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**SUN FINANCE TREASURY  
LIMITED**

**ANNUAL REPORT AND  
FINANCIAL STATEMENT**

**31 DECEMBER 2024**

## Contents

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	Page
<b>Information of the Company</b>	3
<b>Annual Report:</b>	
Director's Report	4
Directors' Responsibilities for the Financial Statements	6
<b>Independent Auditors' Report</b>	7
<b>Financial Statements:</b>	
Statement of Comprehensive Income	10
Statement of Financial Position	11
Statement of Changes in Equity	12
Statement of Cash Flows	13
Notes to the Financial Statements	15

## ***Information of the Company***

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Name of the Company	<i>Sun Finance Treasury</i>
Legal status	<i>Limited Liability Company</i>
Number, place and date of registration	<i>C 79771, Malta, 21 May 2019</i>
Legal and postal address	<i>Suite 23, Level 4, Vincenti Buildings, 25 Strait Street, Valletta VLT 1432, Malta</i>
Board members and their positions	<i>Dr. Frank Chetcuti Dimech Mr. Janis Kundzins</i>
Reporting period	<i>01.01.2024 – 31.12.2024</i>
Information on shareholders	<i>HSFS AS: 50% HSFE AS: 50%</i>
Auditors	<i>BDO Malta Registration number: AB/26/84/06 Triq it-Torri, Msida MSD 1824, Malta</i>

## **Director's Report for the year ended 31 December 2024**

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### **Board of Directors:**

Dr. Frank Chetouti Dimech

Mr. Janis Kundzins

The directors present herewith their annual report together with the audited financial statements of Sun Finance Treasury Limited (the "Company"), for the year ended 31 December 2024.

### **Principal Activities**

The principal activity of the Company, which has remained unchanged from the previous accounting year, is that of providing short-term financing, mainly to related companies.

### **Review of Business**

During the year under review, the level of revenue was generally maintained, however, the Company incurred higher interest costs in view of the additional notes issued, thus resulting in a negative interest margin. After accounting for operational and administrative overheads the Company again posted an operating loss. After accounting for net interest costs, the Company registered a substantial loss for the year. The Company's financial position continues to be in deficiency and fully supported by balances due to the joint parent companies and who have indicated that they are able and willing to continue financing the operations of the Company by not requesting repayment of such balances within the next twelve months from the date of issue of these financial statements. Accordingly, the going concern basis applied in the preparation of these financial statements is appropriate.

### **Principal Risks and Uncertainties**

As part of the Sun Finance Group, the Company applies Group principles for overall risk management, and Group policies covering specific areas such as credit risk, liquidity risk, market risks, operational risks and reputational risks.

The principal risks and uncertainties of the Company relate to its principal business and assets, that is, loans to related parties and funding received from external parties. Recoverability of these related party loans is dependent on the performance of the underlying companies. The Company is exposed to interest rate risk as loans are issued at fixed rates while the majority of the borrowings are subject to floating interest rates. Management believes that for the Company, the interest rate risk is not material. The floating part of the borrowings is linked to the interest rate set by the European Central Bank which has kept the rate stable recently and there are no indications about expected increases. The management actively manages this risk.

The Group operate in a highly competitive marketplace, which competitors, changes in the regulation and government decisions, situation in the world economy and politics might cause an effect on the Group operations. Therefore, the Board continues to take a proactive approach to recognising and mitigating risk with the aim to ensure the Group related companies with available to continuity of funding.

### **Future Developments**

During the 2024 financial year, the Company is planning to attract external financing and continue issuing new bond notes. In view of this, the Company is continuously monitoring debt capital markets, as well as holding discussions with potential investors and advisory companies in order to assess the market environment and scope for additional notes issuance.

The Company is expected to continue its principal activity for the foreseeable future, managing funding across related companies and attracting external funding. These activities are expected to further improve the financial position of the Company in the long run, delivering profitability.

### **Regional Conflicts**

Conflicts between countries will always have a negative effect on the rest of the world. The increased challenges brought about by various conflicts in Ukraine and the Middle East cannot be ignored. However, following a thorough assessment of the Company's operations and, more significantly, that of the Group, it has been noted that there is no reliance on these regions for goods or services. The director continues to actively monitor all developments taking place internationally in order to take any action that might be necessary in the eventuality that developments in these conflicts start to impact the Company's and the Group's performance and operations.



## **Director's Report for the year ended 31 December 2024**

### **Going Concern**

During 2024, the Company continued to work on previously initiated funding cost decrease plans and in 2024 registered Notes with 11% annual coupon rate which is substantial decrease from previously registered Notes. The Company aims to decrease its funding costs and improve the financial results in following periods. During the current year, the Company received financial support of its joint parent companies who have advanced funds amounting to EUR 28 027 775 and although these are not subordinated to any other liabilities, the joint parent companies have provided support letters indicating that they will not request repayment of the amounts due to them within the next twelve months. Furthermore, they indicated that they are able and willing to continue financing the operations of the Company for at least a further year from the date of issue of these financial statements. Accordingly, the directors believe that the going concern basis applied in the preparation of these financial statements is appropriate.

### **Results, Dividends and Reserves**

The results for the year and the movement on the reserves are as set out on pages 8 and 10 of the financial statements respectively. Being that the Company has accumulated losses, no dividends were recommended or paid during the year.

### **Directors**

The members serving on the Board of Directors are listed on page 4. In accordance with the Company's Articles of Association, the directors at date of this report are to remain in office.

### **Auditors**

BDO Malta have intimated their willingness to continue in office. A proposal to reappoint BDO Malta as auditors of the Company will be put to the General Meeting.

Approved by the Board of Directors on 25 June 2025 and signed on its behalf by:



Dr. Frank Chetcuti Dimech  
Director



Mr. Janis Kundzins  
Director

## **Director's Responsibilities for the Financial statements**

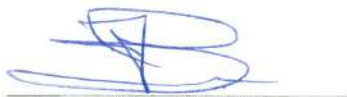
The Companies Act, 1995 (Chapter 386, Laws of Malta) (the "Act") requires the director to prepare financial statements for each financial period which give a true and fair view of the financial position of the Company as at the end of the financial period and of the profit or loss of the Company for that period in accordance with the requirements of International Financial Reporting Standards as adopted by the EU.

