

2024 ANNUAL REPORT



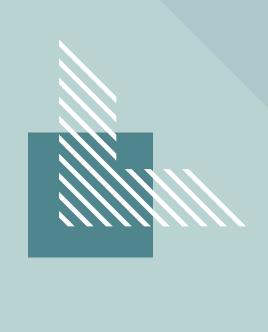
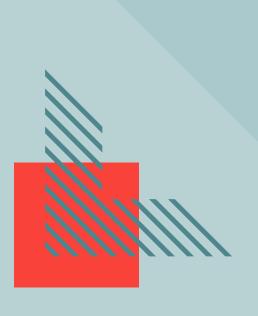


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Letter from the CEO

DEAR PARTNERS, COLLEAGUES, AND FRIENDS,

The year 2024 marked a major milestone in the history of APS — we turned 20. Two decades ago, we started with a bold vision, a small team, and a single portfolio. Since then, APS has grown into a leading investment and recovery platform, operating across Europe and managing more than $\[mathbb{\in} 12\]$ billion in assets. A lot has changed, and I must admit — so has my hair color. Let's just say that 2024 added more than just achievements to our record.

One of the year's key highlights was the conclusion of the investment period for **RHAPSODY**, our very first subfund, which officially ended on **31 December 2024**. As we enter the next phase, we will begin gradually distributing proceeds to investors. We are proud of the work done during the investment period and confident that the outcomes will reflect the strength of our investment decisions over time.

Meanwhile, **RHAPSODY II** reached full capital deployment — a milestone we were especially proud of. We not only invested 100% of the committed capital, but also began reinvesting proceeds to further strengthen the subfund's performance. Building on this momentum, we launched **RHAPSODY III**, officially establishing the third subfund and opening the first subscription period on **15 October 2024**.

None of these achievements would have been possible without the tireless efforts of our extraordinary team. I am deeply grateful to each of our employees across APS for their professionalism, dedication, and passion. To our business partners, clients, and investors — thank you for your continued trust and collaboration. Your support allowed us to grow, innovate, and navigate an increasingly complex investment environment.

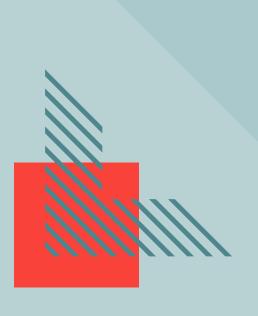
As we closed our twentieth year, we did more than reflect — we prepared for the future. We strengthened our platform, deepened relationships, and laid the groundwork for new strategies and markets. APS continued to evolve — and I continued to grey — but I wouldn't have it any other way.

Thank you for being part of this journey.

Warm regards,

Martin Machoň
Founder & Group CEO
APS Holding





Company profile

APS, ESTABLISHED IN PRAGUE, CZECH REPUBLIC, IN 2004, HAS EMERGED AS A LEADING MULTINATIONAL ASSET MANAGEMENT FIRM SPECIALIZING IN DISTRESSED DEBT INVESTMENTS. BY THE END OF 2024, WE HAD ACCUMULATED A TOTAL OF EUR 12.5 BILLION IN ASSETS UNDER ADVISEMENT.

Our growth is not just about asset size; it encompasses a wider geographical presence across Central and Southeastern Europe. At present, we operate in 13 countries, where we have also dedicated teams on the ground.

At APS, our business activities are organized into three primary business lines: recovery services, investment services, and real estate services. While the real-estate activities have been diminished in the last several years, recovery and investment services represent the core of our business. Our Recovery Services division consists of specialists with extensive experience in distressed-debt recovery, addressing areas such as unsecured debt, mortgages, and secured corporate claims. This expertise allows us to provide fast, efficient, and ethical debt-collection services that benefit our clients and the economy as a whole.

In our endeavors within emerging markets in Central and Southeastern Europe, APS Investments underwrites transactions involving Non-Performing Loan (NPL) portfolios, building a reputation as a trusted partner for some of the world's leading financial institutions. In addition, APS has developed a sizeable discretionary asset-management business through its fund structures domiciled in the Czech Republic.

