

ANNUAL REPORT

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Activity Report 2024

Overview of Wallester AS

Wallester AS (hereinafter referred to as "Wallester" or the "Company") is a FinTech company operating under a payment institution license issued by the Estonian Financial Supervisory Authority. The Company provides the following payment services as specified in the Payment Institutions and E-money Institutions Act:

- Execution of payment transactions, including transferring funds to payment accounts maintained by payment service providers.
- Issuance of payment instruments and acceptance of payment transactions.

Wallester focuses on serving corporate clients. Wallester White-Label solution enables corporate clients to brand their payment cards and bring their products to market quickly. Wallester Business product offers corporate clients the ability to use payment cards to efficiently manage their business expenses, including issuing payment cards to their employees for payroll or travel expenses.

Wallester's core business is issuing payment cards and providing card payment solutions. Wallester has developed leading-edge cloud-based payment card issuing technology solutions and card payment infrastructure that clients can use as a turnkey solution.

Strategic Partnership with Visa

Wallester is a Principal Member of Visa, the international card organization. This partnership is of strategic importance to both parties. For Wallester, Visa serves not only as a payment intermediary but also as a crucial marketing channel and support. For Visa, Wallester is recognized as a fast and flexible marketer of Visa payment cards and a promising strategic partner.

Ownership, Management Structure, and Team

On May 21, 2024, a restructuring of the group was carried out. In response to increased business volumes, Placet Smart Solutions OÜ, along with Wallester AS, was spun off from Placet Group OÜ group. Following the spin-off, Placet Smart Solutions OÜ was renamed Wallester Group OÜ, which now serves as the sole shareholder of Wallester AS.

Wallester operates under a two-tier management structure - the Management Board and Supervisory Board.

In 2024, the number of employees increased significantly, reaching 138 full-time employees by the end of the Year. New employees joined various departments, including IT, Client Relationship, Marketing, Project Management, AML, Compliance, and HR. In January 2024, Wallester strengthened its executive leadership by appointing a new Chief Technical Officer (CTO) to lead the company's technology strategy and innovation initiatives.

In addition, in October 2024, Wallester opened a new business development hub located in Riga, Latvia. This expansion underscores Wallester's commitment to providing cutting-edge payment solutions across Europe and supporting its growing customer base in the region.

Investment Policy

Wallester's new investment policy emphasises the shareholder's commitment to the financial stability of the company, including the availability of sufficient funds to cover operating costs and investments, even in a changing economic environment. This includes funding for an efficient organizational structure, extensive IT development, marketing activities, and other critical business functions. The company achieved strong financial performance in 2024, driven by the effective use of its own capital. The fundraising plans are scheduled for 2025.

Products and Technologies

The year 2024 was a successful one for the completion of several complex development projects.

Ensuring the security of sensitive data related to clients and payment transactions is always important to Wallester. Wallester successfully passed the PCI DSS (Payment Card Industry Data Security Standard) audit process and obtained the highest level of PCI DSS certification, Level 1.

Wallester is also proud to announce several new features and development achievements:

- Introduced Personalized VIBANs for Wallester Business Clients
- New Top-Up Method - Card Top-up
- Simplified Wallester Business Sign-up: Automated onboarding process for businesses
- Wallester Website Redesign
- 3DS Out-Of-Band feature for Wallester Business to streamline online purchase verification
- Implemented a Demo Client Portal for Wallester Business
- Improved User Experience in-app by adding “Add Note” and “Receipt Reminder” features

In addition to the mentioned technical projects, Wallester has successfully completed onboarding with BNP Paribas, representing a significant milestone in building a strategic partnership with a leading global financial institution. This collaboration ensures that client funds are safeguarded by a reputable and secure financial institution, further demonstrating Wallester's dedication to safety, trust, and operational excellence.

Client Growth and Market Expansion

The payment institution licence granted by the Estonian Financial Supervision and Resolution Authority (Finantsinspektsioon) allows Wallester to provide cross-border services in all countries of the European Economic Area. In addition, Wallester successfully received a UK cross-border services permit, reaching its goal on March 12, 2024.

