

LIMITED LIABILITY COMPANY
"Hedge Capital Company"
registration number
40103968692

Annual report for 2025

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INFORMATION ABOUT COMPANY

COMPANY NAME "Hedge Capital Company"

LEGAL FORM Limited Liability Company

REGISTRATION NUMBER IN THE REGISTER OF
ENTERPRISES OF THE REPUBLIC OF LATVIA 40103968692

PLACE AND DATE OF REGISTRATION Riga, 11 february 2016

LEGAL ADDRESS Skanstes street 25, Riga, LV-1013

COMPANY BOARD

Name/Surname	Daniels Jukna
Position	Member of the board (from 22.02.2024)

SHAREHOLDERS

Name	LLC "DKS Holding"
Proportion of shares %	100% of the shares
Address	'Jaunlacisi', Kaive Parish, Cesis Municipality, LV-4144

ANNUAL REPORT PREPARED BY

Name/Surname	Irina Blohina
Position	Accountant

REPORTING YEAR 01.01.2025 - 31.12.2025

PREVIOUS REPORTING YEAR 01.01.2024 - 31.12.2024

AUDITORS AND THEIR ADDRESSES

LLC "ARMA K Revidents Auditors"
LACA License No. 90
Ozolu street 9, Marciena, Marciena Parish, Madona Municipality
Certified Auditor Anita Kanepa
Certificate No. 34

MANAGEMENT REPORT

Main activities

LLC "Hedge Capital Company", hereinafter - Company, provides credit granting services. NACE2 classification code - 64.92 Other credit granting.

Branches and representative offices abroad

The company has no branches and representative offices abroad.

Company's activity in the reporting year

In 2025, the Company continued operating in a changing macroeconomic environment still affected by geopolitical uncertainty, the prolonged consequences of the war in Ukraine, the continuation of the sanctions regime, as well as factors affecting household solvency. Although inflationary pressure gradually eased compared to previous periods, customer payment discipline and credit risk management remained significant aspects of the Company's operations.

During the reporting year, the Company paid particular attention to monitoring the quality of its credit portfolio, assessing the recoverability of receivables, and improving the efficiency of debt collection processes. Since April 2025, the Company has actively started using the enforcement of obligations under warning procedures, facilitated by changes in the regulatory framework, which helped accelerate litigation processes. This approach enabled the Company to more effectively strengthen its legal claim rights, obtain court judgments, and transfer cases for further recovery to sworn bailiffs.

The development of litigation processes during the reporting year became an important instrument for the Company's debtor recovery and credit risk management, confirming that the chosen debt collection strategy is practically effective and generates real cash flow, although the recovery of such claims usually takes place gradually over a longer period of time.

During the reporting year, the Company continued improving its loan issuance, credit risk management, and debtor monitoring processes, including the development of automated digital solutions for assessing borrowers' solvency and administering overdue payments. These measures enabled the Company to effectively manage its growing customer portfolio while maintaining control over credit risk and without significantly increasing the administrative burden.

By successfully implementing its strategic objectives, the Company continued to demonstrate stable financial performance and positive profitability in 2025. The Company's total revenue, including other operating income and other interest income, amounted to EUR 2,183,125, and in 2025 the Company achieved the following financial indicators:

Profitability ratios	<u>2025</u>	<u>2024</u>
Gross profitability %	44%	12%
Earnings before tax (EBT)	11%	-27%
Profitability on net profit %	11%	-27%

Gross profitability has increased by 32 percentage point compared to 2024, and EBT increased by 38 percentage points. Significant growth of the loan portfolio allowed us to achieve higher profitability indicators.

Liquidity ratios **31.12.2025**

Current liquidity	4.16 coefficient
Total liquidity	4.16 coefficient

By the end of 2025 the Company's total liquidity ratio reached 4.16 mark.

MANAGEMENT REPORT

Future prospects and future development

In 2025, the Company increased its loan portfolio by 37%, reaching EUR 7.1 million. The growth of the loan portfolio was supported, among other things, by investments attracted through the Iuvo Group and Bondster platforms. The Company also continues to evaluate cooperation opportunities with other platforms in order to diversify its funding sources and reduce dependence on individual investment channels.

