in allowance for impairment is as follows:

(17) Net receivables due from customers (continued)

Allowance for impairment for individually assessed financial assets

	2024 EUR'000	2023 EUR'000
Balance at the beginning of period	**833**	**988**
Charge for the period	477	402
Amounts written-off	(298)	(553)
Currency effect	-	(4)
Balance at period end	**1 012**	**833**

Allowance for impairment for collectively assessed financial assets

	2024 EUR'000	2023 EUR'000
Balance at the beginning of period	**88 848**	**69 515**
Charge for the period	106 829	70 792
Amounts written-off	(72 392)	(51 027)
Currency effect	(81)	(431)
Balance at period end	**123 204**	**88 848**

Net gain from debt sales of portfolio in TBI Financial Services is EUR 12 445 thousand (2023: EUR 6 186 thousand).

Structure of the loan portfolio by economic sectors

	Gross receivables 31.12.2024 EUR'000	Allowance for impairment 31.12.2024 EUR'000	Net receivables 31.12.2024 EUR'000	Gross receivables 31.12.2023 EUR'000	Allowance for impairment 31.12.2023 EUR'000	Net receivables 31.12.2023 EUR'000
Individuals	1 124 749	(120 674)	1 004 074	882 818	(86 292)	796 526
Construction and real estate	124 734	(856)	123 878	105 858	(508)	105 350
Other financial institutions	17 597	(154)	17 443	10 059	(192)	9 866
Commerce	15 409	(1 280)	14 129	13 019	(1 156)	11 863
Services	9 428	(571)	8 857	18 302	(673)	17 628
Manufacturing	4 357	(225)	4 131	3 386	(303)	3 083
Tourism	2 445	(169)	2 276	3 468	(275)	3 193
Staff	1 221	(45)	1 176	1 161	(40)	1 121
Agriculture	1 152	(240)	912	1 547	(241)	1 306
Total loans to customers	**1 301 091**	**(124 216)**	**1 176 875**	**1 039 616**	**(89 681)**	**949 935**

(18) Net investments in finance leases

	31.12.2024 EUR'000	31.12.2023 EUR'000
Gross investment in finance leases:		
Not later than one year	107	237
Later than one and not later than five years	47	208
Later than five years	1 328	1 425
	1 482	**1 870**
Unrealised finance income	(12)	(12)
	1 470	**1 858**
Less allowance for impairment	(615)	(517)
Net investment in finance leases	**855**	**1 341**
Net investment in finance leases		
Not later than one year	74	201
Later than one and not later than five years	6	114
Later than five years	775	1 026
	855	**1 341**

Leases mainly include contracts with companies and individuals for the lease of vehicles and production equipment.

A movement of the allowance for impairment losses for finance leases is as follows row:

	2024 EUR'000	2023 EUR'000
As of 1 January	517	209
Impairment loss allowance charged	(6)	477
Reversed	104	(168)
As of 31 December	**615**	**517**

(19) Debt and Equity investments

	31.12.2024 EUR'000	31.12.2023 EUR'000
Debt securities	238 992	147 740
Investments in equities	55	54
	239 047	**147 794**

Debt securities as at 31 December 2024 include EUR 222 182 thousand (31 December 2023: EUR 141 737 thousand) of government bonds and EUR 408 thousand of corporate bonds measured at FVOCI (31 December 2023: EUR 6 004 thousand) held by TBI Financial Services. Government bonds held by TBI Financial

(19) Debt and Equity investments (continued)

Services increased as at 31 December 2024 mainly due to the purchase of multiple government bonds amounting to EUR 80 446 thousand.

As at 31 December 2024 4finance Holding S.A. holds corporate notes amounting to EUR 16 402 thousand.

(20) Net loans to related parties

	Maturity	Interest rate	Principal amount 31.12.2024 EUR'000	Principal amount 31.12.2023 EUR'000	Accrued interest 31.12.2024 EUR'000	Accrued interest 31.12.2023 EUR'000
4finance Group S.A.	Jun 2026	15.00%	9 310	26 475	-	-
Ondal Finance Ltd	Jan 2025	0.00%	5 145	3 497	-	-
Digital Finance Holdings S.A.	Sep 2026	15.00%	4 620	-	58	-
Vane GmbH	Jan 2025	12.00%	503	502	-	-
Digital Finance International (Cyprus) Limited	Jan 2026	15.00%	490	490	25	19
Other	Dec 2025 - Dec 2026	13.00% - 15.00%	519	398	12	15
			20 588	**31 362**	**95**	**34**

All loans to related parties are unsecured.

The Group has entered into various loan agreements with related parties. These can be grouped into three categories: funding provided to the Group's parent company, 4finance Group S.A., funding provided to companies the Group has a minority ownership in, and funding provided to other related companies.

The Group has a minority ownership position in Vane GmbH, Digital Finance Holdings S.A. and joint venture in Ondal Finance Ltd. The Group has provided financing to the companies to support their growth, see note (23) Investment in associates and joint ventures.

(21) Net loans to other parties

	Maturity	Interest rate	Principal amount 31.12.2024 EUR'000	Principal amount 31.12.2023 EUR'000	Accrued interest 31.12.2024 EUR'000	Accrued interest 31.12.2023 EUR'000
M3 Groupe Holding SA	Jan 2025	15.00%	2 391	-	90	-
Soonly Finance SP.z o.o	Sep 2026	14.00%	-	31 918	-	-
			2 391	**31 918**	**90**	**-**

On 13 April 2022, the Group sold its Polish business to local management and the loan extended to Soonly Finance SP.z o.o (formerly Vivus Finance SP.z o.o) remained in place. On 18 September 2024, the loan was fully paid.

(22) Other assets

	31.12.2024 EUR'000	31.12.2023 EUR'000
Receivables from trade partners	36 966	38 707
Poland net purchase price receivable	2 798	11 570
Repossessed real estate	1 902	3 453
- less accumulated impairment	(437)	(805)
Other repossessed assets	384	1 345
-less accumulated impairment	(322)	(240)
Security deposits	649	677
FX hedging - funds on margin	302	7
Other receivables	1 602	2 044
	43 844	**56 758**

The majority of the Receivables from trade partners and Other receivables are at TBI Financial Services and includes merchant and debt sales counterparties.

The Poland nominal purchase price receivable at 31 December 2024 of EUR 3 million is shown net of discounting (31 December 2023: EUR 12 million). Discounting is used because payment is due in two years.

Repossessed real estate and other repossessed assets are assets held for sale in TBI Financial Services. Assets are measured at net realizable value.

FX hedging – funds on margin includes Group’s EUR/CZK, EUR/SEK, EUR/PHP and EUR/RON currency hedges.

Other receivables as at 31 December 2024 include other receivables from related parties of EUR 1 304 thousand (31 December 2023: EUR 118 thousand).

(23) Investment in associates and joint ventures

	31.12.2024 EUR’000	31.12.2023 EUR’000
Investments in associates	561	989
	561	**989**

Investments in associates measured using equity method consists of EUR 561 thousand (31 December 2023: EUR 989 thousand) investment in participation of 24.09% in Vane GmbH, a non-listed limited liability German company. The Group has significant influence over but does not control the company as the ownership of 24.09% shares does not give power to make important decisions alone. The Group acquired 24.39% of shares for EUR 2 142 thousand in November 2016. Afterwards share ownership % has slightly decreased due to share dilution. As of 31 December 2024, the investment was decreased by EUR 1 581 thousand (31 December 2023: EUR 1 153 thousand), which is the Group’s share of the cumulative net loss from the acquisition moment and additional assessed impairment. In 2024 the net reduction of the investment recognized is EUR 428 thousand (2023: loss of EUR 270 thousand). The company is an online platform that offers working capital solutions to digital media businesses.

(23) Investment in associates and joint ventures (continued)

On 21 June 2024, 4finance Holding S.A. acquired 15% of newly established Digital Finance Holdings S.A for EUR 1 thousand, 85% of the shares are owned by Tirona Limited. The Group has significant influence over but does not control the company. Digital Finance Holdings S.A. intends to focus on emerging market consumer lending.

On 10 February 2023, 4finance Holding S.A. together with 4finance Group S.A. established Ondal Finance Limited. Both companies have each 50% of ownership of Ondal Finance Limited, however a 3rd party has a call option to purchase 50% of 4finance Group S.A. owned shares in accordance with the option agreement. As of 31 December 2024 the call option has not been exercised. On 9 April 2025, 4finance Group S.A. sold their ownership to a 3rd party. 4finance Holding S.A. interest is accounted for using the equity method. Summarized unaudited financial information of the joint venture based on IFRS adopted by EU, and reconciliation with the carrying amount of the investment in the consolidated financial statements are set out below.

Summarized statement of financial position of Ondal Finance Limited:

	31.12.2024 EUR'000	31.12.2023 EUR'000
Assets		
Current assets		
Debtors	4 679	3 397
Total assets	**4 679**	**3 397**
Capital, reserves and liabilities		
Revaluation reserve	(12)	
Profit and loss account	(347)	(170)
Total capital and reserves	**(359)**	**(170)**
Liabilities		
Creditors		
Creditors	5 038	3 567
Total creditors	**5 038**	**3 567**
Total capital, reserves and liabilities	**4 679**	**3 397**
Group's share in equity - 50%	-	-
Goodwill	-	-
Group's carrying amount of the investment	-	-

(23) Investment in associates and joint ventures (continued)

Summarized statement of profit or loss of Ondal Finance Limited:

	2024	**10.02.2023 - 31.12.2023**
	EUR'000	**EUR'000**
Turnover	-	-
Cost of sales	-	-
Gross profit	-	-
Administration expenses	(3 866)	(3 409)
Operating loss	**(3 866)**	**(3 409)**
Interest receivable and other income	3 631	3 239
Interest payable and similar expenses	-	-
Loss before tax	**(235)**	**(170)**
Tax on profit or loss	59	-
Loss of the financial period	**(176)**	**(170)**
Total comprehensive loss	(176)	(170)
Group's share of profit - 50%	-	-

The joint venture had no other contingent liabilities or commitments as of 31 December 2024. The entity cannot distribute its profits without the consent of the two venture partners. In the year 2024 dividends have not been distributed.