Marketing Initiatives

To enhance brand awareness and connect with potential clients, Wallester participated in several major international events in 2024, including:

- Pay360 conference (London, United Kingdom)
- Money 20/20 Europe (Amsterdam, The Netherlands)
- Affiliate World Conference (Budapest, Hungary)
- Seamless (Munich, Germany)
- IFTM International and Travel Market (Paris, France)
- FinTech LIVE London (London, United Kingdom)
- PI Live (London, United Kingdom)
- Accountex (Madrid, Spain)
- Visa Europe Partnerships Forum (London, United Kingdom)
- ECOM21 (Riga, Latvia)
- Salone dei Pagamenti (Milan, Italy)
- Visa Innovation Program Europe Italy (Milan, Italy)

Primary Risks

Wallester's main economic risks are linked to the general macroeconomic environment in Europe, which affects client business volumes.

Business risks include the timely completion of development projects. The Company adheres to responsible principles across social, economic, and environmental aspects, with a strong focus on compliance with regulations related to money laundering and terrorist financing prevention and implementation of international financial sanctions.

The Company's risk control measures are deemed appropriate by the Board given the nature, scale, and complexity of its activities.

Key Ratios of the Company

	2024		2023
Profit (loss) for the reporting period	2 363 628	-	635 349
EBITDA (OIBDA)	3 290 527	-	491 366
Profitability of sales	79.99%		67.32%
Overall level of solvency	1.06		1.04
Equity to total assets	0.11		0.16
Level of financial resources	0.99		0.97
EBITDA margin %	19.19%		-5.38%
ROA (%)	4.38%		-2.61%
ROE (%)	38.36%		-16.73%

The annual accounts

Statement of financial position

(In Euros)

	31.12.2024	31.12.2023	Note
Assets			
Current assets			
Cash and cash equivalents	1 604 881	1 374 571	2
Receivables and prepayments	49 223 318	19 895 217	3
Inventories	15 822	63 435	4
Total current assets	50 844 021	21 333 223	
Non-current assets			
Receivables and prepayments	734 402	693 808	3,5
Property, plant and equipment	157 123	132 012	6
Intangible assets	2 247 393	2 214 729	7
Total non-current assets	3 138 918	3 040 549	
Total assets	53 982 939	24 373 772	
Liabilities and equity			
Liabilities			
Current liabilities			
Payables and prepayments	47 821 941	20 576 402	5,8
Total current liabilities	47 821 941	20 576 402	
Total liabilities	47 821 941	20 576 402	
Equity			
Issued capital	909 900	909 900	10
Share premium	7 943 715	7 943 715	
Retained earnings (loss)	-5 056 245	-4 420 896	
Annual period profit (loss)	2 363 628	-635 349	
Total equity	6 160 998	3 797 370	
Total liabilities and equity	53 982 939	24 373 772	

Income statement

(In Euros)

	2024	2023	Note
Revenue	17 150 525	9 140 830	11
Other income	33 969	32 976	
Work performed by entity and capitalised	342 684	1 667 202	7
Raw materials and consumables used	-3 431 227	-2 987 360	12
Other operating expense	-2 891 238	-2 402 085	13
Employee expense	-7 710 149	-5 782 601	14
Depreciation and impairment loss (reversal)	-397 575	-279 615	6,7
Significant impairment of current assets	-132 661	-124 808	
Other expense	-71 376	-35 520	
Operating profit (loss)	2 892 952	-770 981	
Interest income	311 652	95 958	15
Other financial income and expense	-840 976	39 674	16
Profit (loss) before tax	2 363 628	-635 349	
Annual period profit (loss)	2 363 628	-635 349	

Statement of cash flows

(In Euros)

	2024	2023	Note
Cash flows from operating activities			
Operating profit (loss)	2 892 952	-770 981	
Adjustments			
Depreciation and impairment loss (reversal)	397 575	279 615	6,7
Total adjustments	397 575	279 615	
Changes in receivables and prepayments related to operating activities	-29 368 695	-13 660 494	3
Changes in inventories	47 613	147	4
Changes in payables and prepayments related to operating activities	27 245 538	13 566 596	8
Interest received	311 652	95 958	15
Total cash flows from operating activities	1 526 635	-489 159	
Cash flows from investing activities			
Purchase of property, plant and equipment and intangible assets	-455 349	-1 919 513	6,7
Total cash flows from investing activities	-455 349	-1 919 513	
Cash flows from financing activities			
Proceeds from issuing shares	0	1 955 000	
Total cash flows from financing activities	0	1 955 000	
Total cash flows	1 071 286	-453 672	
Cash and cash equivalents at beginning of period	1 374 571	1 788 569	2
Change in cash and cash equivalents	1 071 286	-453 672	
Effect on exchange rate changes on cash and cash equivalents	-840 976	39 674	16
Cash and cash equivalents at end of period	1 604 881	1 374 571	2