Going forward, the Company plans to focus on stable and controlled growth of the loan portfolio, further improvement of the borrower assessment process, enhancement of credit risk management, and improvement of repayment indicators. Significant attention will also be devoted to the efficiency of debt recovery processes, including the continued use of litigation and enforcement mechanisms.

The Company's strategic objective is to strengthen NordCard's position in the non-bank lending market by providing customers with high-quality service, a well-considered product offering, and efficient lending processes. Management will continue implementing measures aimed at cost control, process automation, and sustainable growth, while maintaining a prudent approach to credit risk management.

Financial risk management

The Company's financial risk management policy is described in financial statement attachment (note No. 25).

Information on research and development activities

The Company has no costs for research and development activities during the reporting year.

The company's own shares or units

The company is not a shareholder.

Use of financial instruments

The Company's most significant financial instruments are loans from legal entities, trade receivables and cash and its equivalents. The main task of these financial instruments is to provide funding for the Company's business activities. The Company also has some other financial instruments, such as other receivables, trade payables and other creditors arising directly from its operations.

Events after the last day of the reporting year

After the end of the reporting year, no significant adverse changes in the Company's operations or financial position have been identified. The war in Ukraine and the related sanctions regime have been in effect for several years, and to date they have not had any direct material impact on the Company. The Company does not cooperate with partners from Russia, Belarus, or Ukraine, while its customer base mainly consists of residents of Latvia.

Following the end of the reporting year, the conflict in the Middle East intensified, affecting the volatility of energy resource and fuel prices. The Company's management is monitoring the potential impact of this factor on customers' solvency; however, by the date of preparation of the annual report, no significant adverse changes have been identified in customer payment discipline, repayment indicators, or the quality of the credit portfolio.

As a significant positive factor, it should be noted that the litigation and debt recovery processes initiated and improved in 2025 have produced positive results. In particular, the enforcement of obligations under warning procedures has already generated practically measurable cash flow from overdue receivables in 2026, confirming the effectiveness of the chosen debt recovery strategy and the recoverability of overdue claims over a longer period of time.

The Company continues to apply a prudent approach to credit risk management, regularly monitoring customers' solvency, debt recovery indicators, and the overall economic environment. In the opinion of management, no events have occurred after the end of the reporting year that would materially adversely affect the Company's financial position, operating results, or ability to continue as a going concern.

The financial statement has been prepared on a going concern basis and management does not see any liquidity problems regarding the above mentioned.

Profit distribution for the reporting year

The reporting year ended with profit:

230 280 euro

MANAGEMENT REPORT

Company balance sheet value: 6 959 895 euro

The company's 2025 profit covers the losses of previous years by reinvesting them in the company.

Statement of management responsibility

The Company's management is responsible for the preparation of the financial statement based on the original accounting records for each reporting period that give a true and fair view of the Company's financial situation at the end of the reporting year and of the results of its operations.

Management confirms that in preparing this financial statement for the period ended 31 December 2025, appropriate accounting policies have been used, their application has been consistent, and reasonable and prudent decisions have been made. The management confirms that the relevant accounting principles of the Republic of Latvia have been complied with and the financial statement has been prepared in accordance with the going concern principle.

Management is responsible for keeping proper accounting records, for safeguarding the Company's assets, and for preventing and detecting fraud and other irregularities.

Management confirms that it has provided the information and explanations necessary for the audit.

Signature/Daniels Jukna/ The member of the board*

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**PROFIT OR LOSS STATEMENT (by expenditure function)
FOR 2025**

	Note No.	2025 euro	2024 euro
Net turnover incl.		2 028 787	1 361 468
<i>b) from other core business activities</i>	1	2 028 787	1 361 468
Cost of production, cost of goods sold or services provided	2	(1 141 270)	(1 200 743)
Gross profit or loss		887 517	160 725
Sales costs	3	(98 392)	(57 389)
Administration costs	4	(251 845)	(275 612)
Other operating income of the company	5	152 963	70 455
Other operating expenses of the company	6	(461 338)	(264 930)
Other interest income and similar income: incl.		1 375	172
<i>b) other persons</i>	7	1 375	172
Profit or loss before corporate tax		230 280	(366 579)
Corporate income tax for the reporting period	19	-	-
Profit or loss after corporate income tax		230 280	(366 579)
PROFIT OR LOSS FOR THE REPORTING YEAR		230 280	(366 579)