(24) Property and equipment

	Buildings and land EUR'000	Leasehold improvements EUR'000	Computer equipment EUR'000	Other property and equipment EUR'000	Motor Vehicles EUR'000	Total EUR'000
Cost						
31 December 2022	**20 035**	**2 548**	**2 848**	**6 192**	**1 582**	**33 205**
Right-of-use assets	(1 823)	-	-	-	392	(1 431)
Additions	-	641	488	2 356	-	3 486
Disposals	(14)	(106)	(292)	(207)	(197)	(816)
Reclassification of fixed assets	-	(8)	(3)	8	-	(3)
Effect of changes in foreign exchange rates	(19)	(1)	(27)	(18)	(1)	(66)
31 December 2023	**18 179**	**3 074**	**3 014**	**8 331**	**1 776**	**34 375**
Accumulated depreciation and impairment						
31 December 2022	**7 993**	**1 468**	**2 342**	**2 291**	**900**	**14 994**
Right-of-use assets	(69)	-	-	-	164	95
Depreciation	171	432	224	1 112	-	1 939
Disposals	-	(100)	(292)	(177)	(197)	(766)
Impairment loss or reversal	-	-	(3)	-	-	(3)
Effect of changes in foreign exchange rates	(6)	(1)	(22)	(18)	(1)	(48)
31 December 2023	**8 089**	**1 799**	**2 249**	**3 208**	**866**	**16 211**
31 December 2022	**12 042**	**1 080**	**506**	**3 901**	**682**	**18 211**
31 December 2023	**10 090**	**1 275**	**765**	**5 123**	**910**	**18 164**

(24) Property and equipment (continued)

	Buildings and land	Leasehold improvements	Computer equipment	Other property and equipment	Motor Vehicles	Total
	EUR'000	**EUR'000**	**EUR'000**	**EUR'000**	**EUR'000**	**EUR'000**
Cost						
31 December 2023	**18 179**	**3 074**	**3 014**	**8 331**	**1 776**	**34 375**
Right-of-use assets	350	-	-	-	293	643
Additions	18	605	305	2 114	-	3 042
Disposals	-	(557)	(665)	(2 076)	(13)	(3 311)
Reclassification of fixed assets	-	-	-	-	-	-
Effect of changes in foreign exchange rates	1	1	(10)	(6)	-	(14)
31 December 2024	**18 548**	**3 123**	**2 644**	**8 363**	**2 056**	**34 735**
Accumulated depreciation and impairment						
31 December 2023	**8 089**	**1 799**	**2 249**	**3 208**	**866**	**16 211**
Right-of-use assets	822	-	-	-	258	1 080
Depreciation	181	431	296	1 401	-	2 309
Disposals	-	(412)	(660)	(1 914)	(13)	(2 999)
Reclassification of fixed assets	-	-	-	-	-	-
Effect of changes in foreign exchange rates	-	1	(8)	(5)	-	(12)
31 December 2024	**9 092**	**1 819**	**1 877**	**2 690**	**1 111**	**16 589**
31 December 2023	**10 090**	**1 275**	**765**	**5 123**	**910**	**18 164**
31 December 2024	**9 456**	**1 304**	**767**	**5 673**	**945**	**18 146**

As of 31 December 2024, property and equipment includes right-of-use assets of EUR 6 777 thousand related to leased branches, office premises and motor vehicles (2023: EUR 7 213 thousand). For details see Note (32) Right-of-use assets and lease liabilities.

(25) Intangible assets and goodwill

	Licenses, trademarks and similar rights EUR'000	Software and other intangible assets EUR'000	Goodwill EUR'000	Development costs EUR'000	Total EUR'000
Cost					
31 December 2022	**11 830**	**14 939**	**27 582**	**1 180**	**55 531**
Additions	6 531	6 033	32	3 253	15 849
Disposals and write-offs	(210)	(1 174)	-	(164)	(1 548)
Reclassification	5 631	(3 985)	-	(1 646)	-
Effect of changes in foreign exchange rates	(20)	(93)	(376)	(35)	(524)
31 December 2023	**23 762**	**15 720**	**27 238**	**2 588**	**69 308**
Accumulated amortisation and impairment					
31 December 2022	**4 941**	**5 917**	**-**	**-**	**10 858**
Amortisation	1 814	854	-	-	2 668
Amortisation of disposals	(7)	(152)	-	-	(159)
Impairment loss	(9)	(323)	-	-	(332)
Effect of changes in foreign exchange rates	(8)	(73)	-	-	(81)
31 December 2023	**6 730**	**6 223**	**-**	**-**	**12 953**
31 December 2022	**6 889**	**9 022**	**27 582**	**1 180**	**44 673**
31 December 2023	**17 032**	**9 497**	**27 238**	**2 588**	**56 355**

(25) Intangible assets and goodwill (continued)

	Licenses, trademarks and similar rights EUR'000	Software and other intangible assets EUR'000	Goodwill EUR'000	Development costs EUR'000	Advances EUR'000	Total EUR'000
Cost						
31 December 2023	**23 762**	**15 720**	**27 238**	**2 588**	**-**	**69 308**
Additions	5 149	8 053	-	4 268	41	17 511
Disposals and write-offs	(90)	(130)	-	(1 012)	-	(1 232)
Reclassification	10 272	(8 603)	-	(1 651)	-	18
Effect of changes in foreign exchange rates	1	(43)	181	(22)	-	117
31 December 2024	**39 094**	**14 997**	**27 419**	**4 171**	**41**	**85 722**
Accumulated amortisation and impairment						
31 December 2023	**6 730**	**6 223**	**-**	**-**	**-**	**12 953**
Amortisation	4 707	1 302	-	-	-	6 009
Amortisation of disposals	(40)	(1)	-	-	-	(41)
Impairment loss	-	-	-	-	-	-
Reclassification	25	(25)	-	-	-	-
Effect of changes in foreign exchange rates	1	(31)	-	-	-	(30)
31 December 2024	**11 423**	**7 468**	**-**	**-**	**-**	**18 891**
31 December 2023	**17 032**	**9 497**	**27 238**	**2 588**	**-**	**56 355**
31 December 2024	**27 671**	**7 529**	**27 419**	**4 171**	**41**	**66 831**

Software and other intangible assets consist of internally generated and other intangible assets. Development costs largely relate to new IT development projects and significant improvements of existing products.

Impairment test of Software and Development costs capitalized as of 31 December 2024 was performed, taking into consideration future performance of cash generating units. A cash generating unit is a product (instalment loan, single payment loan or minimum to pay product with separately identifiable loan portfolio and brand name) of each 4finance Group entity, which is the unit that generates cash inflow from continuing use that is largely independent of the cash inflow of other assets. As a result, no impairment was recognized. In addition to impairment test results, Group has reviewed IT related intangible assets portfolio to identify assets which either are not used, or which functionality is not aligned with current business strategy and therefore future economic benefit is not expected and has made a decision to write-off such intangible assets and development costs and recognized as non-recurring expenses, for details see Note (12) Non-recurring expense.

(25) Intangible assets and goodwill (continued)

Goodwill

In September 2023 the Group purchased Wikipro, SA de CV in Mexico which resulted in recognition of goodwill of EUR 28 thousand.

Acquisition of TBI Financial Services

On 11 August 2016, 4finance Holding S.A. completed the purchase of TBI Bank EAD through the acquisition of 100% of TBI Financial Services B.V. from its parent company, Kardan Financial Services B.V., following receipt of all regulatory approvals. TBI Financial Services was a consumer-focused financial group in Bulgaria and Romania. The acquisition was in line with the Group's strategy of product and geographic diversification. The total consideration was paid in cash of EUR 81.8 million where goodwill recognized was EUR 15 856 thousand.

For the twelve months ended 31 December 2024 consolidated TBI Bank EAD interest income revenues amounted to EUR 254 731 thousand (2023: EUR 198 937 thousand) and profit to EUR 50.0 million (2023: EUR 42.4 million).

TBI Financial Services goodwill impairment test

As of 31 December 2024, and 2023, goodwill was tested for impairment. The goodwill impairment test was performed for cash generating unit. Due to the fact that TBI Bank EAD constitutes the major part of the TBI Financial Services operations and assets then goodwill was fully allocated to TBI Bank EAD. The recoverable amounts for TBI Bank EAD were calculated based on the market value where market value is estimated using equity coefficient of around 1 and being around EUR 281 million. No impairment losses were recognized as the recoverable amounts were determined to be higher than its carrying amounts including goodwill.

The results of the sensitivity analysis indicate that for TBI Bank EAD, if the equity value would decrease by around EUR 201 million then the recoverable amount would be slightly below the carrying amount including goodwill (i.e. goodwill would become impaired).

Acquisition of Online Loans Pilipinas Financing, Inc

In 2022 the Group completed the acquisition of digital lender Online Loans Pilipinas Financing, Inc (Philippines) (OLP), effective 1 April 2022, by purchasing its holding company, Betont Pte, Ltd (Singapore). The Group acquired 100% of the business for EUR 6.6 million, with an additional EUR 4.9 million of funding to replace existing debt. The purchase price was paid in cash. An earn-out payment payable subject to 2022 audited IFRS net profit was estimated to be EUR 8 million and was paid in 2023 in full.

OLP is registered as a financing company with the Securities and Exchange Commission of the Philippines and offers both instalment and single payment loans with a range of related services.