Statement of changes in equity

(In Euros)

				Total
	Issued capital	Share premium	Retained earnings (loss)	
31.12.2022	684 238	6 214 377	-4 420 896	2 477 719
Annual period profit (loss)			-635 349	-635 349
Issue of equity	225 662	1 729 338		1 955 000
31.12.2023	909 900	7 943 715	-5 056 245	3 797 370
Annual period profit (loss)			2 363 628	2 363 628
31.12.2024	909 900	7 943 715	-2 692 617	6 160 998

Notes

Note 1 Accounting policies

General information

The annual accounts of Wallester AS for 2024 have been prepared in accordance with the Estonian Financial Reporting Standard. The Estonian Financial Reporting Standard is a set of financial reporting requirements for the public, based on internationally accepted accounting and reporting principles, the basic requirements of which are established by the Accounting Act of the Republic of Estonia, and specified in the guidelines of the Accounting Standards Board.

The financial statements have been prepared in euros.

Wallester AS has prepared the annual report of a medium-sized enterprise, which consists of the balance sheet, an income statement, cash flow statement, statement of changes in equity and notes.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and current account balances.

Foreign currency transactions and assets and liabilities denominated in a foreign currency

Transactions denominated in foreign currencies are translated into euros using the official exchange rate of the European Central Bank at the transaction date.

At the reporting date, monetary financial assets and liabilities denominated in foreign currencies are retranslated using the exchange rate prevailing at that date.

Foreign exchange gains and losses arising from translation are recognized in the income statement under financial income or financial expenses, respectively.

Receivables and prepayments

Trade receivables include short-term receivables arising in the ordinary course of business, except for receivables from other group companies. Accounts receivable have been valued in the balance sheet based on the amounts likely to be received. In doing so, the outstanding invoices of each specific customer are assessed separately, taking into account the known information on the customer's solvency. Doubtful accounts are written down in the balance sheet to the probable amount to be received (the write-down is recognized in the balance sheet in a separate line "Doubtful accounts") and is recognized as an expense in the income statement. Bad debts have been derecognised. Receivables from previously written-down doubtful accounts are recognized as a reduction of the cost of doubtful accounts. Due to the specific nature of the company's operations, funds held in dedicated settlement accounts with banks are recognized on the balance sheet as accrued liabilities.

In line with industry best practices and regulatory requirements in the financial sector — including the operational framework applicable to payment institutions and electronic money institutions — such funds are reported as accrued liabilities.

This accounting treatment is consistent with applicable legislation, as the company retains temporary legal responsibility for the funds until they are transferred to clients or counterparties.

Plant, property and equipment and intangible assets

Tangible fixed assets are assets used in the company's own economic activities with a useful life of more than one year and a cost of 400 euros or more. Assets with a useful life of more than one year but with an acquisition cost of less than EUR 400 are recognized as an expense as the asset is taken into use.

Tangible fixed assets shall be recorded in the balance sheet at acquisition cost less accumulated amortization and any accumulated impairment losses.

Subsequent expenditure on an item of tangible fixed assets shall be recognized as a tangible fixed asset when it is probable that future economic benefits associated with the item will flow to the enterprise and the cost of the item can be measured reliably.

Other maintenance and repair costs are recognized as an expense when the expense incurs.

Amortization is calculated using the straight-line method. The amortization rate is determined for each item of tangible fixed assets separately, depending on its useful life. If an item of tangible fixed assets consists of distinguishable components that have different useful lives, those components are accounted for as separate items of assets and amortization rates are determined separately according to their useful lives.