Signature/Daniels Jukna/ The member of the board*

*The annual report was prepared by
Signature*/Irina Blohina/ Accountant*

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BALANCE SHEET
December 31, 2025

ASSETS		31.12.2025	31.12.2024
	Note No.	<i>euro</i>	<i>euro</i>
LONG-TERM INVESTMENT			
I. Intangible investments			
Concessions, patents, licences, trade marks and similar rights	8	156 483	170 389
Other intangible investments	8	2 346	2 894
Total intangible investments			
		158 829	173 283
II. Fixed assets			
Other fixed assets and inventory	9	13 626	17 333
Total fixed assets		13 626	17 333
III. Long-term financial investments			
Other loans and other long-term receivables	10	1 314 886	783 082
Total long-term financial investments		1 314 886	783 082
Total long-term investment		1 487 341	973 698
CURRENT ASSETS			
I. Inventory			
Raw materials and consumables	11	2 638	6 343
Total inventory		2 638	6 343
II. Debtors			
Trade receivables	12	5 196 581	4 158 467
Other debtors	13	25 038	4 641
Costs of future reporting periods	14	64 010	64 985
Total debtors		5 285 629	4 228 093
IV. Cash and cash equivalents			
	15	184 287	106 898
Total current assets		5 472 554	4 341 334
TOTAL ASSETS		6 959 895	5 315 032

BALANCE SHEET
December 31, 2025

LIABILITIES		31.12.2025	31.12.2024
	Note No.	<i>euro</i>	<i>euro</i>
OWN CAPITAL			
Fixed capital	16	3 375 000	3 375 000
Retained earnings:			
Accumulated profit (loss) for the previous years		(1 988 955)	(1 622 376)
Profit or loss of the reporting year		230 280	(366 579)
Total own capital		1 616 325	1 386 045
CREDITORS			
Long-term creditors			
Other loans	17	4 028 171	2 860 285
Total long-term creditors		4 028 171	2 860 285
Short-term creditors			
Other loans	17	1 108 395	939 563
Debts to suppliers and employees	18	45 500	18 536
Taxes and state social insurance contributions	19	15 034	14 649
Other creditors	20	89 066	62 347
Accrued liabilities	21	57 404	33 607
Total short-term creditors		1 315 399	1 068 702
Total creditors		5 343 570	3 928 987
TOTAL LIABILITIES		6 959 895	5 315 032

Signature/Daniels Jukna/ The member of the board*

*The annual report was prepared by
Signature*/Irina Blohina/ Accountant*

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ANNEX TO THE FINANCIAL STATEMENT
FOR 2025

I. EXPLANATORY NOTES TO ITEMS ON THE PROFIT OR LOSS STATEMENT

1 Net turnover

	2025	2024
	<i>euro</i>	<i>euro</i>
Interest revenue	1 250 588	1 010 842
Other commissions income	720 973	304 179
Remuneration for each active card account	57 226	46 447
Total	2 028 787	1 361 468

2 Cost of production, cost of goods sold and services provided*

	2025	2024
	<i>euro</i>	<i>euro</i>
Interest paid on borrowings**	608 863	749 387
Wages	187 166	155 674
Social security contributions	43 237	35 935
Rent of premises	19 517	25 014
Utilities	-	1 942
Depreciation of fixed assets and intangible investments	36 190	35 877
Telecommunication charges, etc.	30 037	17 319
IT costs, database subscriptions and maintenance, domains	59 246	49 180
State fee for the lending licence, etc. State fees	60 929	59 742
Delivery, manufacturing and other costs of payment cards	96 085	70 673
Total	1 141 270	1 200 743

*During the reporting period, adjustments were made to the comparative figures. After the submission of the 2024 annual report, discrepancies were identified in the accounting of liabilities related to the calculation and classification of interest.

It was determined that accrued interest on received borrowings had not been fully and correctly accounted for, and certain liability items had been inaccurately classified.

Information regarding the impact of these adjustments is provided in Section III of the notes to these financial statements, "Information on Prior Year Errors and Corrections."

**To ensure the comparability of the financial statement figures and compliance with the accounting policies applied during the reporting period,

a reclassification of comparative figures was performed during the reporting period by reclassifying interest expenses.