The fair value of the purchase price was determined based on estimating future cash flows and using normalized net profit multipliers in range of scenarios. The acquisition was performed to enable the Group to enter a new market, restore geographic diversity and generate additional income. For the twelve months ended 31 December 2024, Online Loans Pilipinas Financing, Inc finance income amounted to EUR 16.3 million (2023: EUR 28.0 million), net profit amounted to EUR 0.8 million (2023: EUR 2.7 million).

(25) Intangible assets and goodwill (continued)

Goodwill arising from the acquisitions was EUR 12 182 thousand as of purchase date. The goodwill allocated is revaluated using the period end FX. As of 31 December 2024, the goodwill increased by EUR 185 thousands (2023: EUR 376 thousands) compared to prior year and amounted to EUR 11 535 thousand (2023: EUR 11 350 thousands).

OLP goodwill impairment test

OLP was assessed as one cash generating unit and goodwill as of period end 2024 was EUR 11 535 thousand (2023: EUR 11 350 thousand). An impairment test was undertaken on this unit based on value in use calculated using future projected cashflows. The company was profitable in last years and is expected to be profitable in the next years. Based on this impairment test, it was found that goodwill was not impaired.

The value in use was calculated based on the free cash flows to equity discounted by the cost of equity estimated to be 20% (rounded to the nearest whole number). Prior year there was calculated free cash flows to entity discounted by the WACC, which was 10%. Three years of cash flows were included in the discounted cash flow model. Projected revenue growth rates (per cent, compound annual growth rates) used in the goodwill impairment test were 2% (2023: 2%). A long-term growth rate into perpetuity was determined as 2% (2023: 2%).

Sensitivity analysis was performed to assess changes to key assumptions that could influence whether the carrying value of the units exceeded their recoverable amounts. The results of the sensitivity analysis indicate that for OLP, if free cash flows to entity decreased by 22% (2023: 90%) and discount rate increased by 2% (2023: 2%), then the recoverable amount is slightly below the carrying amount including goodwill (i.e. goodwill would become impaired).

(26) Deferred tax assets

Deferred tax relates to the following temporary differences and tax losses carried forward. Movement in temporary differences and tax losses carried forward during the period ended 31 December 2024:

	Net balance 1 January 2024	Recognised in profit or loss	Effect of exchange rate fluctuations	Net balance 31 December 2024	Deferred tax assets
	EUR'000	**EUR'000**	**EUR'000**	**EUR'000**	**EUR'000**
Impairment losses on loans and receivables	3 383	480	(51)	3 812	3 812
Property and equipment	13	11	(1)	22	22
Other liabilities	755	(45)	5	715	715
Tax loss carry-forwards	9 365	1 080	(116)	10 330	10 330
Net deferred tax assets	**13 516**	**1 526**	**(163)**	**14 879**	**14 879**

(26) Deferred tax assets (continued)

Movement in temporary differences and tax losses carried forward during the period ended 31 December 2023:

	Net balance 1 January 2023	Recognised in profit or loss	Effect of exchange rate fluctuations	Net balance 31 December 2023	Deferred tax assets
	EUR'000	**EUR'000**	**EUR'000**	**EUR'000**	**EUR'000**
Impairment losses on loans and receivables	2 310	1 049	25	3 383	3 383
Property and equipment	5	7	0	13	13
Other liabilities	830	(73)	(1)	755	755
Tax loss carry-forwards	8 392	951	23	9 365	9 365
Net deferred tax assets	**11 537**	**1 934**	**46**	**13 516**	**13 516**

The Group has recognized deferred tax assets of EUR 14 879 thousand (31 December 2023: EUR 13 516 thousand) in Bulgaria, Czech Republic, Greece, Lithuania, Luxembourg, Mexico, Philippines and Spain.

Deferred tax assets coming from tax losses carried forward as at 31 December 2024 related to Luxembourg, Mexico, Philippines and TBI Financial Services' Greece entity, totaled EUR 10 329 thousand (31 December 2023: EUR 9 365 thousand). The Group has prepared detailed financial projections for these entities covering the next 1-3 years. Based on these projections and the Group`s history of utilizing deferred tax assets in other countries, management expects that the Group will be able to fully utilize these tax losses over the forthcoming years.

EUR 6 314 thousand deferred tax assets are recognized on tax loss having expiry period more than 5 years. And EUR 4 015 thousand deferred tax assets are recognized on tax loss having expiry period within 5 years.

The main reasons for the increase in deferred tax asset value of continued operations in the reporting period compared to year 2023 are:

- DTA increase by EUR 930 thousand in Wikipro SA de CV, Mexico: DTA recognition on tax loss;
- DTA increase by EUR 568 thousand in TBI Financial services: mainly due to DTA increase on tax loss in TBI Financial services Greece entity;
- DTA increase by EUR 561 thousand in Peso Redee Financing Co. Inc., Philippines: mainly due to DTA recognition on tax loss and temporary non-deductible interest cost;
- DTA decrease by EUR 241 thousand in 4finance S.A., Luxembourg: due to reduction in CIT rate for year 2025;
- DTA decrease by EUR 227 thousand in 4finance Spain Financial Services S.A.U., Spain: mainly due to release of DTA on tax loss;
- DTA decrease by EUR 205 thousand in Online Loans Philipinas Financing Inc., Philippines: mainly due to DTA reduction on impairments.

(27) Loans and borrowings

	31.12.2024 EUR'000	31.12.2023 EUR'000
Long term		
Notes	299 446	275 987
MREL eligible instruments	29 459	22 669
	328 905	**298 656**
Short term		
Notes	2 629	2 609
MREL eligible instruments	569	343
	3 198	**2 953**
Total	**332 104**	**301 609**

Detailed information regarding loans and borrowings, net of unamortised issuance costs, can be seen below:

	Maturity	Interest rate	Principal amount 31.12.2024 EUR'000	Principal amount 31.12.2023 EUR'000	Accrued interest 31.12.2024 EUR'000	Accrued interest 31.12.2023 EUR'000
Notes:						
EUR 2026 Notes	Oct 2026	10.75%	123 692	122 292	2 434	2 416
EUR 2028 Notes	May 2028	11.25%	123 874	121 906	1 489	1 480
TBI Notes	Dec 2026	9.00%	20 000	-	7	-
TBI Notes	Jun 2026	9.00%	10 000	10 000	424	503
TBI Notes	Jul 2031	5.25%	10 000	10 000	159	25
TBI Notes	Sep 2026	9.50%	9 996	9 973	-	-
Notes Total:			**297 562**	**274 172**	**4 514**	**4 424**
MREL eligible instruments:						
MREL eligible instruments	Oct 2026 - Aug 2028	5.00%- 7.00%	29 459	22 669	569	343
MREL eligible instruments Total:			**29 459**	**22 669**	**569**	**343**
			327 021	**296 842**	**5 082**	**4 767**

As of 31 December 2024, the Group had loans and borrowings of EUR 332 104 thousand, compared with EUR 301 609 thousand as of 31 December 2023. As of 31 December 2024, the 4finance S.A. holds €40.0 million of its EUR 2026 bonds and €4.3 million of its EUR 2028 bonds in treasury.

In May 2016, 4finance S.A. issued EUR 100.0 million of 11.25% notes (the 'EUR 2028 Notes') which are senior to all of the Group's future subordinated debt. The 2028 Notes are listed on the Prime Standard regulated market segment of the Frankfurt Stock Exchange and Nasdaq Baltic First North market. In November 2016, a further EUR 50.0 million of EUR Notes were issued at par, and the maturity was extended in 2020, 2021 and 2023. The Group also has cancelled EUR 15.0 million of these bonds, so the outstanding amount is EUR 135 million, and they mature in May 2028.

In July 2021, TBI Bank EAD issued €10.0 million of 5.25% 10 year notes, in June 2023 issued €10.0 million of 9.0% 3 year notes, in December 2023 issued €10.0 million of 9.5% 3 year notes and in June 2024 issued

(27) Loans and borrowings (continued)

€20.0 million of 9.00% 2.5 year notes (the 'TBI Notes'). The Notes are listed on the Bulgarian Stock Exchange and will mature in July 2031, June 2026, September 2026 and December 2026.

In October 2021, 4finance S.A. issued EUR 175.0 million of 10.75% 5 year notes (the 'EUR 2026 Notes'). The Notes are listed on the Oslo Stock Exchange and will mature in October 2026. The proceeds from the new issue were used to repay the Group's outstanding $200 million USD bonds.

In Q4 2022, TBI Bank EAD issued €20.7 million of MREL (minimum requirement for own funds and eligible liabilities, set by the regulator for TBI Bank EAD) eligible instruments with interest rates in range from 5% to 7% and terms from 4 to 5 years. Attraction of these instruments allows the bank to meet the regulatory requirement for the MREL ratio (including capital and other MREL eligible instruments).

The Group is always considering alternatives for financing, including actively managing liquidity risks and strengthening its long-term capital structure.

Reconciliation of movements of liabilities to cash flow arising from financing activities is detailed in the table below:

	Notes EUR'000	MREL EUR'000
Balance at 1 January 2024	**278 596**	**23 013**
Loans received and notes issued	21 700	6 790
Repayment of loans and notes	-	-
Total changes from financing cash flows	**21 700**	**6 790**
Other changes		
Liability-related		
Interest payments	(31 193)	(1 314)
Costs of notes issuance and premium on repurchase of notes	41	-
Interest expense	32 928	1 543
Foreign exchange impact	6	(3)
Other	(3)	-
Total liability-related other changes	**1 779**	**226**
Total equity-related other changes	-	-
Balance at 31 December 2024	**302 075**	**30 028**

(28) Deposits from customers

	31.12.2024 EUR'000	31.12.2023 EUR'000
Corporate customers		
Term deposits	43 686	42 133
Current/settlement accounts	24 910	26 588
Individuals		
Term deposits	1 116 355	938 423
Current/settlement accounts	150 263	104 318
Total	**1 335 213**	**1 111 462**

As a credit institution, deposits are a normal part of the activity of TBI Financial Services, it provides only fixed rate deposits, most of which mature within 12 months. The average cost on these deposits for TBI Financial Services during 2024 was 3.3% (2023: 3.6%) per annum (average costs includes interest expense on deposits divided by current account and term deposit balances regardless of maturity, currency and geographic location).