In preparing these financial statements, the director is required to:

- adopt the going concern basis unless it is inappropriate to presume that the Company will continue in business;
- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- account for income and charges relating to the accounting period on the accruals basis;
- value separately the components of asset and liability items; and
- report comparative figures corresponding to those of the preceding accounting period.

The director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable him to ensure that the financial statements comply with the Companies Act (Cap. 386) enacted in Malta. This responsibility includes designing, implementing and maintaining such internal control as the director determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The director is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the Board of Directors on 25 June 2025 and signed on its behalf by:



Dr. Frank Chetcuti Dimech  
Director



Mr. Janis Kundzins  
Director

## INDEPENDENT AUDITOR'S REPORT To the Shareholders of Sun Finance Treasury Limited

### *Report on the Audit of the Financial Statements*

#### *Opinion*

We have audited the financial statements of Sun Finance Treasury Limited («the Company»), set out on pages 10 to 32, which comprise:

- the statement of financial position as at 31<sup>st</sup> December 2024;
- the statement of comprehensive income, statement of changes in equity, and statement of cash flows for the year then ended; and
- notes to the financial statements, including material accounting policy and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31<sup>st</sup> December 2024, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU (EU IFRSs) and have been prepared in accordance with the requirements of the Companies Act (Cap. 386).

#### *Basis for Opinion*

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in accordance with the Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act (Cap. 281) in Malta, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Material Uncertainty Related to Going Concern*

We draw attention to Note 24 in the financial statements, which indicates that the Company incurred a net loss of EUR 9,851,971 during the year ended 31<sup>st</sup> December 2024, and, as of that date, the Company's total liabilities exceeded its total assets by EUR 24,372,092. As stated in Note 24, these events or conditions, along with other matters as set forth in Note 24, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

#### *Other Matter*

We were appointed auditors after the year end. In line with ISA 710, we draw your attention that the financial statements for the year ended 31 December 2023 were prepared in accordance with IFRS, were audited by Baker Tilly and an unmodified audit opinion was issued on 26 June 2024.

#### *Other Information*

The directors are responsible for the other information. The other information comprises the directors' report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we



## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Sun Finance Treasury Limited  
(continued)

do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

With respect to the Directors' Report, we also considered whether the Directors' Report includes the disclosures required by Article 177 of the Maltese Companies Act (Cap. 386). Based on the work we have performed, in our opinion:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with the Maltese Companies Act (Cap.386).

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the directors' report. We have nothing to report in this regard.

### ***Responsibilities of the Directors***

As explained more fully in the Statements of Directors' Responsibilities set out on page 6, the directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with EU IFRS and the requirements of the Maltese Companies Act (Cap.386), and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The directors are responsible for overseeing the Company's financial reporting process.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



**INDEPENDENT AUDITOR'S REPORT**  
To the Shareholders of Sun Finance Treasury Limited  
(continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors, 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***

Under the Maltese Companies Act (Cap. 386) we are required to report to you if, in our opinion:

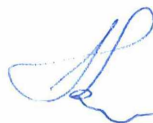
- We have not received all the information and explanations we require for our audit.
- Adequate accounting records have not been kept, or that returns adequate for our audit have not been received from branches not visited by us.
- The financial statements are not in agreement with the accounting records and returns.
- The information given in the directors' report is not consistent with the financial statements.

We have nothing to report to you in respect of these responsibilities.

***Other matter – Use of this report***

Our report, including the opinion, has been prepared for and only for the Company's shareholders as a body in accordance with Article 179 of the Maltese Companies Act (Cap.386) and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior written consent.

**Sam Spiridonov**  
on behalf of  
BDO Malta  
Certified Public Accountants  
Registered Audit Firm



This report has been signed  
for and on behalf of  
BDO MALTA  
by Sam Spiridonov (Partner)

Triq It-Torri  
Msida MSD 1824  
Malta

26<sup>th</sup> June 2025

**Statement of Comprehensive Income for the year ended 31 December 2024**

	Note	2024 EUR	2023 EUR
Finance Income	4	14 444 382	11 179 968
Finance costs	5	(20 688 632)	(15 278 903)
<b>Net Interest Margin</b>		<b>(6 244 250)</b>	<b>(4 098 935)</b>
Operational Costs	6	(2 996 211)	(3 528 090)
Administrative Costs	7	(228 677)	(155 731)
<b>Operating Loss</b>		<b>(9 469 138)</b>	<b>(7 782 756)</b>
Other operating income	8	72 866	12 208
Net foreign exchange result	9	(340 720)	(81 076)
<b>Other Operating Costs</b>		<b>(267 854)</b>	<b>(68 868)</b>
<b>Loss before Taxation</b>		<b>(9 736 992)</b>	<b>(7 851 624)</b>
Tax Expense	10	(114 979)	(23 204)
<b>Loss for the Period</b>		<b>(9 851 971)</b>	<b>(7 874 828)</b>
<b>Total Comprehensive Loss for the Period</b>		<b>(9 851 971)</b>	<b>(7 874 828)</b>

The notes on pages 15 to 32 form an integral part of these financial statements.

Approved by the Board of Directors on 25 June 2025 and signed on its behalf by:



Dr. Frank Chetcuti Dimech  
Director



Mr. Janis Kundzins  
Director

## Statement of Financial Position at 31 December 2024

	Note	31.12.2024 EUR	31.12.2023 EUR
<b>ASSETS</b>			
Properties, Plant and Equipment	11	530	922
Investment in Subsidiaries	12	1	1
Interest Bearing Receivables	13	113 421 627	110 037 366
Other Receivables	14	6 967 623	6 124 890
Cash and Cash Equivalents	15	913 369	2 872 237
<b>Total Assets</b>		<b>121 303 150</b>	<b>119 035 416</b>
<b>EQUITY</b>			
Share Capital	16	231 166	51 166
Capital Contribution	16	-	180 000
Accumulated Losses		(24 603 258)	(14 751 287)
<b>Total Equity Deficiency</b>		<b>(24 372 092)</b>	<b>(14 520 121)</b>
<b>LIABILITIES</b>			
Borrowings	17	75 670 441	81 809 243
Loans Payable	18	69 978 050	51 723 109
Other Payables	19	26 751	23 185
<b>Total Liabilities</b>		<b>145 675 242</b>	<b>133 555 537</b>
<b>Total Equity and Liabilities</b>		<b>121 303 150</b>	<b>119 035 416</b>

The notes on pages 15 to 32 form an integral part of these financial statements.