The reclassification was made considering that the borrowings are used to support the Company's core business activity — lending — and the related interest expenses are directly attributable to the generation of net turnover.

This accounting approach ensures a clearer and economically more appropriate presentation of gross profit indicators.

This reclassification does not affect the Company's financial result for the reporting period or the amount of equity but ensures proper comparability of figures between periods.

The reclassification has no impact on the financial result for the reporting year. Comparative figures for the previous reporting year have been classified according to the principles applied in the reporting year and are therefore comparable.

See also Section IV of the notes to these financial statements, "Explanation of Changes in Accounting Policy."

3 Sale costs

	2025	2024
	<i>euro</i>	<i>euro</i>
Ads, marketing expenses	91 261	51 018
Traveling / subsistence allowance	6 440	4 950
Other expenses	691	1 421
Total	98 392	57 389

ANNEX TO THE FINANCIAL STATEMENT
FOR 2025

4 Administration costs

	2025	2024
	<i>euro</i>	<i>euro</i>
Wages	146 528	177 398
Social security contributions	34 555	42 020
Staff sustainability events	9 672	5 761
Costs of recruitment and training	8 756	8 831
Translation services	64	380
Insurance payments	6 875	7 483
Communication expenses	4 300	5 385
Office expenses	14 579	8 294
Bank charges and similar expenses	13 831	14 842
Representation expenses	6 818	-
Premises cleaning, maintenance and repair costs	-	264
Other administration costs	5 867	4 954
Total	251 845	275 612

5 Other operating income

	2025	2024
	<i>euro</i>	<i>euro</i>
Fees for preparation references	50	124
Credit registration fee	359	355
Paid fines and penalties	152 075	69 250
Other income	479	726
Total	152 963	70 455

6 Other operating expenses

	2025	2024
	<i>euro</i>	<i>euro</i>
Losses from exchange rate fluctuations	12	29
Write-off of bad debtors	8 645	165 261
Provisions for doubtful debtors	346 665	20 463
Debt collection expenses	29 746	40 707
Litigation costs	76 270	38 470
Total	461 338	264 930

7 Other interest income and similar income

	2025	2024
	<i>euro</i>	<i>euro</i>
Other companies		
For a loan to a legal entity	1 375	172
Total	172	90

ANNEX TO THE FINANCIAL STATEMENT
FOR 2025

II. EXPLANATORY NOTES TO ITEMS ON BALANCE SHEET

A S S E T S

8 Intangible investments

	Concessions, patents, licenses, etc <i>euro</i>	Total intangible investments <i>euro</i>	Total <i>euro</i>
<i>Initial value</i>			
31 December 2024	454 842	9 488	464 330
Acquisition/production costs	15 081	-	15 081
31 December 2025	469 923	9 488	479 411
<i>Impairment adjustments of accumulated value</i>			
31 December 2024	284 453	6 594	291 047
Impairment adjustments	28 987	548	29 535
31 December 2025	313 440	7 142	320 582
<i>Balance sheet value</i>			
31 December 2024	170 389	2 894	173 283
31 December 2025	156 483	2 346	158 829

9 Fixed assets

	Other fixed assets and inventory <i>euro</i>	Total <i>euro</i>
<i>Initial value</i>		
31 December 2024	72 022	72 022
Acquisition/production costs	2 948	2 948
31 December 2025	74 970	74 970
<i>Impairment adjustments of accumulated value</i>		
31 December 2024	54 689	54 689
Impairment adjustments	6 655	6 655
31 December 2025	61 344	61 344
<i>Balance sheet value</i>		
31 December 2024	17 333	17 333
31 December 2025	13 626	13 626

10 Other loans and other long-term receivables

	31.12.2025 <i>euro</i>	31.12.2024 <i>euro</i>
Non-collateral claims on loans granted (see Note No. 12)	1 314 886	783 082
	1 314 886	783 082

11 Inventory

	31.12.2025 <i>euro</i>	31.12.2024 <i>euro</i>
Nordcard credit card packages	2 638	6 343
Total	2 638	6 343

**ANNEX TO THE FINANCIAL STATEMENT
FOR 2025**
12 Trade receivables

	31.12.2025	31.12.2024
	<i>euro</i>	<i>euro</i>
Non-collateral claims on loans granted (gross value)	7 117 338	5 200 755
Reclassified to long-term receivables	(1 314 886)	(783 082)
Provisions for doubtful debtors	(605 871)	(259 206)
Total	5 196 581	4 158 467
Movement of provisions for doubtful debts	<i>euro</i>	<i>euro</i>
At the beginning of the reporting year	259 206	238 743
Value increase	346 665	20 463
At the end of the reporting year	605 871	259 206

At the end of the reporting year, all debtors were assessed, provisions for doubtful debtors were made, and bad debts were written off as losses for the reporting year.