The significant increase in deposits in 2024 was due to TBI Financial Services general policy to attract funds in order to expand their credit activities.

The activity of applying measures against money laundering and terrorist financing in TBI Financial Services is performed by Compliance Departments in Bulgaria and its Romanian Branch. The departments perform functions of specialized unit for control and prevention of money laundering and terrorist financing (CPMLTF) under the local legislation requirements and properly identifies and verifies the identity of its customers. For the transactions monitoring a specialized software is used, where suspicious transactions and counterparties are assessed and controlled.

(29) Other liabilities

	31.12.2024 EUR'000	31.12.2023 EUR'000
Prepayments in TBI received on customer loans	27 955	24 244
Accounts payable to trade partners	19 841	21 288
Accrued expenses	17 306	12 621
Accrued payables to employees	15 032	12 963
Right-of use liabilities	6 897	8 342
Taxes payable	3 883	3 857
Faulty payments received	602	685
Overpayments received from clients	557	473
FX hedging liabilities	26	2 655
Other liabilities	6 641	9 630
	98 740	**96 758**

Prepayments in TBI received on customer loans relate to TBI Financial Services on loans to individuals and represent instalments that have not yet matured. Upon request by a customer, TBI Financial Services is obliged to repay the amounts to the respective borrower.

Accrued expenses include expenses for marketing costs, loan application processing costs, communication expenses, debt collection expenses, and IT expenses.

The majority of the accounts payable to trade partners and other liabilities are at TBI Financial Services and are non-interest bearing.

(30) Share capital

The share capital of the Group as of 31 December 2024 was EUR 35 750 thousand (31 December 2023: EUR 35 750 thousand), divided into 3 575 000 000 ordinary shares (31 December 2023: 3 575 000 000 shares) with nominal value of EUR 0.01 each (31 December 2023: EUR 0.01), fully paid via a contribution-in-kind.

The holders of ordinary shares are entitled to receive dividends as declared from time-to-time and are entitled to one vote per share at annual and general meetings of the Group. All ordinary shares rank equal in their entitlement to the Group's residual assets.

Equity includes a negative reorganization reserve of EUR 31 240 thousand (31 December 2023: EUR 31 240 thousand) which mainly reflects the difference between the share capital of 4finance Holding S.A. and the paid in share capital of AS 4finance prior to the legal reorganization conducted in 2014 and 2015.

As at 31 December 2024, the Company's shareholder was 4finance Group S.A. (100% ownership of ordinary shares, corresponding to 100% of total share capital) owned by Tirona Limited (Cyprus) directly.

The significant beneficial owner of the Group is Edgars Dupats owning 29.50% in Tirona Limited as of 31 December 2024 (2023: Edgars Dupats 29.47%). The remaining 70.50% (2023: 70.53%) are owned by minority shareholders, each holding less than 10% of shares in Tirona Limited.

(31) Contingent liabilities and irrevocable commitments

There are no provisions for contingent liabilities recognised in 4finance Group at 31 December 2024.

Please refer to Note (35) Litigations for disclosure of contingent liabilities in relation to litigations.

TBI Financial Services contingent liabilities are related to its commitments to extend loans, credit lines, letters of credits and guarantees intended to meet the requirements of the bank's customers. Contingencies on loans and credit lines extended by TBI Financial Services represent contractual commitments to unconditionally provide a specified amount to the customer under the provisions of the loan agreement, in the part related to utilisation, as well as an obligation of TBI Financial Services to maintain amounts available up to those agreed in the credit line agreements. Upon expiry of the fixed deadline, the obligation, regardless of whether utilised or not, expires as well as the contingency for TBI Financial Services. Guarantees and letters of credit oblige TBI Financial Services, if necessary, to make a payment on behalf of the customer, if the customer fails to discharge its obligations within the term of the agreement. At that time, TBI Financial Services recognises the provision in its financial statements for the period of the occurred change.

The contingent liabilities and irrevocable commitments (except operating lease commitments) of TBI Financial Services at 31 December 2024 are as follows:

	31.12.2024 EUR'000	31.12.2023 EUR'000
Guarantees		
Corporate clients	133	137
Undrawn credit commitments:		
Corporate clients	48 904	30 147
Individuals	158 099	79 403
	207 135	**109 687**

Undrawn credit commitments have increased year-on-year due to business development in Bulgaria and Romania.

(32) Right-of-use assets and lease liabilities

The Group leases mainly office premises and vehicles. The leases typically run for a period from 1 to 5 years, with an option to renew the lease after that date. Lease payments are usually increased annually to reflect market rent rates.

Information about leases for which the Group is a lessee is presented as follows at 31 December 2024:

Right-of-use asset	**Building and land** **EUR'000**	**Motor Vehicles** **EUR'000**	**Total** **EUR'000**
Balance at 1 January 2024	**6 291**	**922**	**7 213**
Depreciation charge for the period	(2 789)	(568)	(3 357)
Additions to right-of-use assets	3 302	600	3 903
Modification of right-of-use assets	176	17	193
Derecognition of right-of-use assets	(1 160)	(15)	(1 175)
Currency revaluation reserve	(0)	1	1
Balance at 31 January 2024	**5 819**	**957**	**6 777**

(32) Right-of-use assets and lease liabilities (continued)

Information about leases for which the Group is a lessee is presented as follows at 31 December 2023:

Right-of-use asset	**Building and land EUR'000**	**Motor Vehicles EUR'000**	**Total EUR'000**
Balance at 1 January 2023	**8 041**	**696**	**8 738**
Depreciation charge for the period	(2 868)	(434)	(3 303)
Additions to right-of-use assets	2 426	640	3 066
Modification of right-of-use assets	510	36	546
Derecognition of right-of-use assets	(1 804)	(1)	(1 805)
Currency revaluation reserve	(14)	(15)	(29)
Balance at 31 January 2023	**6 291**	**922**	**7 213**

Discounted lease liabilities are presented as follows:

	31.12.2024	**31.12.2023**
Current	3 044	2 985
Non-current	3 854	5 357
Total	**6 897**	**8 342**

Weighted average incremental borrowing rate in 2024 was 2.82% (2023: 2.48%).

In 2024, EUR 3 484 thousand (2023: EUR 3 616 thousand) was recognized as a net expense in the income statement in respect of operating leases including EUR 218 thousand (2023: EUR 219 thousand) of interest expenses. Sublease income in 2024 was EUR 4 thousand (2023: EUR 15 thousand). Modification gain in 2024 was EUR 88 thousand (none in 2023).

In 2024, cash outflow for leases was EUR 4 299 thousand (2023: EUR 3 265 thousand).

(33) Related party transactions

(a) Transactions with parent and the related entities

Receivables:	**31.12.2024**	**31.12.2023**
	EUR'000	**EUR'000**
Loans issued to related parties (Note 20)	9 310	26 475
Other receivable	1 288	116
	10 598	**26 591**

Payables:	**31.12.2024**	**31.12.2023**
	EUR'000	**EUR'000**
Other payables	2	6
	2	**6**

Income:	**2024**	**2023**
	EUR’000	**EUR’000**
Interest income (Note 6)	2 889	3 791
Income from sale of subsidiaries	1 580	-
Income from services rendered	427	704
	4 896	**4 495**

Expense:	**2024**	**2023**
	EUR’000	**EUR’000**
Expense for services received	332	1 401
	332	**1 401**

(b) Transactions with associated companies

Receivables:	**31.12.2024**	**31.12.2023**
	EUR’000	**EUR’000**
Loans issued to related parties (Note 20)	10 326	3 999
	10 326	**3 999**

Income:	**2024**	**2023**
	EUR’000	**EUR’000**
Interest income (Note 6)	59	-
	59	**-**

(33) Related party transactions (continued)

(c) Transactions with other related parties

Receivables:	**31.12.2024**	**31.12.2023**
	EUR'000	**EUR'000**
Loans issued to related parties (Note 20)	1 046	922
Other receivable	16	2
	1 062	**924**

Income:	**2024**	**2023**
	EUR'000	**EUR'000**
Interest income (Note 6)	97	145
Income from services rendered	10	21
	107	**166**

Total remuneration included in administrative expenses:

	2024	**2023**
	EUR'000	**EUR'000**
Executive committee and Board members	2 698	3 549
	2 698	**3 549**

There are no outstanding balances as of 31 December 2024 with members of the Group's Management Board (the Board) or Executive Committee.

There are no emoluments granted to the members of the Board and commitments in respect of retirement pensions for former members of the Board.

On 1 January 2018, the Parent company of the Group established a share option program that entitles senior management personnel to purchase shares of the Parent, see Note (34) Personnel costs.

As at 31 December 2024, the share based payment reserve totaled EUR 2 072 thousand (31 December 2023: EUR 2 085 thousand). There was no expense recorded in 2024 and 2023.

(34) Personnel costs

	2024 EUR'000	**2023 EUR'000**
Type of costs		
Remuneration	81 349	70 063
Compulsory state social security contributions, pensions and other social security expenses	10 734	10 842
Other personnel costs	4 201	5 397
	96 284	**86 302**

Share-based payment arrangements

At 31 December 2024, the Group had the following share-based payment arrangements.

Equity-settled share option program

On 1 January 2018, the Parent company of the Group established a share option program that entitles senior management personnel to purchase shares of the Parent. In accordance with this program, holders of the vested options are entitled to purchase Parent company shares at their nominal value.