Approved by the Board of Directors on 25 June 2025 and signed on its behalf by:



Dr. Frank Chetcuti Dimech  
Director



Mr. Janis Kundzins  
Director



**Statement of Changes in Equity for the year ended 31 December 2024**

	Total EUR	Share Capital EUR	Capital Contribution EUR	Accumulated Losses EUR
Balance 1 January 2024	(14 520 121)	51 166	180 000	(14 751 287)
Contributions by Owners of the Company				
Contribution for Future Capital Increase	-	180 000	(180 000)	-
Comprehensive Loss for the Year				
Loss for the Year	(9 851 971)	-	-	(9 851 971)
Balance at 31 December 2024	<u>(24 372 092)</u>	<u>231 166</u>	<u>-</u>	<u>(24 603 258)</u>
Balance 1 January 2023	(6 825 293)	51 166	-	(6 876 459)
Contributions by Owners of the Company				
Contribution for Future Capital Increase	180 000	-	180 000	-
Comprehensive Loss for the Year				
Loss for the Year	(7 874 828)	-	-	(7 874 828)
Balance at 31 December 2023	<u>(14 520 121)</u>	<u>51 166</u>	<u>180 000</u>	<u>(14 751 287)</u>

The notes on pages 15 to 32 form an integral part of these financial statements.

Approved by the Board of Directors on 25 June 2025 and signed on its behalf by:



Dr. Frank Chetcuti Dimech  
Director



Mr. Janis Kundzins  
Director

**Statement of Cash Flows for the year ended 31 December 2024**

	Note	2024 EUR	2023 EUR
<b>Cash Flows from Operating Activities</b>			
Loss for the Year		(9 851 971)	(7 874 828)
<i>Adjustments for:</i>			
Expected Credit Losses		1 886 820	2 561 402
Bad Debts Write Off		49 500	-
Amortisation of Bond Expenses		1 059 890	966 688
Depreciation of equipment		392	254
Unrealized Differences on Exchange		340 942	79 930
Income Tax Expense		114 979	23 204
		<b>(6 399 448)</b>	<b>(4 243 350)</b>
<b>Changes in</b>			
Other Receivables		(845 733)	(2 310 764)
Other Payables		3 567	(1 610)
<b>Cash Lost from Operations</b>		<b>(7 241 614)</b>	<b>(6 555 724)</b>
Final Withholding Taxes Paid		(114 979)	(23 204)
<b>Net Cash used in Operating Activities</b>		<b>(7 356 593)</b>	<b>(6 578 928)</b>
<b>Cash Flows from Investing Activities</b>			
Acquisition of Plant and Equipment		-	(1 176)
Acquisition of Investment in Subsidiary		-	(172 402)
Acquisition of Financial Assets at FVTPL		(26 084 000)	(18 490 000)
Sale Proceeds on Disposal of Financial Assets at FVTPL		2 874 000	31 696 000
Movement on Loans Receivable		(5 317 582)	(21 428 941)
<b>Net Cash used in Investing Activities</b>		<b>(28 527 582)</b>	<b>(8 396 519)</b>
<b>Cash Flows from Financing Activities</b>			
Contribution for Future Capital Increase		-	180 000
Proceeds from issuance of bond		16 822 000	2 503 000
Bond Issue Costs		(810 694)	(996 816)
Movement on Third Parties Loans		344 401	(15 515 950)
Movement on Related Companies Loans		17 473 578	5 246 551
Movement on Joint Parent Companies Loans		436 964	25 208 078
<b>Net Cash from Financing Activities</b>		<b>34 266 249</b>	<b>16 624 863</b>

**Statement of Cash Flows for the year ended 31 December 2024**

	Note	2024 EUR	2023 EUR
Net Movement in Cash and Cash Equivalents		(1 617 926)	1 649 416
Adjustment for Unrealised Exchange Fluctuations		(340 942)	(79 930)
Cash and Cash equivalents at beginning of the period		2 872 237	1 302 751
Cash and Cash equivalents at end of the period	15	<u>913 369</u>	<u>2 872 237</u>

The notes on pages 15 to 32 form an integral part of these financial statements.

Approved by the Board of Directors on 25 June 2025 and signed on its behalf by:



Dr. Frank Chetcuti Dimech  
Director



Mr. Janis Kurdzins  
Director



## **Notes to the Financial statements for the year ended 31 December 2024**

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### **(1) Reporting Entity**

Sun Finance Treasury Limited (the "Company") is a limited liability company domiciled and incorporated in Malta. The Company's registered office is at Suite 23, Level 4, Vincenti Buildings, 25 Strait Street, Valletta VLT 1432, Malta.

### **(2) Basis of Preparation**

#### **Statement of Compliance**

The separate financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU ("the applicable framework"), which standards were issued by the International Accounting Standards Board (IASB). All references in these financial statements to IAS, IFRS or SIC/IFRIC interpretations refer to those adopted by the EU. They have been drawn up in accordance with the provisions of the Companies Act, 1995 enacted in Malta, (The Act) save insofar as such provisions remove the requirement under IAS 27 Consolidated and Separate Financial Statements, of preparing and presenting consolidated Financial Statements of the group, of which the Company is parent.

The Company qualifies to prepare consolidated Financial Statements in terms of Article 173 of the Act. However, consolidated Financial Statements will be prepared at the level of the Ultimate Parent Company, namely AS Sun Finance Group, a company incorporated in Latvia.

These Financial Statements therefore represent the separate Financial Statements of the Company.

The Act specifies that in the event that any of one of its provisions is in conflict or not comparable with IFRSs or its application is incompatible with the obligation for Financial Statements to give a true and fair view, that provision shall be departed from in order to give a true and fair view.

#### **Basis of Measurement**

The Financial Statements have been prepared on the historical cost basis, except for financial instruments at fair value through profit or loss.

#### **Functional and Presentation Currency**

These Financial Statements are presented in Euro (EUR), which is the Company's functional currency.

#### **Use of Estimates and Judgements**

The preparation of financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

In the opinion of the directors, the accounting estimates and judgments made in the course of preparing these financial statements are not difficult to reach, subjective or complex to a degree which would warrant their description as significant and critical in terms of the requirements of IAS 1 (revised).