Our success is anchored in a strong, reliable team and a commitment to fostering collaborative relationships based on fairness toward all stakeholders. Clients, debtors, business partners, and regulators can count on our dedication to maintaining strict ethical standards.

Understanding that debt recovery involves complex human emotions, we remain steadfast in our principles, which has solidified our status as a trustworthy partner in established markets and facilitated our entry into new territories.

Our commitment to responsible collaboration ensures our sustained presence in the industry. As stewards of vital economic functions, we avoid quick fixes that might compromise our long-term objectives. With more than 20 years of unwavering dedication, we continue to pursue our mission with integrity.

APS IN SUMMARY

We have helped to acquire

149 PORTFOLIOS

(including sold)

We oversee

EUR 12.5 BILLION

in assets under advisory

In 2024, we successfully assisted in closing over 20 transactions totaling

EUR 100 MILLION

in value

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History

Since its inception, APS has been driven by a bold ambition: to explore new frontiers and expand across Europe's diverse markets. Over the past 20 years, this strategy has proven successful. Despite the recent stabilization of our geographical footprint due to evolving market conditions, our core strength — strategic focus and agility — continues to guide us. Today, APS maintains operations in 13 countries and remains firmly committed to focusing on markets with strong investment potential.

APS's journey began in 2004 with a major milestone: the acquisition of a EUR 25 million portfolio from Česká spořitelna (a member of the Erste Group). That same year, Martin Machoň, now the sole shareholder of APS, took on the task of developing greenfield operations under a Czech license, assembling a top-tier team of market experts.

This early momentum led to swift international expansion. In 2005, APS entered Slovakia and Serbia, laying the groundwork for further growth. In 2007, operations were launched in Romania, supported by investments from London and U.S.-based partners. Shortly after, APS entered the Polish market, where the 2009 acquisition of a major securitization fund from Varde significantly enhanced its presence.





In 2012, APS expanded into Bulgaria, acquiring its first corporate NPL portfolio in the region. This paved the way for launching **APS Fund Alpha** in 2013 — our first closed-end investment fund — and forming a landmark partnership with the **International Finance Corporation** (**IFC**), part of the World Bank Group.

In 2014, APS secured a EUR 500 million retail portfolio from Volksbank Romania. The following year, we launched a dedicated real estate investment division and streamlined ownership, with Martin Machoň becoming the sole owner.

By 2016, APS had made acquisitions totaling EUR 1.3 billion in Southeastern Europe and launched **APS Delta**, a securitization vehicle in Luxembourg. New markets followed: Croatia, Hungary, and Cyprus. In 2017, our Real Estate division acquired Hellenic Bank's NPL portfolio and a real estate management platform in Cyprus, supporting the country's post-crisis recovery.

The year 2018 was defined by scale. We acquired our largest portfolio yet — EUR 2.3 billion in NPLs from Greece's Piraeus Bank — and opened offices in Bosnia and Herzegovina and Montenegro. We also acquired VB-Leasing in Vienna, gaining oversight of 20,000 leasing contracts in four countries. Our Real Estate division added EUR 13 million leasing portfolio formerly managed by Immigon.

In 2019, APS became the leading debt investor and servicer in Southeastern Europe after acquiring key NPL portfolios in Bosnia and Montenegro. We launched **Casazela** and the **Syndre Valuation** network across five countries, further diversifying our real estate services.

In 2020, APS advised on 16 transactions for the Loan Management Investment Fund, which fully allocated EUR 87 million across a diversified portfolio.

A transformative moment came in 2021 with the launch of **APS CREDIT FUND SICAV**, raising over EUR 30 million for investments in distressed debt and corporate real estate-backed receivables. The fund's strategy was designed to align with post-pandemic economic realities.

In 2022, APS acquired a corporate and SME secured loan portfolio in Greece with a nominal value exceeding EUR 1 billion and launched the RHAPSODY II subfund, targeting overdue receivables with above-average return potential.