The terms and conditions of the grants are as follows and are settled by physical delivery of shares by the Parent company, option grants have initial contractual life of 10 years.

Grant date/employees entitled	**Number of instruments**	**Vesting conditions**	**Remaining contractual life**
Option grant to senior management at 1 January 2018	4 320	Quarterly in equal instalments over a three-year period starting on the grant date, subject to the continued employment	3 years
Option grant to senior management at 1 January 2019	7 838	Quarterly in equal instalments over a three-year period starting on the grant date, subject to the continued employment	4 years
Option grant to senior management at 1 January 2020	5 890	Quarterly in equal instalments over a three-year period starting on the grant date, subject to the continued employment	5 years

Measurement of fair values - share options

The fair value of services received in return for share options granted is based on the fair value of share options at the grant date, which are equal to diluted Parent company`s share value, estimated primarily using market multiple approach.

Fair value of share options	**Granted 1 Jan 2020**	**Granted 1 Jan 2019**	**Granted 1 Jan 2018**
Share option fair value at grant date	EUR 127.27	EUR 127.14	EUR 128.14
Parent company share value at grant date	EUR 127.28	EUR 127.15	EUR 128.15
Exercise price	EUR 0.01	EUR 0.01	EUR 0.01

As at 31 December 2024 no options were exercised, expired or forfeited (2023: 0), 3,081 were cancelled (2023: 2,788) and the total amount of exercisable options was 14,967 (2023: 15,260). In 2024 no new share option agreements were granted.

(35) Litigations

4finance Group has recognised EUR 13.3 million provisions in Spain as of 31.12.2024 (EUR 7.6 million 31.12.2023), relating to a number of customer redress claims mostly for usurious interest rates brought against 4finance Group. In 2024, the provision was increased by EUR 5.6 million net after provision reversal made in amount of EUR 0.9 million.

The Group expects that in future there could be more claims and considers it as a contingent liability, however there is uncertainty about the amount or timing of it. Consequently, the Group did not recognise a provision for the contingent liability element.

In Spain there is no specific applicable legislation regarding interest rates. However, in the past periods, the majority of such cases were decided in favour of customers based on a Spanish Supreme Court ruling from 2015 and subsequent rulings in 2020, 2022, 2023 and 2024 about usury in a different segment of consumer lending.

As such, the Group took the approach of provisioning for each lawsuit based on the average historic amounts paid to the clients and legal fees. It takes about 24 months on average for a court to issue a judgement after a lawsuit is initiated. Considering this, in 2024, time value discounting of lawsuits provision was at 15%. Starting from 2019 and continuing throughout 2024, with the help of the Spanish Micro Loan Association which provides the appropriate reference rate for the specific product along with the publication of rates by the Consumer Institute attached to Castilla La-Mancha University, 4finance Group is applying strong efforts to defend its legal position. Spanish courts are increasingly identifying procedural bad faith among attorneys filing consumer claims and classifying the lawsuits as fixed amount procedures, leading to a continued decline in the average legal fees awarded in these lawsuits.

The Spanish Micro Loan Association has been working to raise public awareness of the systematic misapplication of the rates published by the Bank of Spain.

In February 2025 the Consumer Rights Protection Centre (hereinafter the “CRPC”) decided to impose a EUR 285 thousand penalty on 4finance AS., Latvian entity, for allegedly failing to conduct sufficient solvency checks when issuing loans, mainly due to the use of a single credit bureau. The Group does not agree with the conclusion and has appealed the CRPC’s decision in March 2025 at the court of first instance. This process is likely to take at least two years.

Under the Consumer Rights Protection Law, there is the technical possibility for a class action lawsuit for cases such as this. It would need to be initiated by a qualified institution, ie the Latvian Consumer Rights Protection Association (LPIAA). As of the date of this report the LPIAA has not filed a lawsuit, but the Group acknowledges the existence of a potential contingent liability.

Given the lack of clarity in the law regarding the obligation to use the second credit bureau and the ongoing court case with the CRPC on their recent decision, the Group believes it is not reasonably possible to estimate the likelihood of a successful class action claim or the resulting exposure. Consequently, the Group does not recognise a provision for the contingent liability element.

TBI Bank EAD faced a claim for allegedly due but unpaid lawyer fees to Right Decision EOOD for EUR 0.8 million. In 2020, TBI Bank EAD won the case in the first instance court, and then again in 2022 in the second instance court. On 7 March 2025 the Supreme Court made a final decision in favour of TBI Bank EAD, dismissing Right Decision EOOD’s claim entirely.

(36) Fair value of financial instruments

(a) Financial instruments measured at fair value

The table below analyses financial instruments measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorised.

31 December 2024	Level 1 EUR'000	Level 2 EUR'000	Level 3 EUR'000	Total EUR'000
Financial assets				
Derivatives	-	34	-	34
Debt and Equity investments	222 590	-	55	222 645
	222 590	**34**	**55**	**222 679**
Financial liabilities				
Derivatives	**-**	**296**	**-**	**296**

31 December 2023	Level 1 EUR'000	Level 2 EUR'000	Level 3 EUR'000	Total EUR'000
Financial assets				
Derivatives	-	3 072	-	3 072
Debt and Equity investments	147 740	-	54	147 794
	147 740	**3 072**	**54**	**150 866**
Financial liabilities				
Derivatives	**-**	**1 134**	**-**	**1 134**

(36) Fair value of financial instruments (continued)

(b) Financial instruments not measured at fair value

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

31 December 2024	Level 1	Level 2	Level 3	Total fair values	Total carrying amount
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Financial assets					
Cash and cash equivalents	-	-	-	294 735	294 735
Placements with other banks	-	-	40 472	40 472	40 472
Net receivables due from customers	-	-	1 303 826	1 303 826	1 315 927
Net investments in finance leases	-	-	869	869	855
Debt and Equity investments	-	-	15 753	15 753	16 402
Net loans to related parties	-	-	21 250	21 250	20 683
Net loans to other parties	-	-	2 686	2 686	2 480
Investments in associates and joint ventures	-	-	561	561	561
Other financial assets	-	-	42 317	42 317	42 317
Financial liabilities					
Loans and borrowings	-	258 525	80 614	339 140	332 104
Deposits from customers	-	-	1 315 647	1 315 647	1 335 213
Other financial liabilities	-	-	81 609	81 609	81 609

31 December 2023	Level 1	Level 2	Level 3	Total fair values	Total carrying amount
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Financial assets					
Cash and cash equivalents	-	-	-	261 559	261 559
Placements with other banks	-	-	48 283	48 283	48 283
Net receivables due from customers	-	-	1 085 063	1 085 063	1 084 414
Net investments in finance leases	-	-	1 322	1 322	1 341
Net loans to related parties	-	-	32 199	32 199	31 396
Net loans to other parties	-	-	32 797	32 797	31 918
Investments in associates and joint ventures	-	-	989	989	989
Other financial assets	-	-	53 005	53 005	53 005
Financial liabilities					
Loans and borrowings	-	242 939	53 513	296 453	301 609
Deposits from customers	-	-	1 112 773	1 112 773	1 111 462
Other financial liabilities	-	-	85 307	85 307	85 307

(36) Fair value of financial instruments (continued)

The following table shows the valuation techniques used in measuring Level 2 and Level 3 fair values, as well as the significant unobservable inputs used:

Financial instruments measured at fair value (Level 2)

Type	Valuation technique	Significant unobservable inputs
Derivatives, Debt and Equity investments	The fair values are based on broker quotes. Similar contracts are traded in an active market and the quotes reflect the actual transactions in similar instruments	Not applicable

Financial instruments measured at fair value (Level 3)

Type	Valuation technique	Significant unobservable inputs
Debt and Equity investments	The fair value of unquoted equity instruments measured at fair value is calculated by: 1) using valuation reports of third parties based on the investee's net assets and management makes no further adjustments, 2) using valuation report made internally based on discounted future net cash flow model or multipliers, and 3) assessment of net assets adjusted, if necessary.	Not applicable

Financial instruments not measured at fair value for Level 3

Type	Valuation technique	Significant unobservable inputs
Other borrowed funds, loans due from customers, deposits due to customers, other assets and other liabilities	Discounted cash flows	Credit spreads

Bonds issued by the Group have been classified as Level 2 fair value measurement given that there are observable market quotations in markets, however, the market for the bonds is not assessed as an active market. Fair value of the bonds has been determined based on observable quotes. TBI Bank EAD issued MREL eligible instruments have been classified as Level 3 fair value measurement where fair value is calculated by discounting cash flows with year end market interest rate.

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

Loans and receivables have been classified as a Level 3 fair value measurement and the fair value is determined based on money market rates adjusted for a relevant credit spread determined by the Group.

The fair value of deposits from customers has been determined with reference to the Group's borrowing costs and has been determined to be a Level 3 fair value measurement.

The remaining financial assets and financial liabilities have been classified as Level 3 fair value measurements. Due to their short-term nature, no significant fair value difference from carrying amount is expected.

(37) Operating segments

The Group is organised into seven material reportable segments by their geographic location and TBI Financial Services, all smaller segments are reported under other segments. Each segment is managed separately because they require different market strategies. For each of the segments, the Group's Management Board reviews internal management reports on at least a monthly basis.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit or loss, as included in internal management reports that are reviewed by the Management Board. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results and benchmarking to other entities that operate within these industries.