#### **Measurement of Fair Values**

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: inputs for the asset or liability that are not based on observable market data.

## Notes to the Financial statements for the year ended 31 December 2024

If the inputs used to measure the fair value of an asset or liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company measures financial instruments at fair value through profit or loss.

### (3) Significant Accounting Policies

The accounting policies set out below have been applied throughout the period presented in these Financial Statements.

#### Changes in accounting policies

##### a) New standards, interpretations and amendments effective from 1 January 2024

The following new standards, amendments and interpretations are effective for the first time in these financial statements, but none have had a material effect on the company:

	Issued on	Effective from
Amendments to IAS 7 and IFRS 7: Supplier Finance Arrangements	25/05/2023	01/01/2024
Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback	22/09/2022	01/01/2024
Amendments to IAS 1: Classification of Liabilities as Current or Non-current	23/01/2020	01/01/2024
Amendments to IAS 1: Non-current Liabilities with Covenants	31/10/2022	01/01/2024

The applications of these new standards and amendments have had no impact on the disclosures or amounts recognized in the company's financial statements.

##### b) New standards, interpretations and amendments as adopted by EU but not yet effective

The following new standards, interpretations and amendments, which have not been applied in these financial statements, will or may have an effect on the company's future financial statements:

	Issued on	Effective from
Amendments to IAS 21: Lack of Exchangeability	15/08/2023	01/01/2025

##### c) New standards, interpretations and amendments issued by IASB but not yet adopted by EU

	Issued on	Effective from
Amendments to IFRS 9 and IFRS 7: Amendments to the Classification and Measurement of Financial Instruments	30/05/2024	01/01/2026
Annual Improvements to IFRS Standards (Volume 11)	18/07/2024	01/01/2026
Amendments to IFRS 9 and IFRS 7: Contracts Referencing Nature-dependent Electricity	18/12/2024	01/01/2026
IFRS 18: Presentation and Disclosure in Financial Statements	09/04/2024	01/01/2027
IFRS 19: Subsidiaries without Public Accountability: Disclosures	09/05/2024	01/01/2027

The company has not early adopted all these revisions to the requirements of IFRSs and the company's management is of the opinion that there are no requirements that will have a possible significant impact on the company's financial statements in the period of initial application.

##### d) New standards, interpretations and amendments issued by IASB but not adopted by EU

- IFRS 14 Regulatory Deferral Accounts (issued on 30/01/2014, effective from the year beginning 01/01/2016) – European Commission has decided not to endorse the standard;
- Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between Investor and its Associate or Joint Venture (issued on 11/09/2014, effective from the year beginning 01/01/2016) – postponed indefinitely by European Commission.



## **Notes to the Financial statements for the year ended 31 December 2024**

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### **Foreign Currency Transactions**

Transactions in foreign currencies are translated to the Company's functional currency at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the 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. Foreign currency differences arising on retranslation are recognised in profit or loss.

### **Dividend income**

Dividend income represents dividends receivable from investments in subsidiaries in the ordinary course of business. Dividend income is recognised in the income statement when the right to receive payment is established.

### **Finance Income**

#### **Coupon Income**

Coupon income represents income received from financial assets that are measured at fair value through profit or loss. Coupon income is recognised in the income statement on an accruals basis.

#### **Loan Interest Income**

Loan interest income comprises interest receivable from short-term lines of credit in the ordinary course of business. Interest receivable is recognised in the income statement on an accruals basis.

#### **Guarantee Fee Income**

Guarantee fee income comprises fees receivable for the provision of guarantees in the ordinary course of business. Such fees receivable are recognised in the income statement on an accruals basis.

#### **Income from deposits**

Interest received from the term deposits for a fixed period of time and at a predetermined fixed rate.

### **Finance Costs**

Finance costs represent loan interest payable and interest payable on the bonds in issue as set out in the notes to these financial statements. Finance costs are recognised as an expense in the income statement in the period in which they are incurred.

### **Bond Costs**

Bond costs represent fees and other costs incurred in connection with the issuance of the bonds by the Company to investors. The cost of issuing bonds is recorded in a contra liability account and off-set from the nominal value of the bond in order to systematically move the bond issue costs from the balance sheet to the income statement over the term of the bond. As a result, the Company matches the cost of the bond to accounting periods that are benefitting from the bond being issued. The cost of the bond is amortised over the duration of the bond, being 24 months.

### **Financial Assets at Fair Value through Profit or Loss**

The Company classifies financial assets through the profit or loss consists of equity investments that are held for trading, debt securities that do not qualify for measurement at either amortised costs or securities which qualify to be measured at fair value through other comprehensive income and equity investments for which the Company has not elected to recognize fair value gains and losses through other comprehensive income.

On disposal of any of the above investments, any gains or losses have to be recognized in the profit and loss.

### **Investments in Subsidiaries**

A subsidiary is an entity which is controlled by the Company. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

An investment in a subsidiary is initially measured at cost. After initial recognition, an investment in subsidiaries may be carried either under the cost method, that is at cost less any impairment losses or under the equity method. The Company is measuring investments in subsidiaries after initial recognition at cost.



## **Notes to the Financial statements for the year ended 31 December 2024**

Loans advanced by the Company to its subsidiaries for which settlement is neither planned nor likely to occur in the foreseeable future, are treated as an extension to the Company's net investment in those subsidiaries and included as part of the carrying amount of investments in subsidiaries.

### **Loans Receivable**

Debt instruments representing financial assets where the contractual cash flows are solely principal and interest and the objective of the Company's business model is achieved both by collecting contractual cash flows and where these give rise to cash flows that are solely payments of principal and interest on the principal amounts outstanding are measured at amortised cost using the effective interest method, less any expected credit loss allowance. In view the nature of receivable balances arising from credit lines, the carrying amount of receivables is considered to be the same as their fair values due to their short-term nature.

On derecognition, impairment or disposal of debt instruments, any gains or losses are recognised within profit or loss.

### **Receivables**

Receivables are recognized initially at the amount of consideration that is unconditional, unless they contain significant financing components when they are recognized at fair value. They are subsequently measured at amortised cost using the effective interest method, less expected credit losses.

Trade receivables are written off or provided for where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure by the debtor to abide by the credit terms or failure to engage in a repayment program with the Company for the settlement of amounts due.

Impairment losses on trade receivables are presented as net expected credit losses within operating profit. Subsequent recoveries of amounts previously written off or provided for are credited against the same line item.