Amortization rates per year for groups of fixed assets are as follows:

Other tangible fixed assets 20-40%

Amortization starts to be calculated from the moment when the asset is usable according to the purpose planned by the management and ends when the residual value exceeds the carrying amount or until the asset is permanently withdrawn from use. At each balance sheet date,

the reasonableness of the amortization rates used, the amortization method and the residual value are assessed.

If the recoverable amount of an item of fixed assets (i.e. the higher of the two following indicators: an asset's fair value less costs to sell, or its value in use) is less than its carrying amount, the items of tangible fixed assets are written down to their recoverable amount.

Intangible assets are initially recognized at their acquisition cost, which consists of the purchase price and expenses directly related to the acquisition. Intangible assets are recorded in the balance sheet at acquisition cost less accumulated amortization and any possible impairment losses.

In recognising development expenditure, an entity follows the accounting policy for intangible assets because all the criteria below are met:

- (i) the technical and financial capability and positive intention to carry out the project exist;
 - (ii) the entity has the ability to use or sell the asset to be created;
 - (iii) the future economic benefits embodied in the intangible asset can be estimated (including the existence of a market for the products that will result from the project); and
- the products and services resulting from the project);
- (iv) the level of development expenditure can be measured reliably.

Costs associated with the development of software for a project developed in-house are capitalised and consist primarily of internal staff costs.

Amortization is calculated using the straight-line method. The amortization rate is determined separately for each item of intangible asset, depending on its useful life, 3-10 years.

Financial liabilities

All financial liabilities (trade payables, borrowings, accrued expenses and other short-term and long-term liabilities) are initially recognized at their acquisition cost, which includes all expenses related to acquisition. Subsequent recognition is based on the adjusted acquisition cost method.

The adjusted acquisition cost of short-term financial liabilities is generally equal to their nominal value, therefore short-term financial liabilities are recognized in the balance sheet in the amount payable. The adjusted cost of long-term financial liabilities is calculated using the effective interest method.

Revenue recognition

Revenues are recognized according to the following main types of revenue:

- sales revenue
- other operating income
- interest income.

Revenue is recognized at the fair value of the consideration received or to be received. If the payment is received immediately or within a short period after the transaction, the sales revenue is equal to the amount of cash received.

If the revenues would not be received in the short-term period (over 12 months) the sales revenue is recorded in the present value of the considerations to be received in future. The difference between the nominal value of the consideration receivable and the fair value is recognized as interest income during the period between the recognition of the sale and the receipt of the consideration.

- Revenue from sales of services

Revenue from the service rendered during a short period is recognized immediately after the service is rendered. The revenue from the service rendered over a longer period is recognized based on the level of completion method, i.e. the revenue from the provision of the service is recognized in proportion to the costs associated with the provision of the service in the same periods. In project accounting, the object identifier added to the record is used to link the revenues and costs of the service.

- Interest income

Interest income is calculated using the effective interest rate method, except when the receipt of interest is uncertain. In such cases, interest income is calculated on a cash basis.

Taxation

According to the Estonian Income Tax Act, companies registered in Estonia are not subject to corporate income tax on their annual accounting profit.

Instead, income tax is levied on distributed profits such as dividends, fringe benefits, gifts, donations, representation expenses, non-business-related disbursements, and transfer pricing adjustments.

In 2024, the general corporate income tax rate was 20%, calculated as 20/80 of the net distribution amount, while regular dividend distributions were subject to a reduced rate of 14% (14/86 of the net dividend).

As of 1 January 2025, the standard tax rate increases to 22% (22/78 of the net distribution), and the previously applicable reduced rate of 14% for regular dividends will no longer apply.

Due to the specific nature of the Estonian corporate taxation system, no temporary differences arise between the tax bases and carrying amounts of assets and liabilities, and as a result, no deferred tax assets or liabilities are recognized.

Related parties

In preparing the annual report of Wallester AS, the following parties have been considered related parties:

- * owners (parent company and persons controlling or having significant influence over the parent company);
- * executive and senior management;
- * close family members of the persons listed above and companies controlled or significantly influenced by them.