Analysis by segment

Information about reportable segments

Segment information for the main reportable business segments of the Group for the period ended 31 December 2024 is set out below:

EUR'000	Spain	Philippines	Latvia	Czech Republic	Sweden	Lithuania	TBI Financial Services	All other segments *	Total Segments	Adjustments and eliminations	Consolidated
Interest income	90 233	25 472	35 586	24 380	4 146	1 823	251 523	42 433	475 296	(31 236)	**444 360**
Other operating income	-	21 628	33	-	43	2 446	-	2	24 152	(681)	**23 471**
Fee and comission income/expense	-	-	-	-	-	-	54 010	-	54 010	(73)	**53 937**
Interest expense	(4 925)	(919)	(7 737)	(2 084)	(670)	(850)	(48 696)	(31 271)	(97 152)	19 426	**(77 726)**
Net impairment losses on loans and receivables	(42 962)	(33 095)	(10 363)	(3 838)	(648)	(1 132)	(79 601)	(1 391)	(173 030)	626	**(172 403)**
Depreciation and amortization	(559)	(71)	(852)	(664)	(1)	(350)	(9 061)	(2)	(11 560)	(9)	**(11 570)**
Income tax for the reporting period	(3 512)	46	(187)	(1 602)	-	(7)	(9 674)	1 620	(13 316)	219	**(13 098)**
Reportable segment profit/ (loss) before tax	9 852	(1 349)	4 639	6 559	141	(2 712)	59 791	(14 057)	62 864	2 549	**65 413**
Reportable segments assets	62 048	16 580	166 800	26 915	5 380	11 943	2 018 314	645 020	2 953 000	(880 594)	**2 072 406**
Reportable segments liabilities	53 418	12 461	58 019	18 647	4 479	11 634	1 492 777	523 654	2 175 089	(397 380)	**1 777 709**

*The main contributors to All other segments are 4finance Holding S.A. and 4finance S.A.

Key positions for All other segments are receivables from related parties, intangible assets and loans to related parties under Assets, loans and borrowings and accounts payable to related parties under Liabilities.

(37) Operating segments (continued)

Segment information for the main reportable business segments of the Group for the period ended 31 December 2023 is set below:

EUR'000	Spain	Philippines	Latvia	Czech Republic	Sweden	Lithuania	TBI Financial Services	All other segments *	Total Segments	Adjustments and eliminations	Consolidated
Interest income	76 950	36 818	34 114	23 842	5 108	1 645	196 525	9 556	384 558	1 437	**385 995**
Other operating income	-	14 688	447	-	510	5 963	-	173	21 781	(3 359)	**18 422**
Fee and comission income/expense	-	-	-	-	-	-	45 044	-	45 044	-	**45 043**
Interest expense	(3 504)	(781)	(5 450)	(1 360)	(955)	(731)	(36 099)	(30 041)	(78 921)	13 141	**(65 780)**
Net impairment losses on loans and receivables	(37 196)	(35 171)	(16 044)	(2 767)	(2 829)	(791)	(55 902)	1 813	(148 887)	439	**(148 447)**
Depreciation and amortization	(585)	(41)	(590)	(575)	(1)	(305)	(5 708)	(21)	(7 826)	(87)	**(7 914)**
Income tax for the reporting period	(2 541)	(262)	(52)	(1 604)	-	(105)	(8 162)	(754)	(13 480)	(720)	**(14 201)**
Reportable segment profit/ (loss) before tax from	10 460	867	4 186	9 401	(1 364)	491	50 756	(15 281)	59 515	(1 172)	**58 345**
								-			
Reportable segments assets	52 226	18 870	213 246	25 838	6 208	9 289	1 690 920	541 059	2 557 656	(792 711)	**1 764 945**
Reportable segments liabilities	44 097	11 954	65 729	16 675	5 403	6 262	1 256 611	445 500	1 852 231	(328 937)	**1 523 293**

*The main contributors to All other segments are 4finance Holding S.A. and 4finance S.A.

Key positions for All other segments are receivables from related parties, intangible assets and loans due from customers and to related parties under Assets, loans and borrowings and accounts payable to related parties under Liabilities.

(37) Operating segments (continued)

A segment breakdown of interest income is divided by consumer products which include Single Payment Loans (with a term from one day up to 61 days), Instalment Loans (with a term from one month up to 60 months), Minimum to Pay Loans (open-ended revolving credit line with a minimum monthly repayment and flexible additional repayment), and Near Prime (with a term from three months up to 84 months) as well as interest income from Corporate Loans and from bank deposits. Products for TBI Financial Services are split between Retail, Small and Medium-sized Enterprises ('SME's') and Leasing.

A segment breakdown of interest income by products of the Group (except for TBI Financial assets carried at fair value through OCI) for the period ended 31 December 2024 is set out below:

EUR'000	Spain	Philippines	Latvia	Czech Republic	Sweden	Lithuania	TBI Financial Services	All other segments	Total Segments
Single Payment Loans	70 565	21 359	-	19 461	-	5	-	1 037	**112 428**
Instalment Loans	19 482	4 112	14 577	3 541	2	4	-	218	**41 937**
Minimum to Pay Loans	-	-	18 483	1 314	4 143	-	-	124	**24 064**
Near Prime	-	-	2 504	-	-	1 810	-	102	**4 416**
Retail (Only TBI Financial Services)	-	-	-	-	-	-	185 993	-	**185 993**
SME (Only TBI Financial Services)	-	-	-	-	-	-	55 580	-	**55 580**
Leasing (Only TBI Financial Services)	-	-	-	-	-	-	-	-	**-**
Corporate Loans	-	-	-	-	-	-	-	7 692	**7 692**
Interest from banks	186	1	22	64	-	4	4 922	457	**5 655**
Total	**90 233**	**25 472**	**35 586**	**24 380**	**4 146**	**1 823**	**246 495**	**9 631**	**437 766**

(37) Operating segments (continued)

A segment breakdown of interest income by products of the Group (except for TBI Financial assets carried at fair value through OCI) for the period ended 31 December 2023 is set out below:

EUR'000	**Spain**	**Philippines**	**Latvia**	**Czech Republic**	**Sweden**	**Lithuania**	**TBI Financial Services**	**All other segments**	**Total Segments**
Single Payment Loans	66 595	32 200	-	20 252	-	24	-	8	**119 080**
Instalment Loans	10 321	4 608	10 877	3 535	3	104	-	450	**29 898**
Minimum to Pay Loans	-	-	17 753	27	5 105	-	-	284	**23 170**
Near Prime	-	-	5 481	-	-	1 240	-	359	**7 079**
Retail (Only TBI Financial Services)	-	-	-	-	-	-	168 373	-	**168 373**
SME (Only TBI Financial Services)	-	-	-	-	-	-	23 013	-	**23 013**
Leasing (Only TBI Financial Services)	-	-	-	-	-	-	65	-	**65**
Corporate Loans	-	0	-	-	-	0	-	8 370	**8 370**
Interest from banks	34	0	3	27	-	3	3 639	85	**3 791**
Total	**76 950**	**36 808**	**34 114**	**23 842**	**5 108**	**1 372**	**195 091**	**9 556**	**382 839**

(37) Operating segments (continued)

Reconciliation of reportable segment interest income

	2024	2023
	EUR'000	EUR'000
Total interest income for reportable segments	432 863	376 050
Interest income for other operating segments	42 433	8 508
Adjustments and eliminations	(30 936)	1 437
Consolidated revenue	**444 360**	**385 995**

Reconciliation of reportable segment profit or loss before tax

	2024	2023
	EUR'000	EUR'000
Total profit or loss for reportable segments	76 921	76 757
Profit or loss for other operating segments	(14 057)	(17 242)
Adjustments and eliminations	2 549	(1 172)
Consolidated profit before tax	**65 413**	**58 344**

Reconciliation of reportable segment interest expense

	2024	2023
	EUR'000	EUR'000
Total interest expense for reportable segments	65 881	48 880
Interest expense for other operating segments	23 417	30 041
Adjustments and eliminations	(11 572)	(13 141)
Consolidated interest expense	**77 726**	**65 780**

Reconciliation of reportable segment assets

	2024	2023
	EUR'000	EUR'000
Total assets for reportable segments	2 307 980	2 019 502
Assets for other operating segments	645 020	538 154
Elimination of inter-group loans, investments and other receivables	(880 594)	(792 711)
Consolidated total assets	**2 072 406**	**1 764 946**

Reconciliation of reportable segment liabilities

	2024	2023
	EUR'000	EUR'000
Total assets for reportable segments	1 651 435	1 407 600
Assets for other operating segments	523 654	444 631
Adjustments and eliminations	(397 380)	(328 937)
Consolidated total liabilities	**1 777 709**	**1 523 293**

(38) Maturity analysis

The table below shows carrying amounts of financial assets and liabilities by remaining contractual maturity dates as at 31 December 2024. 4finance Group's Minimum to Pay Loans without fixed maturity are shown as less than 1 month as they can be repaid at any time and usage is typically short-term.

Assets EUR'000	**On demand/ less than 1 month**	**From 1 to 3 months**	**From 3 to 6 months**	**From 6 months to 1 year**	**From 1 to 5 years**	**More than 5 years**	**Overdue**	**TOTAL**
Cash and cash equivalents	294 735	-	-	-	-	-	-	294 735
Placements with other banks	8 567	-	2 500	-	29 405	-	-	40 472
Net receivables due from customers	130 285	29 041	252 078	7 041	705 733	2 467	189 283	1 315 927
Net investments in finance leases	59	55	51	-	9	-	680	855
Net loans to related parties	-	5 649	-	436	14 598	-	-	20 683
Net loans to other parties	-	2 480	-	-	-	-	-	2 480
Derivatives	3	31	-	-	-	-	-	34
Investments in associates and joint ventures	-	-	-	-	-	561	-	561
Debt and equity investments	26 042	59 751	97 324	-	39 478	51	16 402	239 047
Other financial assets	39 519	-	-	-	2 798	-	-	42 317
Total financial assets	**499 208**	**97 007**	**351 954**	**7 476**	**792 021**	**3 079**	**206 365**	**1 957 110**

Liabilities EUR'000	**On demand/ less than 1 month**	**From 1 to 3 months**	**From 3 to 6 months**	**From 6 months to 1 year**	**From 1 to 5 years**	**More than 5 years**	**Overdue**	**TOTAL**
Loans and borrowings	2 039	325	1 057	-	318 742	9 940	-	332 104
Deposits from customers	327 988	190 248	557 680	-	259 298	-	-	1 335 214
Derivatives	169	91	21	16	-	-	-	297
Other financial liabilities	39 804	27 594	8 948	498	3 894	872	-	81 609
Total financial liabilities	**370 000**	**218 258**	**567 705**	**513**	**581 934**	**10 812**	**-**	**1 749 222**
Net position	**129 208**	**(121 251)**	**(215 751)**	**6 963**	**210 087**	**(7 733)**	**206 365**	**207 888**
Net cumulative position	**129 208**	**7 957**	**(207 794)**	**(200 831)**	**9 256**	**1 523**	**207 889**	**-**

(38) Maturity analysis (continued)

The table below shows financial assets and liabilities by remaining contractual maturity dates as at 31 December 2023. 4finance Group's Minimum to Pay Loans without fixed maturity are shown as less than 1 month as they can be repaid at any time and usage is typically short-term.