### **Cash and Cash Equivalents**

Cash and cash equivalents comprise cash on hand, deposits at call with financial institutions, other short-term liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

### **Impairment of Financial Assets**

The Company recognizes loss allowances for Expected Credit Losses (ECLs) on financial assets at amortised cost, namely loans and other receivables, short-term investments and cash at bank.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit plant,(i.e., the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

The Company measures loss allowances for loans receivables without a significant financing component and contract assets at an amount equal to lifetime ECLs.

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

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

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

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.



## **Notes to the Financial statements for the year ended 31 December 2024**

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12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

### **Measurement of ECLs**

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

ECLs are discounted at the effective interest rate of the financial asset. In the case of interest-free short-term financial assets, such as trade receivables, ECLs are not discounted.

### **Credit-impaired financial assets**

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

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

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

### **Presentation of allowance for ECL in the statement of financial position**

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. Impairment losses related to trade and other receivables, including contract assets, are presented separately in the statement of comprehensive income.

### **Write-off**

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off on its financial assets based on whether there is a reasonable expectation of recovery and with reference to its historical experience of recoveries.

The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

### **Borrowings**

Borrowings comprise funds acquired in order to assist with the financing of the Company's operations. Borrowings are classified as current liabilities unless there is an unconditional right to defer settlement of the liability for at least one year after the reporting date. If not, they are presented as non-current liabilities. Any interest payable is recognised as an expense as this accrues in profit or loss, using the effective interest method.

### **Other Payables**

Other payables comprise obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities, if payment is due within one year or less.

### **Provisions**

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probably that an outflow of economic benefit will be required to settle the obligation.

## Notes to the Financial statements for the year ended 31 December 2024

### Share Capital

Ordinary shares are classified as equity.

### Finance Income and Finance Costs

Finance income comprises interest income. Interest income is recognised as this accrues in profit or loss, using the effective interest method.

Foreign currency gains and losses on financial assets and financial liabilities are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

### Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss 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 or loss for the period, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- a) temporary differences on 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
- b) temporary differences relating to investments in subsidiaries, associates and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets are recognized only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be recognized simultaneously.

### (4) Finance Income

	2024 EUR	2023 EUR
Loan Interest Income	13 464 968	10 926 848
Guarantee Fees	952 537	253 120
Income from deposits	26 877	-
	<u>14 444 382</u>	<u>11 179 968</u>

### (5) Finance Costs

	2024 EUR	2023 EUR
Loan Interest Expense	10 249 914	5 148 152
Notes Coupon Costs	10 438 718	10 130 751
	<u>20 688 632</u>	<u>15 278 903</u>



**Notes to the Financial statements for the year ended 31 December 2024**

**(6) Operational Costs**

	2024 EUR	2023 EUR
Expected Credit Losses	1 886 820	2 561 402
Amortisation of Notes Costs	1 059 891	966 688
Bad Debts Written Off	49 500	-
	<u>2 996 211</u>	<u>3 528 090</u>

**(7) Administrative Costs**

	2024 EUR	2023 EUR
Bank Charges	127 384	63 888
Director's Remuneration	43 994	42 708
Legal and Professional Fees	36 976	24 603
Auditors' Remuneration (incl.VAT)	9 676	17 110
Rent Payable*	4 814	4 814
Annual Return Fee	400	400
Depreciation	392	254
Other administrative expenses	5 041	1 954
	<u>228 677</u>	<u>155 731</u>

\* The Company assessed its concluded agreement in the context of IFRS 16 Leases and concluded that the agreement does not meet the criteria of IFRS 16. Therefore, IFRS 16 is not applicable, and no right-of-use assets or lease liabilities have been recognized.

**(7.1) Employee Information**

The Company did not have any persons employed with it during the accounting year, except for the working director.

**(8) Other operating income**

	2024 EUR	2023 EUR
Bank Interest	72 866	12 208
	<u>72 866</u>	<u>12 208</u>

**(9) Net foreign exchange result**

	2024 EUR	2023 EUR
Realised Foreign Exchange Gains	222	-
Realised Loss on Exchange	-	(1 146)
Unrealised Foreign Exchange Losses	(340 942)	(79 930)
	<u>(340 720)</u>	<u>(81 076)</u>

**Notes to the Financial statements for the year ended 31 December 2024**

**(10) Tax expense**

	2024 EUR	2023 EUR
Current Tax – Foreign Withholding Taxes	114 979	23 204
<b>Total Tax Charge</b>	<b>114 979</b>	<b>23 204</b>

**(10.1) Reconciliation of Effective Tax Rate**

The tax expense and the result of the accounting profit/(loss) multiplied by the applicable tax rate in Malta, the Company's country of incorporation, are reconciled as follows:

	2024 EUR	2023 EUR
Loss before Tax	(9 736 992)	(7 851 624)
Tax Using the Company's Domestic Tax Rate of 35%	(3 407 947)	(2 748 068)
Tax Effect of Non-Chargeable Income	-	-
Tax Effect of Non-Allowable Expenses	2 612 340	(1 189 612)
Tax Effect of Tax Losses Carried Forward	795 607	3 937 680
Foreign Tax Paid	114 979	23 204
<b>Tax Expense for the Year</b>	<b>114 979</b>	<b>23 204</b>

**(10.2) Deferred Tax**

As of the reporting date, the Company had unabsorbed tax losses giving rise to a deferred tax asset. The deferred tax benefits arising from these unabsorbed tax losses have not been recognized in these financial statements because the probability that future taxable profits will be available for set-off in the near future against the deferred tax asset is not assured.

**Notes to the Financial statements for the year ended 31 December 2024**

**(11) Properties, Plant and Equipment**

	At 01.01.2023 EUR	Additions EUR	At 31.12.2023 EUR
<b>Cost:</b>			
Computer Equipment	-	1 176	1 176
	At 01.01.2023 EUR	Charge For Year EUR	At 31.12.2023 EUR
<b>Depreciation:</b>			
Computer Equipment	-	(254)	(254)
<b>Net Book Amount</b>	-		922
	At 01.01.2024 EUR	Additions EUR	At 31.12.2024 EUR
<b>Cost:</b>			
Computer Equipment	1 176	-	1 176
	At 01.01.2024 EUR	Charge For Year EUR	At 31.12.2024 EUR
<b>Depreciation:</b>			
Computer Equipment	(254)	(392)	(646)
<b>Net Book Amount</b>	922		530

The Company did not have any commitments to purchase any property, plant and equipment at year end.