13 Other debtors

	31.12.2025	31.12.2024
	<i>euro</i>	<i>euro</i>
Security deposit for rent of premises	2 171	2 269
Business trip expenses	271	-
Short-term loan to a company	18 103	-
Short-term loan to an employee	2 752	1 523
Overpaid taxes	1 741	849
Total	25 038	4 641

14 Costs of future reporting periods

	31.12.2025	31.12.2024
	<i>euro</i>	<i>euro</i>
Employee health insurance	3 101	1 625
Database subscriptions and maintenance	4 883	4 994
Storage rental	1 573	3 117
Conferences and seminars	732	1 682
Personnel sustainability measures	3 304	3 150
Licence management fee	50 417	50 417
Total	64 010	64 985

Costs of future reporting periods are expenses incurred before the balance sheet date, but refer to the next year.

15 Cash and cash equivalents

	31.12.2025	31.12.2024
	<i>euro</i>	<i>euro</i>
Cash in bank accounts	114 337	69 304
Investors' funds	64 950	37 594
Cash in transit (transfer between own accounts)	5 000	-
Total	184 287	106 898

**ANNEX TO THE FINANCIAL STATEMENT
FOR 2025**
LIABILITIES
16 Fixed capital

As at 31 December 2025, the registered and paid fixed capital of the Company is EUR 3,375,000, consisting of 3,375,000 shares with a nominal value of EUR 1 (one) per share.

Company shareholders

Capital shares	Quantity	Nominal value	Amount	Share in capital	Justification for the purchase
	<i>pieces</i>	<i>euro</i>	<i>euro</i>	<i>%</i>	
DKS Holding, LLC	3 375 000	1	3 375 000	100	-
Total:	3 375 000	1	3 375 000	100	

17 Other loans

	31.12.2025	31.12.2024
Long-term part	<i>euro</i>	<i>euro</i>
Loan from a legal entity established in the European Union	4 028 171	2 860 285
Total	4 028 171	2 860 285

*During the reporting period, adjustments were made to the comparative figures. After the submission of the 2024 annual report, discrepancies were identified in the accounting of liabilities related to the calculation and classification of interest.

It was determined that accrued interest on received borrowings had not been fully and correctly accounted for, and certain liability items had been inaccurately classified.

Information regarding the impact of these adjustments is provided in Section III of the notes to these financial statements, "Information on Prior Year Errors and Corrections."*

	31.12.2025	31.12.2024
Short-term part	<i>euro</i>	<i>euro</i>
Loan from a legal entity established in the European Union	1 071 895	921 563
Short-term loan from a natural person	36 500	18 000
Total	1 108 395	939 563

Loans from the financial platforms IUVO GROUP OU and Bondster marketplace s.r.o. have repayment terms until 31.12.2031, with annual interest rates ranging from 10% to 14%. Short-term loans from a private individual have repayment terms until 31.12.2027, with an annual interest rate of 12.5%. The loans have been received for working capital purposes – to support the accounts receivable portfolio. No collateral has been provided.

18 Debts to suppliers and employees

	31.12.2025	31.12.2024
Short-term part	<i>euro</i>	<i>euro</i>
Debts to suppliers and employees	45 500	18 536
Total	45 500	18 536

19 Taxes and state social insurance contributions

	(Liabilities)/ overpayment 31.12.2024	Calculated in 2023	Paid/ (repaid) in 2023	Late charges	(Liabilities)/ overpayment 31.12.2025
	<i>euro</i>	<i>euro</i>	<i>euro</i>	<i>euro</i>	<i>euro</i>
Value-added tax	(837)	(42 664)	42 688		(813)
Business risk fee	(5)	(57)	56	-	(6)
Personal income tax	(4 462)	(46 771)	47 078	-	(4 155)
State social insurance contributions	(9 345)	(114 423)	113 708	-	(10 060)
Total	(14 649)	(203 915)	203 530	-	(15 034)