In 2023, fundraising for **RHAPSODY II** was completed, raising EUR 28 million. APS supported the acquisition of several smaller portfolios in Poland, Croatia, Bulgaria, and Romania, and initiated a major acquisition in Romania set for completion in 2024.

Between 2022 and 2023, APS executed 40 transactions with a combined purchase price exceeding EUR 200 million.



In 2024, APS continued to solidify its position as a leading investor and servicer in Central and Southeastern Europe through strategic acquisitions and fund developments.

Project Delta: Landmark NPL Acquisition in Romania

In April 2024, APS, in partnership with the European Bank for Reconstruction and Development (EBRD), successfully completed Project Delta — the largest nonperforming Ioan (NPL) transaction in Romania over the past four years. The €400 million portfolio, acquired from Piraeus Bank Greece, comprises approximately 1,800 sub-performing and non-performing Ioans, both secured and unsecured, with real estate collateral. The EBRD financed 30% of the transaction, with the remaining funding provided by APS-managed funds and accounts.

Expansion of RHAPSODY II Subfund

RHAPSODY II, a subfund of APS CREDIT FUND SICAV, continued its growth trajectory in 2024. By the end of the year, the subfund was actively managing a total of 24 portfolios across eight countries, including Romania, Greece, Poland, Bulgaria, and Hungary. Notably, in the first quarter of 2025, RHAPSODY II successfully closed its first secured private lending transaction in the Czech Republic, further diversifying its investments.

Strategic Acquisition in Romanian Real Estate

In April 2025, APS finalized the acquisition of IMO Property Investments Bucharest and its portfolio from Eurobank SA. This strategic move, financed by the RHAPSODY subfund, marks a significant expansion of APS Holding's presence in the Romanian real estate market.

Strengthening Presence in Bulgaria and SEE Region

As 2024 concluded, APS Holding announced two key transactions that significantly bolstered its presence in Bulgaria and the broader Southeastern European region, underscoring its commitment to strategic growth in these markets.

HISTORY 9

Presence in 13 European countries with more than 334 professionals enables complete coverage of Central& Southeastern Europe

1. Czech Republic (CZ)

Established: 2004

Office Address: Pobřežní 394/12, Karlín, 186 00 Prague 8, Czech Republic

2. Slovakia (SK)

Established: 2005

Office Address: Vajnorská 100/A,

Bratislava – mestská časť Nové Mesto 831 04, Slovakia

3. Poland (PL)

Established: 2007

Office Address: Aleksandra Ostrowskiego 13D, 53-238

Wrocław, Poland

4. Hungary (HU)

Established: 2016

Office Address: 1138 Budapest, Váci út 140, Hungary

5. Croatia (HR)

Established: 2016/2017

Office Address: Radnička cesta 43,

10000 Zagreb, Croatia

6. Montenegro (ME)

Established: 2018

Office Address: Bulevar Knjaza Danila Petrovica 11, The Capital Plaza Centar, 81 000 Podgorica, Montenegro

7. Serbia (RS)

Established: 2005

Office Address: Kapetan Misina 15,

Belgrade, 11000, Serbia

8. Romania (RO)

Established: 2007

Office Address: Bucharest, 2nd district, 4B Ing. George

Constantinescu street and 2-4

George Constantinescu street, Globalworth Campus

Building C, 3rd floor, Romania

9. Bulgaria (BG)

Established: 2012

Office Address: 81B Bulgaria Boulevard, office 3,

1404 Sofia, district Triaditsa, Bulgaria

10. Greece (GR)

Established: 2014

Office Address: 7 Paleologou St. Halandri,

152 32, Greece

11. Cyprus (CY)

Established: 2016

Office Address: Strovolou 236, Strovolos

2048 Nicosia, Cyprus

12. Luxembourg (LU)

Established: 2015

Office Address: 46A, Avenue John F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg

13. Italy (IT)

Established: 2018

Office Address: Viale Abruzzi 94,

Milano, 20131 Italy

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Company Structure

APS Holding S.A. (the "Company") was established as a public limited company (société anonyme) incorporated and existing under the laws of the Grand Duchy of Luxembourg and registered with the Luxembourg Trade and Company Register (Registre de Commerce et des Sociétés) under reg. No. B201461 on 16 November 2015.