**(12) Investment in Subsidiaries**

	2024 EUR	2023 EUR
<b>Equity Investments:</b>		
Investment in Subsidiary Companies at Cost	219 495	219 495
Impairment Provision on Investment in Subsidiary Companies	(219 494)	(219 494)
<b>Total Investment in Subsidiaries</b>	1	1

The Company's principal subsidiaries as at 31 December 2024 are set out below. The share capital consists solely of ordinary shares that are held directly by the Company and the proportion of ownership interests held equals the voting rights held by the Company.

<u>Subsidiaries</u>	<u>Incorp. In</u>	<u>% Holding</u> 2024	<u>% Holding</u> 2023	<u>Nature of Business</u>
Primastar Sp. Z.O.O.	Poland	100%	100%	Consumer Lending Services

The directors decide to leave the full impairment of the investment during the year under review.



**Notes to the Financial statements for the year ended 31 December 2024**

**(13) Interest Bearing Receivables**

	2024 EUR	2023 EUR
Loans and Interest Receivable from Related Companies	97 931 354	100 820 292
Loans and Interest Receivable from Subsidiary Company	9 564 231	9 324 791
Loans and Interest Receivable from Ultimate Parent Company	12 056 821	4 136 242
	<b>119 552 406</b>	<b>114 281 325</b>
Expected Credit Loss Provisions on Related Companies Loans	(6 130 779)	(4 243 959)
<b>Net Loans Receivable</b>	<b>113 421 627</b>	<b>110 037 366</b>

Loans receivable have a maturity date that varies from 2025 to 2027.

The loans receivable bear interest at rates ranging from 6.5% p.a. to 14.8% p.a., with the majority of the loans bearing an interest rate ranging between 14.3% p.a. to 14.5% p.a..

The balances due on the said loans are unsecured and repayable on the earlier of the above-indicated maturity dates or any accelerated date. The borrowing parties are to pay interest at the stated rates per annum on the principal amount due, both before and after maturity, default and judgement.

The Company's exposure to credit risk related to loans receivable. The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all loans receivable. To measure the expected credit losses, loans receivable are grouped based on shared credit risk characteristics.

Loans receivable are stated net of expected credit loss allowances amounting to EUR 6 130 779 (31.12.2023: EUR 4 243 959). The expected loss rates are based on the historical payment profiles of the related companies. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation based on the Company's history, existing market conditions, as well as forward looking estimates at the end of each reporting period.

**(14) Other Receivables**

	2024 EUR	2023 EUR
Amounts Due from Related Companies	6 660 643	6 117 674
Accrued Coupon Receivable	298 589	-
Prepaid Expenses	7 990	6 815
Paid security deposits	401	401
	<b>6 967 623</b>	<b>6 124 890</b>

The balance due from the related companies is unsecured, interest free. The directors are still confident that all receivables from these related parties will be fully repaid.

No expected credit loss allowance was considered necessary by the directors on the other balances receivable.

**(15) Cash and Cash Equivalents**

	2024 EUR	2023 EUR
Bank Balances	913 369	2 872 237
	<b>913 369</b>	<b>2 872 237</b>

The Company's exposure to credit risk related to cash and cash equivalents is disclosed in Note 21.3. The directors do not consider to have any credit risk exposure with respect to bank balances, as these are all held with highly-rated banking institutions.



## Notes to the Financial statements for the year ended 31 December 2024

Included with bank balances is an amount of € 80,000 held with Satabank p.l.c. and which bank has been placed into liquidation. The director believes that no Expected Credit Losses are to be provided for on this balance as it is deemed to be recoverable through the Depositor Guarantee Scheme.

### (16) Share Capital and Reserves

#### (16.1) Share Capital

	2024 EUR	2023 EUR
<b>Authorised</b>		
231 166 Ordinary Shares of EUR 1 each	231 166	-
51 166 Ordinary Shares of EUR 1 each	-	51 166
<b>Issued and Fully Paid Up</b>		
231 166 Ordinary Shares of EUR 1 each	231 166	-
51 166 Ordinary Shares of EUR 1 each	-	51 166

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 meetings of the Company.

The Malta Business Registry approved and registered increase in share capital of the Company on May 2024.

#### (16.2) Capital Contribution

	2024 EUR	2023 EUR
Capital Contribution	-	180 000
<b>Total Capital Contribution</b>	<b>-</b>	<b>180 000</b>

The balance of EUR 180 000 on 31.12.2023 represents funds advanced and contributed by the joint parent companies on account of a future increase in share capital of the Company. The increase was resolved, approved and registered with the Malta Business Registry on May 2024.

**Notes to the Financial statements for the year ended 31 December 2024**

**(17) Borrowings**

	2024 EUR	2023 EUR
<b>Non-Current:</b>		
11% + 3M EURIBOR Notes 2025	-	50 000 000
11% + 3M EURIBOR Notes 2026	27 000 000	15 042 000
11% Notes 2027	24 864 000	-
	<u>51 864 000</u>	<u>65 042 000</u>
<b>Less:</b>		
11% Notes 2026 Subscribed by Company	(8 218 000)	(500 000)
	<u>43 646 000</u>	<u>64 542 000</u>
Deferred Notes Costs Net of Amortization to Profit and Loss	(811 829)	(1 498 599)
	<u>42 834 171</u>	<u>63 043 401</u>
<b>Total Non-Current Borrowings</b>		
<b>Current:</b>		
11% Notes 2024	-	20 000 000
11% + 3M EURIBOR Notes 2025	50 000 000	-
	<u>50 000 000</u>	<u>20 000 000</u>
<b>Less:</b>		
11% Notes 2024	-	(1 119 000)
11% + 3M EURIBOR Notes 2025	(16 611 000)	-
	<u>33 389 000</u>	<u>18 881 000</u>
Deferred Notes Costs Net of Amortization to Profit and Loss	(552 730)	(115 158)
	<u>32 836 270</u>	<u>18 765 842</u>
<b>Total Current Borrowings</b>		
<b>Total Borrowings</b>	<u>75 670 441</u>	<u>81 809 243</u>

The table below details the various private placements in issue by the Company on the Latvian market, together with their respective maturity details:

Year of Issue	Details of Notes Issued	Nominal Value 2024 EUR	Nominal Value 2023 EUR	Maturity Date
2021	Senior Unsecured Notes	-	20 000 000	June 2024
2022	Senior Unsecured Notes	50 000 000	50 000 000	September 2025
2023	Senior Unsecured Notes	27 000 000	15 042 000	November 2026
2024	Senior Unsecured Notes	24 864 000	-	
		<u>101 864 000</u>	<u>85 042 000</u>	

All Notes in issue as at 31 December 2024 are guaranteed directly and indirectly by subsidiaries of Sun Finance Group AS, the ultimate parent company. The related issue costs are being amortised over the lifetime of the Notes.