**ANNEX TO THE FINANCIAL STATEMENT
FOR 2025**
20 Other creditors

	31.12.2025	31.12.2024
	<i>euro</i>	<i>euro</i>
Short-term part		
Settlement of unpaid advance payments	-	10
Settlement of wages	21 810	19 872
Liabilities arising from participation in platform-funded loans	64 950	37 594
Client surplus	2 306	4 871
Total	89 066	62 347

21 Accrued liabilities

	31.12.2025	31.12.2024
	<i>euro</i>	<i>euro</i>
Accrued liabilities from interest on platforms*	23 094	22 304
Accrued liabilities for interest on a loan granted by a natural person	4 571	-
Accrued liabilities for services	27 297	10 051
Accrued liabilities for vacation pay	2 442	1 252
Total	57 404	33 607

*During the reporting period, adjustments were made to the comparative figures. After the submission of the 2024 annual report, discrepancies were identified in the accounting of liabilities related to the calculation and classification of interest.

It was determined that accrued interest on received borrowings had not been fully and correctly accounted for, and certain liability items had been inaccurately classified.

Information regarding the impact of these adjustments is provided in Section III of the notes to these financial statements, "Information on Prior Year Errors and Corrections."

22 Transactions with related parties

	Pārdošana saistītām pusēm		Iegāde no saistītām pusēm	
	2025	2024	2025	2024
	<i>euro</i>	<i>euro</i>	<i>euro</i>	<i>euro</i>
Loan from a member of the board	-	-	18 500	18 000
Interest on a loan from a member of the board	-	-	4 571	-
Kopā	-	-	23 071	18 000

23 Details of off-balance sheet liabilities

At the end of the reporting year, the Company has not issued any pledge, guarantee or security.

**ANNEX TO THE FINANCIAL STATEMENT
FOR 2025**

24 Events after the end of the reporting year

The ongoing hostilities in Ukraine and the impact of the international sanctions regime continue to remain relevant at the beginning of 2026. The Company does not cooperate and does not plan to cooperate with partners from Russia, Belarus, or Ukraine, attracting capital only within the territory of Latvia or through P2P platforms in the European Union. The Company's Management Board and shareholders consist entirely of Latvian citizens who are not subject to international sanctions or crisis-related political decisions. As the Company's customers are residents of Latvia, no direct negative impact of the war or sanctions on the Company is anticipated in 2026 either. Currently, the Company does not foresee a significant decline in customers' solvency in 2026. The measures implemented in previous years regarding borrower assessment, credit risk management, and the development of digital processes allow the Company to confidently project stable or even increasing profitability in the future. At the same time, the Company closely monitors the market situation, particularly in light of recent decisions by the Consumer Rights Protection Centre (PTAC) concerning insufficient customer solvency assessments by other companies in the sector. The Company already ensures customer solvency assessments in accordance with PTAC guidelines and complies with the highest standards of credit risk management; therefore, it does not identify any material risks to its operations or financial results. The Company's management carefully monitors developments in the economy, following changes in monetary policy and political decisions in order to respond promptly to potential risks. We are confident that the preventive measures implemented will ensure long-term stability and enable the Company to continue successfully strengthening its market position. We believe that every challenging situation also creates new opportunities, and the Company is prepared to take advantage of them for long-term growth.

25 Financial risk management

The Company's most significant financial instruments are loans from legal entities, trade receivables and cash and its equivalents. The main task of these financial instruments is to provide funding for the Company's business activities. The Company also has some other financial instruments, such as other receivables, trade payables and other creditors arising directly from its operations.

**ANNEX TO THE FINANCIAL STATEMENT
FOR 2025**

The financial risks associated with the Company's financial instruments are mainly interest rate risk, liquidity risk and credit risk. The Company's management seeks to minimize the negative impact of potential financial risks on the Company's financial situation. The Company does not use derivative financial instruments for financial risk management.