Note 2 Cash and cash equivalents

(In Euros)

	31.12.2024	31.12.2023
Money and bank accounts	1 603 576	1 373 091
Cash	1 305	1 480
Total cash and cash equivalents	1 604 881	1 374 571

Note 3 Receivables and prepayments

(In Euros)

	31.12.2024	Allocation by remaining maturity		Note
		Within 12 months	1 - 5 years	
Accounts receivable	654 401	654 401		
Accounts receivables	787 062	787 062		
Allowance for doubtful receivables	-132 661	-132 661		
Tax prepayments and receivables	127 852	127 852		5
Other receivables	46 577 830	45 843 428	734 402	
Accrued income	46 577 830	45 843 428	734 402	
Prepayments	2 597 637	2 597 637		
Deferred expenses	2 120 060	2 120 060		
Other paid prepayments	477 577	477 577		
Total receivables and prepayments	49 957 720	49 223 318	734 402	
	31.12.2023	Allocation by remaining maturity		Note
		Within 12 months	1 - 5 years	
Accounts receivable	502 546	502 546	0	
Accounts receivables	643 275	643 275	0	
Allowance for doubtful receivables	-140 729	-140 729	0	
Tax prepayments and receivables	98 271	98 271	0	5
Other receivables	19 280 349	18 586 541	693 808	
Accrued income	19 280 349	18 586 541	693 808	
Prepayments	707 859	707 859	0	
Deferred expenses	277 943	277 943	0	
Other paid prepayments	429 916	429 916	0	
Total receivables and prepayments	20 589 025	19 895 217	693 808	

Other receivables in sum 45 843 428 EUR include client funds deposited in settlement accounts.

Long-term receivables in sum 734 402 EUR consist of a VISA Eupore collateral and an office rental deposit.

Note 4 Inventories

(In Euros)

	31.12.2024	31.12.2023
Raw materials	15 822	63 435
Stock held by others	15 822	63 435
Total Inventories	15 822	63 435

Note 5 Tax prepayments and liabilities

(In Euros)

	31.12.2024		31.12.2023	
	Tax prepayments	Tax liabilities	Tax prepayments	Tax liabilities
Personal income tax	0	106 990	0	87 380
Fringe benefit income tax	0	14 746	0	11 922
Social tax	0	211 456	0	162 514
Contributions to mandatory funded pension	0	7 062	0	6 040
Unemployment insurance tax	0	10 636	0	9 016
Other tax prepayments and liabilities	0	16 605	0	0
Prepayment account balance	127 852		98 271	
Total tax prepayments and liabilities	127 852	367 495	98 271	276 872

Note 6 Property, plant and equipment

(In Euros)

		Total
	Other property, plant and equipment	
31.12.2022		
Carried at cost	35 858	35 858
Accumulated depreciation	-31 665	-31 665
Residual cost	4 193	4 193
Acquisitions and additions	147 322	147 322
Other acquisitions and additions	147 322	147 322
Depreciation	-19 503	-19 503
31.12.2023		
Carried at cost	183 180	183 180
Accumulated depreciation	-51 168	-51 168
Residual cost	132 012	132 012
Acquisitions and additions	61 249	61 249
Other acquisitions and additions	61 249	61 249
Depreciation	-36 138	-36 138
31.12.2024		
Carried at cost	244 429	244 429
Accumulated depreciation	-87 306	-87 306
Residual cost	157 123	157 123

Note 7 Intangible assets

(In Euros)

		Total
	Other intangible assets	
31.12.2022		
Carried at cost	1 531 183	1 531 183
Accumulated depreciation	-828 533	-828 533
Residual cost	702 650	702 650
Acquisitions and additions	1 772 191	1 772 191
Depreciation	-260 112	-260 112
31.12.2023		
Carried at cost	3 303 374	3 303 374
Accumulated depreciation	-1 088 645	-1 088 645
Residual cost	2 214 729	2 214 729
Acquisitions and additions	394 100	394 100
Depreciation	-361 436	-361 436
31.12.2024		
Carried at cost	3 697 474	3 697 474
Accumulated depreciation	-1 450 081	-1 450 081
Residual cost	2 247 393	2 247 393

The development of the Wallester platform has been recognized as an intangible asset.