The Company's registered office is 46A, Avenue John F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg.

The subscribed share capital of the Company is fixed at EUR 31,000. The Company is owned by the sole share-holder Martin Machoň.

As the parent of APS Group, the Company holds 100% ownership interest and/or issued share capital in the following companies:

- APS Investments s.r.o. and APS Recovery a.s. both established and existing under the laws of the Czech Republic
- APS Investment Funds S.àr.I., a company established and existing under the laws of the Grand Duchy of Luxembourg.

The Company is administered by the Board of Directors (Conseil d'administration) with a five-year term of office, comprising Martin Machoň who has been in office since 21 December 2018 and whose mandate has been extended for a further term, Luca Galinelli, who has been in office since 1 February 2022, and Barbora Kubíková, who has been in office since 1 January 2023.

APS Holding S.A. is the parent company of individual APS Group entities through either direct or indirect ownership of shares or ownership interests in the group companies.

Organization chart of APS Group as of 31 December 2024 comprised of these entities:



*Subsidiary not consolidated as the Group does not exercise sufficient control over it in accordance with IFRS requirements

BULGARIA

• APS Bulgaria E.O.O.D.

CZECH REPUBLIC

- APS BETA, a.s.
- APS CREDIT FUND SICAV, a.s.
- APS CZ&SK SERVICES s.r.o.
- APS Investments s.r.o.
- APS MIP, s.r.o.
- APS Recovery a.s.
- LOAN MANAGEMENT investiční fond, a.s.*

POLAND

• APS Poland S.A.

SLOVAKIA

- APS Investment s. r. o.
- APS Investments s.r.o., organizačná zložka
- LOAN MANAGEMENT II, a. s.

GREECE

- APS ETA REO SINGLE MEMBER S.A.
- APS Recovery Greece EPE
- APS Recovery Greece Credit and Loan Servicing Société Anonyme

ITALY

• APS ITALY S.R.L.

CROATIA

APS Croatia d.o.o.

HUNGARY

- APS Hungary Kft.
- APS Recovery Hungary Kft.
- Casazela Kft.

LUXEMBOURG

- APS Delta S.A.
- APS Eta S.A.
- APS Holding S.A.
- APS Investment Funds S.à r.l.
- APS Kappa S.à r.l.
- APS Theta S.à r.l.
- APS Zeta S.A.

MONTENEGRO

- APS Montenegro D.O.O. Podgorica
- "APS KAPITAL" D.O.O. PODGORICA*

ROMANIA

- APS INVESTMENTS S.R.O. PRAGA, SUCURSALA BUCURESTI
- APS RED II S.R.L.
- Asset Portfolio Servicing Romania S.R.L.
- Casazela Properties S.R.L.
- Serraghis Asset Management S.A.*

SERBIA

- APS FUND BETA D.O.O. Beograd
- APS ONYX d.o.o. Beograd-Stari Grad*
- APS D.O.O. BEOGRAD
- APS Ibar d.o.o. Beograd
- HoldCo Two d.o.o. Beograd-Stari grad
- HYPO PARK DOBANOVCI DOO BELGRADE — IN LIQUIDATION*
- Project one d.o.o. Beograd

APS Group Management Team

(as of 31 December 2024)



MARTIN MACHOŇ Owner and Group CEO

Martin has over 20 years of experience in distressed asset management and has led APS since its founding in 2004. Under his leadership, the company has grown into a pan-European investment and recovery platform managing over EUR 12 billion in NPLs. In 2024, he focused on strategic partnerships, digital innovation, and expanding into alternative asset classes.



PETR KOHOUT
Group Chief Financial Officer
and CEO of APS Investments

Petr brings 26+ years in international finance, including senior roles at Société Générale and Home Credit. At APS, he leads financial strategy and investment structure development. In 2024, he played a key role in launching new investment platforms and strengthening financial resilience.