The Company subscribes to its own Notes in order to trade these in a secondary market. Since the Notes are being traded privately, the nominal value is considered to be the fair value of such Notes.

## Notes to the Financial statements for the year ended 31 December 2024

Notes subscribed to by the Company are being offset against Notes issued by the Company. Movements on Note Assets for the year under review are outlined below:

	2024 EUR	2023 EUR
<b>Notes Held for Trading:</b>		
Balance at Beginning of Year	1 619 000	14 825 000
Additions	26 084 000	18 490 000
Disposals/Redemptions	(2 874 000)	(31 696 000)
<b>Balance at End of Year</b>	<b>24 829 000</b>	<b>1 619 000</b>

### (18) Loans payable

	2024 EUR	2023 EUR
Loans and Interest Payable to Related Companies	40 731 969	23 258 392
Loans and Interest Payable to Joint Parent Companies	28 027 775	27 590 811
Loans and Interest Payable to Third Parties	1 218 306	873 906
	<b>69 978 050</b>	<b>51 723 109</b>

The maturity dates on the various loans fall due between 2025 and 2027 and bear interest at rates ranging from 12% p.a. to 17.72% p.a..

The balances due on the said loans are unsecured and repayable on the earlier of the above-mentioned maturity dates or any accelerated date. The Company is to pay interest at the stated rates per annum on the principal amount due, both before and after maturity, default and judgement. Interest is payable monthly in arrears.

### (19) Other payables

	2024 EUR	2023 EUR
Accrued Expenses	22 165	17 987
Trade Payables	1 882	2 554
Salaries payable	2560	2 500
Tax and social security payments	144	144
	<b>26 751</b>	<b>23 185</b>

### (20) Fair Value Hierarchy

The following table shows financial instruments, including those recognised at fair value, for the year ended 31 December 2024, analysed between those whose fair value is based on:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based upon observable market data.

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.



**Notes to the Financial statements for the year ended 31 December 2024**

	<u>Total</u> EUR	<u>Level 1</u> EUR	<u>Level 2</u> EUR	<u>Level 3</u> EUR
<b>31 December 2024</b>				
<b>Financial Assets</b>				
Investment in Subsidiaries	1	-	-	1
Interest Bearing Receivables	113 421 627	-	-	113 421 627
Other Receivables	6 967 623	-	-	6 967 623
Cash and Cash Equivalents	913 369	-	-	913 369
	<u>121 302 620</u>	<u>-</u>	<u>-</u>	<u>121 302 620</u>
<b>Financial Liabilities</b>				
Borrowings	75 670 441	-	-	75 670 441
Loans Payable	69 978 050	-	-	69 978 050
Other Payables	26 751	-	-	26 751
	<u>145 675 242</u>	<u>-</u>	<u>-</u>	<u>145 675 242</u>
<b>31 December 2023</b>				
<b>Financial Assets</b>				
Investment in Subsidiaries	1	-	-	1
Interest Bearing Receivables	110 037 366	-	-	110 037 366
Other Receivables	6 124 890	-	-	6 124 890
Cash and Cash Equivalents	2 872 237	-	-	2 872 237
	<u>119 034 494</u>	<u>-</u>	<u>-</u>	<u>119 034 494</u>
<b>Financial Liabilities</b>				
Borrowings	81 809 243	-	-	81 809 243
Loans Payable	51 723 109	-	-	51 723 109
Other Payables	23 185	-	-	23 185
	<u>133 555 537</u>	<u>-</u>	<u>-</u>	<u>133 555 537</u>

During the reporting year ended 31 December 2024, there was no transfer between Level 1 and Level 2 fair value measurement.

**(21) Financial Risk Management****(21.1) Overview**

The Company activities potentially expose it to a variety of financial risks, including fair value or cash flow interest rate risk, credit risk, liquidity risks and market risks.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

**(21.2) Risk Management Framework**

The Board has overall responsibility for the establishment and oversight of the Company's risk management objectives and policies.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. Further details of these policies are set out below.

**(21.3) Credit Risk**

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's loans receivable from related companies. The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers



**Notes to the Financial statements for the year ended 31 December 2024**

the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate. The Company monitors intra-group credit exposures on a regular basis in the context of the overall group.

Furthermore, credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions. The Company's policy is to place cash with financial institutions of a high credit rating.

**Exposure to Credit Risk**

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the end of the reporting period was as follows:

	2024 EUR	2023 EUR
Interest Bearing Receivables	113 421 627	110 037 366
Other Receivables	6 967 623	6 124 890
Cash and Cash Equivalents	913 369	2 872 237
	<u>121 302 619</u>	<u>119 034 493</u>

**(21.4) Liquidity Risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

**Exposure to Liquidity Risk**

The following are the contractual maturities of financial liabilities:

	Within 12 Months	Between 1-2 Years	Between 2-5 Years	Between 5 Years
	EUR	EUR	EUR	EUR
<b>31 December 2024</b>				
Borrowings	32 836 270	18 381 180	24 452 991	-
Loans Payable	69 978 050	-	-	-
Other Payables	26 751	-	-	-
	<u>1 371 501</u>	<u>18 381 180</u>	<u>24 452 991</u>	<u>-</u>
<b>31 December 2023</b>				
Borrowings	18 765 842	48 783 825	14 259 576	-
Loans Payable	51 723 109	-	-	-
Other Payables	23 185	-	-	-
	<u>70 512 136</u>	<u>48 783 825</u>	<u>14 259 576</u>	<u>-</u>

**(21.5) Market Risk**

Market risk is the risk that changes in market prices, such as foreign exchange currency financial instruments and interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The overall effect of fluctuations in exchange rate at the reporting date on financial instruments such as receivables and payables are not considered by management to be material on the results of the Company.