In the opinion of management, all of the following criteria for capitalization of development costs as an intangible asset have been met:

- (a) There is both the technical and financial feasibility as well as a clear intention to complete the project;
- (b) The company has the ability to use or sell the resulting asset;
- (c) It is probable that the intangible asset will generate future economic benefits;
- (d) The development expenditures can be reliably measured.

Note 8 Payables and prepayments

(In Euros)

	31.12.2024	Within 12 months	Note
Trade payables	535 043	535 043	
Employee payables	1 038 290	1 038 290	
Tax payables	367 495	367 495	5
Other payables	45 759 340	45 759 340	9
Other accrued expenses	45 759 340	45 759 340	
Prepayments received	121 773	121 773	
Other received prepayments	121 773	121 773	
Total payables and prepayments	47 821 941	47 821 941	
	31.12.2023	Within 12 months	Note
Trade payables	274 468	274 468	
Employee payables	773 794	773 794	
Tax payables	276 872	276 872	5
Other payables	19 192 979	19 192 979	9
Other accrued expenses	19 192 979	19 192 979	
Prepayments received	58 289	58 289	
Other received prepayments	58 289	58 289	
Total payables and prepayments	20 576 402	20 576 402	

Note 9 Other payables

(In Euros)

	31.12.2024	Within 12 months	Note
Other accrued expenses	45 759 340	45 759 340	8
Clients' money	42 487 688	42 487 688	
Collateral received from Clients	2 459 785	2 459 785	
Settlement obligations to VISA	605 981	605 981	
Other accrued charges	205 886	205 886	
Total other payables	45 759 340	45 759 340	
	31.12.2023	Within 12 months	Note
Other accrued expenses	19 192 979	19 192 979	8
Clients' money	15 183 228	15 183 228	
Collateral received from Clients	1 419 912	1 419 912	
Settlement obligations to VISA	2 568 439	2 568 439	
Other accrued charges	21 400	21 400	
Total other payables	19 192 979	19 192 979	

Clients' money (€42,487,688 as at 31 December 2024 and €15,183,228 as at 31 December 2023) consist of funds held in accounts opened in the name of the company, but on behalf of and for the benefit of clients, in connection with the company's role as a payment or financial services intermediary.

Note 10 Share capital

(In Euros)

	31.12.2024	31.12.2023
Share capital	909 900	909 900
Number of shares (pcs)	909 900	909 900
Nominal value of shares	1	1

Note 11 Net sales

(In Euros)

	2024	2023
Net sales by geographical location		
Net sales in European Union		
Estonia	1 569 072	1 107 215
Bulgaria	81 690	66 094
Cyprus	2 021 957	837 858
Denmark	591 863	115 684
Germany	139 194	133 064
Latvia	324 637	361 437
Lithuania	3 319 053	2 074 152
France	291 066	89 970
Hungary	40 890	81 291
Ireland	185 256	115 891
Italy	115 098	23 718
Malta	67 390	30 541
Poland	200 427	20 149
Austria	0	32 605
Belgium	37 627	63 956
Czech Republic	269 617	92 289
Finland	282 042	54 906
Slovakia	39 303	17 416
Spain	120 466	77 392
Netherlands	67 588	101 220
Portugal	13 458	13 896
Greece	48 176	0
Romania	30 967	0
Croatia	26 219	0
Other European Union net sales	23 999	18 063
Total net sales in European Union	9 907 055	5 528 807
Net sales outside of European Union		
Switzerland	395 082	164 300
United Kingdom	4 596 177	2 455 962
Canada	115	33 147
Hong Kong	695 841	186 587
United Arab Emirates	47 986	19 177
United States of America	1 335 738	739 722
Gibraltar	73 843	0
Singapore	61 200	0
Israel	20 062	0
Other net sales outside of European Union	17 426	13 128
Total net sales outside of European Union	7 243 470	3 612 023
Total net sales	17 150 525	9 140 830

Net sales by operating activities		
Payment services	17 150 525	9 140 830
Total net sales	17 150 525	9 140 830

Note 12 Goods, raw materials and services

(In Euros)

	2024	2023
Goods purchased for resale	214 562	81 348
Services purchased for resale	3 216 665	2 906 012
Total goods, raw materials and services	3 431 227	2 987 360

Note 13 Miscellaneous operating expenses

(In Euros)