Assets EUR'000	On demand/ less than 1 month	From 1 to 3 months	From 3 to 6 months	From 6 months to 1 year	From 1 to 5 years	More than 5 years	Overdue	TOTAL
Cash and cash equivalents	261 559	-	-	-	-	-	-	261 559
Placements with other banks	19 315	-	1 000	-	27 968	-	-	48 283
Net receivables due from customers	109 765	67 470	174 330	7 623	525 530	36 072	163 623	1084 414
Net investments in finance leases	48	51	55	104	109	-	975	1 341
Net loans to related parties	-	-	-	3 496	27 900	-	-	31 396
Net loans to other parties	-	-	-	-	31 918	-	-	31 918
Derivatives	106	14	7	71	2 874	-	-	3 072
Investments in associates and joint ventures	-	-	-	-	-	989	-	989
Debt and equity investments	13 020	5 895	69 286	-	59 545	48	-	147 794
Other financial assets	41 435	-	6 000	-	5 570	-	-	53 005
Total financial assets	**445 249**	**73 431**	**250 677**	**11 294**	**681 413**	**37 109**	**164 598**	**1 663 770**

Liabilities EUR'000	On demand/ less than 1 month	From 1 to 3 months	From 3 to 6 months	From 6 months to 1 year	From 1 to 5 years	More than 5 years	Overdue	TOTAL
Loans and borrowings	2 082	275	832	-	288 683	9 737	-	301 609
Deposits from customers	253 437	158 249	500 281	-	199 495	-	-	1111 462
Derivatives	536	418	178	1	-	-	-	1 134
Other financial liabilities	40 406	28 866	10 279	954	4 802	-	-	85 307
Total financial liabilities	**296 461**	**187 808**	**511 570**	**956**	**492 980**	**9 737**	**-**	**1 499 512**
Net position	**148 788**	**(114 378)**	**(260 893)**	**10 339**	**188 432**	**27 372**	**164 598**	**164 258**
Net cumulative position	**148 788**	**34 410**	**(226 483)**	**(216 144)**	**(27 712)**	**(340)**	**164 258**	**-**

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

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

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

The analysis as at 31 December 2024:

31 December 2024	Carrying amount	Total nominal (inflow)/ outflow	On demand/ less than 1 month	From 1 to 3 months	From 3 to 6 months	From 6 months to 12 months	More than 1 year
Non-derivative liabilities EUR'000							
Loans and borrowings	332 104	425 246	0	3 931	11 393	13 941	395 981
Deposits from customers	1 335 213	1 368 086	328 281	191 521	571 522	-	276 761
Other financial liabilities	81 609	81 609	39 804	27 594	8 948	498	4 766
Total	**1 748 926**	**1 874 940**	**368 085**	**223 045**	**591 863**	**14 439**	**677 508**

The analysis as at 31 December 2023:

31 December 2023	Carrying amount	Total nominal (inflow)/ outflow	On demand/ less than 1 month	From 1 to 3 months	From 3 to 6 months	From 6 months to 12 months	More than 1 year
Non-derivative liabilities EUR'000							
Loans and borrowings	301 609	422 941	-	3 858	10 449	13 848	394 786
Deposits from customers	1 111 462	1 138 082	255 772	161 348	510 768	-	210 195
Other financial liabilities	85 307	85 307	40 406	28 866	10 279	954	4 802
Total	**1 498 378**	**1 646 330**	**296 177**	**194 072**	**531 496**	**14 802**	**609 783**

(40) Currency analysis

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

Assets EUR'000	**BGN**	**CZK**	**EUR**	**PHP**	**PLN**	**RON**	**USD**	**Other**	**TOTAL**
Cash and cash equivalents	162 944	5 675	77 584	2 538	-	41 280	3 630	1 084	294 735
Placements with other banks	10 700	23	25 943	-	6	1 769	817	1 214	40 472
Derivatives	-	-	34	-	-	-	-	-	34
Net receivables due from customers	379 908	14 538	391 676	7 764	-	517 572	-	4 468	1 315 927
Net investments in finance leases	-	75	780	-	-	-	-	-	855
Net loans to related parties	-	-	15 101	-	-	-	436	5 145	20 683
Net loans to other parties	-	-	2 480	-	-	-	-	-	2 480
Debt and equity investments	30 391	-	141 791	-	-	-	50 461	16 404	239 047
Other financial assets	12 473	413	13 059	3 104	2	12 595	-	684	42 330
Investments in associates	-	-	561	-	-	-	-	-	561
Total financial assets	**596 416**	**20 724**	**669 011**	**13 407**	**7**	**573 216**	**55 343**	**28 999**	**1 957 124**
Off-balance sheet - FX transactions only	-	-	60 266	-	-	-	-	-	60 266

Liabilities EUR'000	**BGN**	**CZK**	**EUR**	**PHP**	**PLN**	**RON**	**USD**	**Other**	**TOTAL**
Loans and borrowings	9 534	-	322 570	-	-	-	-	-	332 104
Deposits from customers	472 790	-	358 707	-	-	448 126	54 429	1 161	1 335 213
Derivatives	-	-	297	-	-	-	-	-	297
Other financial liabilities	24 212	2 511	23 427	1 521	2	29 134	33	769	81 609
Total financial liabilities	**506 535**	**2 511**	**705 001**	**1 521**	**2**	**477 259**	**54 462**	**1 930**	**1 749 222**
Off-balance sheet - FX transactions only	-	24 795	-	5 038	-	25 036	-	5 497	60 366
Net position (excluding off-balance sheet)	**89 881**	**18 212**	**(35 990)**	**11 886**	**6**	**95 957**	**881**	**27 069**	**207 902**
Net position (including off-balance sheet)	**89 881**	**(6 583)**	**24 276**	**6 848**	**6**	**70 921**	**881**	**21 572**	**207 802**

Currency risk of the open positions in CZK, PHP, RON, SEK is managed through the use of forward foreign currency contracts which minimize the adverse effects of currency exchange rate fluctuations. The Group monitors its foreign currency exposure to non-Euro based currencies on a regular basis and will, if deemed commercial, consider hedging some or all of any exposure arising.

(40) Currency analysis (continued)

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

Assets EUR'000	**BGN**	**CZK**	**EUR**	**PHP**	**PLN**	**RON**	**USD**	**Other**	**TOTAL**
Cash and cash equivalents	154 456	5 705	47 304	2 809	4	44 061	5 585	1 636	261 559
Placements with other banks	8 925	-	33 587	-	2	1 987	1 420	2 362	48 283
Derivatives	-	-	3 072	-	-	-	-	-	3 072
Net receivables due from customers	322 121	13 798	323 487	10 151	-	409 625	-	5 233	1 084 414
Net investments in finance leases	-	278	1 040	-	-	23	-	-	1 341
Net loans to related parties	-	-	27 485	-	-	-	414	3 496	31 396
Net loans to other parties	-	-	-	-	31 918	-	-	-	31 918
Debt and equity investments	9 796	-	97 957	-	-	-	40 040	1	147 794
Other financial assets	12 986	426	20 002	3 311	37	14 562	212	1 469	53 005
Investments in associates	-	-	989	-	-	-	-	-	989
Total financial assets	**508 283**	**20 207**	**554 922**	**16 271**	**31 960**	**470 258**	**47 672**	**14 197**	**1 663 769**
Off-balance sheet - FX transactions only	-	-	154 689	-	-	-	-	-	154 689

Liabilities EUR'000	**BGN**	**CZK**	**EUR**	**PHP**	**PLN**	**RON**	**USD**	**Other**	**TOTAL**
Loans and borrowings	7 720	-	293 889	-	-	-	-	-	301 609
Deposits from customers	358 512	-	336 607	-	1	370 145	45 027	1 171	1 111 462
Derivatives	-	-	855	-	-	279	-	-	1 134
Other financial liabilities	24 909	2 953	23 600	1 794	1	30 935	38	1 075	85 306
Total financial liabilities	**391 141**	**2 953**	**654 951**	**1 794**	**2**	**401 359**	**45 065**	**2 247**	**1 499 511**
Off-balance sheet - FX transactions only	-	14 908	43 666	-	30 732	61 189	-	7 299	157 794
Net position (excluding off-balance sheet)	**117 142**	**17 254**	**(100 028)**	**14 477**	**31 958**	**68 899**	**2 606**	**11 951**	**164 258**
Net position (including off-balance sheet)	**117 142**	**2 346**	**10 995**	**14 477**	**1 226**	**7 710**	**2 606**	**4 652**	**161 153**