**(21.5.1) Fair Value or Cash Flow Interest Rate Risk**

The Company is not exposed to cash flow interest rate risk from borrowings, as all borrowings are subject to fixed interest rates.

## Notes to the Financial statements for the year ended 31 December 2024

### (21.5.2) Foreign Currency Risk

The Company is exposed to foreign currency risk on monetary amounts denominated in a currency other than the functional currency of the Company (EUR), mainly the SEK. Since the exposure is not significant, no hedging is performed by the Company.

At 31 December 2024, the Company was exposed to the following liabilities in foreign currencies:

	2024 Liabilities	2023 Liabilities
Swedish Krona - SEK	23 338 063	23 285 552

The following table details the Company's sensitivity to a 10% increase or decrease in foreign currency which mainly arises from the Company's exposure to trade receivables and payables.

	2024 EUR	2023 EUR
<b>Liabilities:</b>		
Profit or Loss	185 151	190 778

### (21.6) Capital Management

The directors' policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The directors' objective is to safeguard their ability to continue as a going concern, so that the Company can continue to provide returns for shareholders and benefits other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The directors monitor the return on capital as well as the level of dividends to ordinary shareholders.

## (22) Related Parties

### (22.1) Parent and Ultimate Controlling Party

The Company is jointly owned by HSFS AS and HSFE AS (the "Joint Parent Companies"), whose registered offices are at Skanstes iela 52, Rīga LV-1013, Latvia. The joint parent companies are in turn subsidiaries of Sun Finance Group AS (the "Ultimate Parent Company") with registered offices at Skanstes iela 52, Rīga LV-1013, Latvia.

Sun Finance Group AS prepares the consolidated financial statements of the Group of which Sun Finance Treasury Limited forms part. These financial statements will be filed and available for public viewing at the Malta Business Registry.

The ultimate controlling party is Mr. Aigars Kesenfelds.

### (22.2) Identity of Related Parties

The Company has a related party relationship with its ultimate beneficial owner, ultimate parent, joint parent, subsidiaries and related companies.



## Notes to the Financial statements for the year ended 31 December 2024

### (22.3) Related Party Transactions and Balances

	2024 EUR	2023 EUR
<b>Related Companies/Parties</b>		
Interest Receivable from	11 754 948	9 769 044
Guarantee Fees Receivable from	952 537	253 120
Other Receivables from	406 567	(2 056 443)
Interest Payable to	(6 538 763)	(1 828 072)
Net Funds Advanced by/(to)	<u>20 362 516</u>	<u>(16 550 640)</u>
<b>Subsidiary Companies</b>		
Interest Receivable from	889 440	742 728
Net Funds Advanced by/(to)	<u>(239 440)</u>	<u>(2 142 728)</u>
<b>Joint Parent Companies</b>		
Interest Receivable from	-	1 093
Interest Payable to	(3 568 519)	(2 186 857)
Share capital increase	180 000	-
Contribution for Future Capital Increase by	(180 000)	180 000
Net Funds Advanced by/(to)	<u>436 964</u>	<u>25 636 121</u>
<b>Ultimate Parent Company</b>		
Interest Receivable from	820 579	413 983
Interest Payable to	-	(56 888)
Net Funds Advanced by/(to)	<u>(7 920 579)</u>	<u>2 081 850</u>

Amounts due to and from related parties are disclosed in Notes 13, 14 and 18 to these financial statements.

The key management of the Company is considered to be the directors of the Company. The director's remuneration has been disclosed in Note 7 to these financial statements.

### (23) Contingent Liabilities

At year end, the Company did not have any contingent liabilities.

### (24) Going Concern

During the year under review, the Company incurred an operating loss of EUR 9 469 138 and registered an overall loss of EUR 9 851 971.

As at year end, the Company had net current assets of EUR 13 006 562 but had a net assets deficiency position amounting to EUR 24 372 092 but which position is however fully supported by credit lines due to the joint parent companies amounting to EUR 28 027 775 and which companies have indicated that they will not request repayment within the next twelve months.

During the year, the Company continued to work on previously initiated funding cost decrease plans and in 2024 registered Notes with 11% annual rate which is substantial decrease in coupon rate from previously registered Notes. The Company aims to decrease its funding costs and improve the financial results in following periods. In 2024 Parent companies provided financial support to the Company and this financing is still required to enable the Company to continue in business as a going concern.

The foregoing factors cast significant doubt upon the Company's ability to continue in operation in the foreseeable future, however, notwithstanding the said factors, the directors have received confirmation from the joint parent companies that they will not request repayment of the loans due to them within the next twelve months. Accordingly, the going concern basis applied in the preparation of these financial statements is appropriate.



## ***Notes to the Financial statements for the year ended 31 December 2024***

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### **(25) Regional Conflicts**

Conflicts between countries will always have a negative effect on the rest of the world. The increased challenges brought about by various conflicts in Ukraine and the Middle East cannot be ignored. However, following a thorough assessment of the Company's operations and, more significantly, that of the Group, it has been noted that there is no reliance on these regions for goods or services. The directors continue to actively monitor all developments taking place internationally in order to take any action that might be necessary in the eventuality that developments in these conflicts start to impact the Company's and the Group's performance and operations.

### **(26) Subsequent Events**

#### **(26.1) Bond activities**

On 28 February 2025, the Group listed the 3.5-year corporate bond with an issue size of EUR 25.6 million and a fixed annual interest rate of 11.0%, registered in May 2024, for trading on the Nasdaq First North market. The bond maturity is November 2027.

To refinance the Group's 3-year EUR 50 million corporate bond with the maturity date on 30 September 2025, the Group registered a new 3.5-year corporate bond on 7 April 2025, with an issue size of up to EUR 50 million. The new bond, maturing in September 2028, is organized as a private placement with a fixed annual coupon rate of 10%, paid monthly.

On 26 March 2025, the Group announced about exercising the right of early redemption of the 3-year EUR 50 million corporate bond. The bond was redeemed in full ahead of schedule on 30 April 2025.

#### **(26.2) Other**

The directors have evaluated other subsequent events since 31 December 2024 up to the date of approval of these financial statements and concluded that there were no subsequent events which require disclosure in the financial statement.