	2024	2023
Leases	369 508	270 075
Energy	26 148	26 291
Electricity	19 252	19 195
Heat energy	6 896	7 096
Miscellaneous office expenses	391 924	363 458
Travel expense	153 154	110 994
Training expense	22 066	24 850
State and local taxes	78 619	39 437
Consultation costs	131 315	93 023
Accounting and audit costs	59 678	71 146
Advertising	1 353 454	1 051 676
Bank services	199 785	141 279
Translation services	17 264	113 290
Other	88 323	96 566
Total miscellaneous operating expenses	2 891 238	2 402 085

Note 14 Labor expense

(In Euros)

	2024	2023
Wage and salary expense	5 716 638	4 305 737
Social security taxes	1 958 295	1 448 710
Pension expense	35 216	28 154
Total labor expense	7 710 149	5 782 601
Average number of employees in full time equivalent units	123	108
Average number of employees by types of employment:		
Person employed under employment contract	118	103
Member of management or controlling body of legal person	5	5

Note 15 Interest income

(In Euros)

	2024	2023
Interest income from deposits	311 652	95 958
Total Interest income	311 652	95 958

Note 16 Other financial income and expense

(In Euros)

	2024	2023
Profit (loss) from exchange rate differences	-840 976	39 674
Total other financial income and expense	-840 976	39 674

Note 17 Related parties

(In Euros)

Name of accounting entity's parent company	Wallester Group OÜ
Country where accounting entity's parent company is registered	Estonia
Group name where parent company belongs	Wallester Group OÜ
Country where group's parent company is registered	Estonia

Related party balances according to groups

SHORT TERM	31.12.2024	31.12.2023
Receivables and prepayments		
Parent company	0	4 350
Other entities belonging into same consolidation group	448 868	38 299

Management and higher supervisory body and individuals with material ownership interest and material influence of management and higher	26 888	11 915
Total receivables and prepayments	475 756	54 564
Payables and prepayments		
Other entities belonging into same consolidation group	0	324 792
Management and higher supervisory body and individuals with material ownership interest and material influence of management and higher	235 676	277 367
Total payables and prepayments	235 676	602 159

LONG TERM	31.12.2024	31.12.2023
Receivables and prepayments		
Management and higher supervisory body and individuals with material ownership interest and material influence of management and higher	16 808	16 808
Total receivables and prepayments	16 808	16 808

SOLD	2024	2023
	Services	Services
Parent company	0	2 660
Other entities belonging into same consolidation group	0	155 445
Management and higher supervisory body and individuals with material ownership interest and material influence of management and higher	345 885	161 984
Total sold	345 885	320 089

BOUGHT	2024	2023
	Services	Services
Management and higher supervisory body and individuals with material ownership interest and material influence of management and higher	203 010	203 427
Total bought	203 010	203 427

Remuneration and other significant benefits calculated for members of management and highest supervisory body		
	2024	2023
Remuneration	616 484	495 639

Note 18 Events after the reporting date

There have been no material events after the reporting date that would require adjustments to or disclosure in the financial statements for the reporting period.

INDEPENDENT CERTIFIED AUDITOR'S REPORT

(Translation of the Estonian original)

To the shareholders of Wallester AS

Opinion

We have audited the financial statements of Wallester AS (the Company), which comprise the balance sheet as at 31 December 2024, and the income statement, cash flow statement and statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2024 and its financial performance and cash flows for the year then ended in accordance with the Estonian financial reporting standard.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (Estonia). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We are independent of the Company in accordance with the Code of Ethics for Professional Accountants (Estonia) (including independence standards), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

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

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

In connection with our audit of the 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.

In addition, our responsibility is to assess whether the information presented in the management report is consistent with the financial statements and complies with applicable legal and regulatory requirements.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard and state that the information presented in the management report is, in all material respects, consistent with the financial statements and complies with applicable legal and regulatory requirements.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Estonian financial reporting standard, 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 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 International Standards on Auditing (Estonia) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the 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 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 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.

/ Digitally signed /

Eero Kaup
Certified Auditor No. 459
KPMG Baltics OÜ
Audit firm license No. 17
Ahtri tn 4, 10151 Tallinn
Date: 31 May 2025