(41) Group entities

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

Name of entity	Registered office	Ownership 31.12.2024	Ownership 31.12.2023
4f Sales, Inc.	850 New Burton Road, Suite 201, Dover, DE 19904	-	100% 4finance Holding S.A.
4finance AB	Varuvägen 9, 125 30 Älvsjö, Sweden	100% 4finance Holding S.A	100% AS 4finance
4finance ApS	C/O Grant Thornton Lautrupsgade 11, 2100 København Ø, Denmark	-	100% AS 4finance
4finance S.A.	8-10, Avenue de la Gare, L-1610 Luxembourg, Grand Duchy of Luxembourg	100% 4finance Holding S.A	100% AS 4finance
4finance Spain Financial Services S.A.U	Albasanz 14, ground floor, 28037 Madrid, Spain	100% 4finance Holding S.A	100% AS 4finance
4finance UAB	Jonavos Street 254a, LT-44132, Kaunas, Lithuania	-	100% AS 4finance
4Services Limited	Icom house 1/5 Irish Town, Suite 3, Second Floor, PO Box 883, Gibraltar	100% 4finance Holding S.A.	100% 4finance Holding S.A.
AS 4finance	Riga, Brivibas 155A, LV-1012, Latvia	100% 4finance Holding S.A.	100% 4finance Holding S.A.
Bastorehill Investments Sp. z o.o.	Towarova 28,Warsaw, 00-839, Poland	100% AS 4finance	-
Betont Pte Ltd.	149B Telok Ayer Street 3, Singapore, 068607	100% 4finance Holding S.A	100% 4finance Holding S.A
Credit Service UAB	Jonavos Street 254A, LT- 44132, Kaunas, Lithuania	100% 4finance Holding S.A.	100% 4finance Holding S.A.
Digital Finance Holdings S.A.	8-10, Avenue de la Gare, L-1610 Luxembourg, Grand Duchy of Luxembourg	15% 4finance Holding S.A.	-
Holding Viva PTE. Ltd	216 JOO CHIAT ROAD #02-16 Soho life, Singapore (427483)	100% Digital Finance Holdings S.A.	-
ONDAL FINANCE LIMITED	C/O Tindle's Llp Medway House, Fudan Way Teesdale Business Park Stockton-on-Tees TS17 6EN	50% 4finance Holding S.A	50% 4finance Holding S.A
Online Loans Pilipinas Financing Inc	Unit 1402-1406 14th Floor Tycoon Centre, Pearl Drive, Barangay San Antonio, Pasig City, Philippines	99.997% Betont Pte Ltd.	99.997% Betont Pte Ltd.
Peso Redee Financing Co. Inc.	U204 Pacific Center Condominium, 33 San Miguel Ave Pasig City, Philippines	99.997% Betont Pte Ltd.	99.997% Betont Pte Ltd.
Premium Leasing LLC	Georgia, Tbilisi, Krtsanisi district, Krtsanisi St., N 14a, floor 6, flat N22, block 2	100% 4finance Holding S.A	-
SERVICIOS DIGITALES OMNI, S.A. DE C.V.	11520, Miguel De Cervantes Saavedra, Piso 2 oficina-2011, Ciudad De Mexico	99.998% Digital Finance Holding S.A	-
SIA Debt Solution	Riga, Brivibas 155A, LV-1012, Latvia	100% 4finance Holding S.A.	100% 4finance Holding S.A.

Notes to the Consolidated Financial Statements

Name of entity	Registered office	Ownership 31.12.2024	Ownership 31.12.2023
TBI ASSET MANAGEMENT AND SERVICING S.A. (formerly: TBI Leasing IFN S.A.)	8-12 Putul lui Zamfir Str., Ground Floor and First Floor, District 1, Bucharest, Romania	100% (99.996709% TBI Bank EAD, 0.003291% TBI Financial Services B.V.)	100% (99.9989% TBI Bank EAD, 0.0011% TBI Financial Services B.V.)
TBI Bank EAD	52-54 Dimitar Hadzhikotsev Str., Lozenets district, 1421 Sofia, Bulgaria	100% TBI Financial Services B.V.	100% TBI Financial Services B.V.
TBI Bank EAD Greece Branch	Kifisias avenue No: 196, 15231 Chalandri R. Attika, Municipality of Chalandri, Greece	Branch of TBI Bank EAD	Branch of TBI Bank EAD
TBI Bank EAD Sofia-Bucharest Branch	8-12 Putuli lui Zamfir Str., 4th floor, 1st sector, Bucharest, Romania	Branch of TBI Bank EAD	Branch of TBI Bank EAD
TBI Buy EAD	52-54 Dimitar Hadzhikotsev Str., Lozenets district, 1421 Sofia, Bulgaria	TBI Buy EAD (Bulgaria) merger with Vivus.bg EOOD (TBI Buy EAD ceased to exist) effective as of 06 December 2023.	TBI Buy EAD (Bulgaria) merger with Vivus.bg EOOD (TBI Buy EAD ceased to exist) effective as of 06 December 2023.
TBI Financial Services B.V.	Prof. W.H. Keesomlaan 12, 1183DJ Amstelveen, Amsterdam, the Netherlands	100% 4finance Holding S.A.	100% 4finance Holding S.A.
TBI Insurance Intermediaries Praktoreiaki Asfaleion SINGLE MEMBER S.A.	196 Kifisias Avenue, Chalandri, Athens, P.C. 15231, Greece	100% TBI Bank EAD	100% TBI Bank EAD
TBI Money IFN S.A. (formerly: TBI Credit IFN S.A.)	8-12 Putul lui Zamfir Str., 2nd Floor, District 1, Bucharest, Romania	100% (99.99999863% TBI Bank EAD, 0.00000137% TBI Financial Services	100% (99.99999863% TBI Bank EAD, 0.00000137% TBI Financial Services
TBI Tech Teknoloji ve Yazılım Hizmetleri A.Ş	District “Cumhuriyet”, “Cinarli” Ap. Ata nr. 1, internal door: 5, Yüsküdar/Istanbul	100% TBI Bank EAD	-
UNITRON TECHNOLOGY, S.A.P.I. DE C.V.	11520, Miguel De Cervantes Saavedra, Piso 2 oficina-2017 Y 2018, Ciudad De Mexico	99.998% Digital Finance Holding S.A	-
Vane GmbH	Marienburger Str. 1, 10405 Berlin, Germany	24.09% 4finance Holding S.A.	24.09% 4finance Holding S.A.
Vane Finance Technology Inc.	41 Madison, 31st Floor, New York, NY 10010, USA	100% Vane GmbH	100% Vane GmbH
Vane Finance Technology Limited	1 Poultry, London EC2R 8EJ, United Kingdom	100% Vane GmbH	100% Vane GmbH

Name of entity	Registered office	Ownership 31.12.2024	Ownership 31.12.2023
Vivus.bg EOOD	52-54 Dimitar Hadzhikotsev Str., Lozenets district, 1421 Sofia, Bulgaria	100% TBI Bank EAD	100% TBI Bank EAD
Wikipro S.A de CV	Avenida Insurgentes Sur, 1216, oficina 405, colonia Tlacoquemécatl del Valle, alcaldía Benito Juárez, Ciudad de México, C.P. 03200	4finance Holding S.A (90%) 4finance Spain Financial Services (10%)	4finance Holding S.A (90%) 4finance AS (10%)
Zaplo Finance s.r.o.	Mayhouse Office, 5. května 1746/22,140 00 Praha 4 - Nusle, Czech Republic	100% 4finance Holding S.A.	100% AS 4finance

(42) Subsequent events

Acquisition

In January 2025, the Group established a subsidiary in Kazakhstan to act as a shared services hub for analytics and risk teams.

Financing

In February 2025, the Group re-sold €2 million notional of its EUR 2026 bonds that were held in treasury at market prices above par. As of the date of this report, the Group holds €38 million of its EUR 2026 bonds and €4 million of its EUR 2028 bonds in treasury.

According to the Terms and Conditions of the EUR 2028 bonds, the Group offered EUR 2028 bond investors a put option in February 2025 for up to €15 million at par. No valid requests were received during the notice period, so no bonds will be repurchased.

PKF Audit & Conseil

INDEPENDENT AUDITOR'S REPORT

To the Sole Shareholder of
4finance Holding S.A.
8-10, Avenue de la Gare
L-1610 Luxembourg

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of 4finance Holding S.A. and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2024 and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements 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 (IFRS) as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession (Law of 23 July 2016) and with International Standards on Auditing (ISA) as adopted for Luxembourg by the "*Commission de Surveillance du Secteur Financier*" (CSSF). Our responsibilities under the Law of 23 July 2016 and ISA as adopted for Luxembourg by the CSSF are further described in the « Responsibilities of the "*réviseur d'entreprises agréé*" for the audit of the consolidated financial statements » section of our report. We are also independent of the Group in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants (IESBA Code) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the consolidated financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information stated in the consolidated management report but does not include the consolidated financial statements and our report of the "réviseur d'entreprises agréé" 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. 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 this fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors for the consolidated financial statements

The Board of Directors is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with IFRS as adopted by the European Union, and for such internal control as the Board of Directors 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, the Board of Directors 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 the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the "*réviseur d'entreprises agréé*" 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 a report of the "*réviseur d'entreprises agréé*" that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Law of 23 July 2016 and with ISA as adopted for Luxembourg by the CSSF 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 the Law of 23 July 2016 and with ISA as adopted for Luxembourg by the CSSF, 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 the Board of Directors.

- Conclude on the appropriateness of Board of Directors' 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 report of the "*réviseur d'entreprises agréé*" 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 report of the "*réviseur d'entreprises agréé*". 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 and 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.

Report on other legal and regulatory requirements

The consolidated management report is consistent with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.

Luxembourg, 17 April 2025
PKF Audit & Conseil Sàrl
Cabinet de révision agréé

DocuSigned by:
AA483A15CF014CD...
Jean Medernach