Foreign currency exchange risk

The company operates in the local market and is minimally exposed to foreign currency exchange risk. With the current revenue-expenditure structure, additional control measures for exchange rate risk are not required. Additional risk mitigation mechanisms are not used as the total currency risk is assessed as minimal.

Interest rate risk

As the Company has loan liabilities, its cash-flow from financing activities is dependent on changes in market interest rates. The risk of floating interest rates has been eliminated because fixed interest rates have been set for the Company's borrowings.

Credit risk

The Company concentrates to minimize credit risk due to the specifics of its core business - the issuance of unsecured loans, which is associated with an increased risk of recovery of issued loans, which could cause short-term liquidity problems to meet the Company's liabilities on time. The Company's policy is to ensure maximum control procedures in the process of issuing and recovering loans, as well as in the creation of provisions, in order to ensure this, the "Loan application evaluation procedure" and "Procedure for recovery of overdue loan liabilities" have been developed.

Liquidity risk

The Company adheres to the precautionary principle in liquidity risk management and maintains a sufficient amount of money accordingly. The Company's management monitors liquidity reserves and makes operational forecasts based on expected cash-flow. The management believes that the Company will be able to provide a sufficient level of liquidity through its operating activities, but will be able to receive financing if necessary.

Signature/Daniels Jukna/ The member of the board*

*The annual report was prepared by
Signature*/Irina Blohina/ Accountant*

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INDEPENDENT AUDITOR’S REPORT

TO THE SHAREHOLDERS OF SIA “HEDGE CAPITAL COMPANY”

Our Opinion on the Financial Statements

We have audited the accompanying financial statements of SIA “Hedge Capital Company” (“the Company”) set out on pages 7 to 25 of the accompanying annual report, which comprise:

- the balance sheet as at 31 December 2025,
- the profit and loss statement for the year then ended,
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of SIA “Hedge Capital Company” as at 31 December 2025, and of its financial performance for the year then ended in accordance with the ‘Law On the Annual Reports and Consolidated Annual Reports’ of the Republic of Latvia.

Basis for Opinion

In accordance with the Law on Audit Services of the Republic of Latvia we conducted our audit in accordance with International Standards on Auditing adopted in the Republic of Latvia (ISAs). Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Statements* section of our report.

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) and independence requirements included in the Law on Audit Services of the Republic of Latvia that are relevant to our audit of the financial statements in the Republic of Latvia. We have also fulfilled our other professional ethics responsibilities and objectivity requirements in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) and Law on Audit Services of the Republic of Latvia.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Reporting on Other Information

The Company’s management is responsible for the other information. The other information comprises:

- Information about the Company, as set out on page 3 of the accompanying Annual Report,
- the Management Report, as set out on pages 4 to 6 of the accompanying Annual Report.

Our opinion on the financial statements does not cover the other information included in the Annual Report, and we do not express any form of assurance conclusion thereon, except as described in the *Other reporting responsibilities in accordance with the legislation of the Republic of Latvia* section of our report.

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.

If, based on the work we have performed and in light of the knowledge and understanding of the entity and its environment obtained in the course of our audit, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Other reporting responsibilities in accordance with the legislation of the Republic of Latvia

In addition, in accordance with the Law on Audit Services of the Republic of Latvia with respect to the Management Report, our responsibility is to consider whether the Management Report is prepared in accordance with the requirements of the ‘Law On the Annual Reports and Consolidated Annual Reports’ of the Republic of Latvia.

Based solely on the work required to be undertaken in the course of our audit, in our opinion:

- the information given in the Management Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Management Report has been prepared in accordance with the requirements of the ‘Law On the Annual Reports and Consolidated Annual Reports’ of the Republic of Latvia.

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

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with the ‘Law On the Annual Reports and Consolidated Annual Reports’ of the Republic of Latvia and for such internal control as management determines 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, management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

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

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.

Anita Kaņepa, Certified Auditor
Certificate No. 34, LZRA
SIA “ARMA K Revidents Auditors”,
Chairman of the Board, LZRA License No.90

Riga, April 30, 2026*

*ŠIS DOKUMENTS IR ELEKTRONISKI PARAKSTĪTS AR DROŠU ELEKTRONISKO PARAKSTU UN SATUR LAIKA ZĪMOGU.

DATUMS SKATĀMS DOKUMENTA PARAKSTA LAIKA ZĪMOGĀ.