VIKTOR TÓTH Chief Investment Officer

Since 2013, Viktor has led APS's investment activities, managing acquisitions across Europe. With a background in private equity at Munich Private Equity Partners and Swiss Re, he continues to drive growth through disciplined, data-led investment strategies. In 2024, his focus remained on scalable, resilient asset classes.



ROMAN ŠEDIVÝ CEO, APS Recovery

Roman has been with APS for over nine years, progressing from Head of Recovery to CEO of APS Recovery. He has overseen operational development, expansion into new markets, and cross-functional leadership. In 2024, he focused on enhancing servicing efficiency and technological integration across APS's recovery operations.

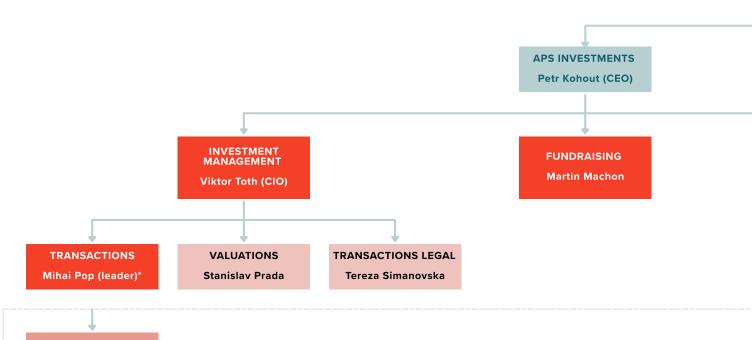


TEREZA ŠIMANOVSKÁ General Counsel

Tereza is responsible for managing internal legal services across Europe and coordinating external legal advisors. She joined APS in 2015 after spending 5 years at Clifford Chance and 2 years at Allen & Overy Prague, where she focused on cross border M&A, corporate and anti-trust law. In 2013 she qualified as advocate registered with Czech Bar Association.



APS GROUP ORGANIZATIONAL STRUCTURE ACCORDING TO LEGAL ENTITIES (MANAGEMENT AND KEY FUNCTIONS) AS OF 31 DECEMBER 2024



INVESTMENT MANAGERS

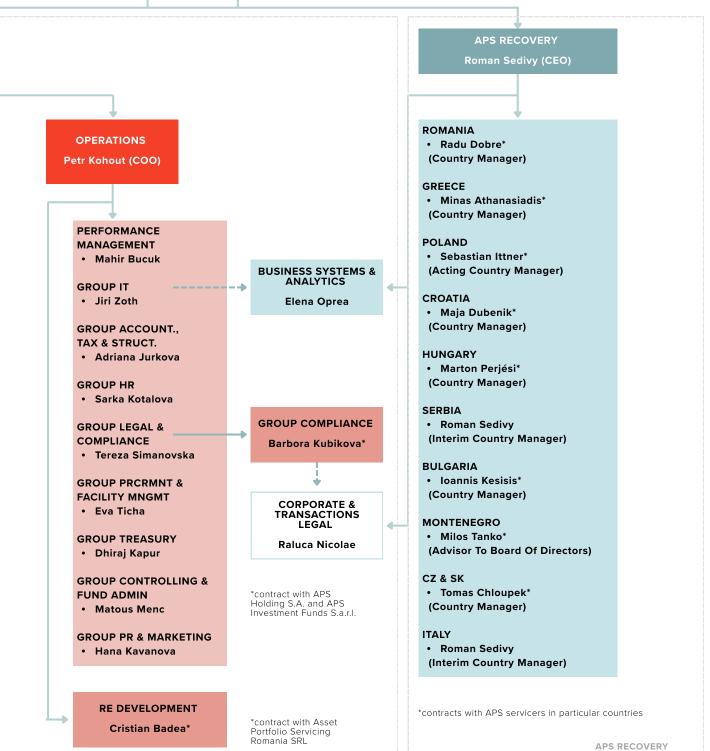
- Tomas BalunPeter Janusek
- *contract with Asset Portfolio Servicing Romania SRL

APS INVESTMENTS

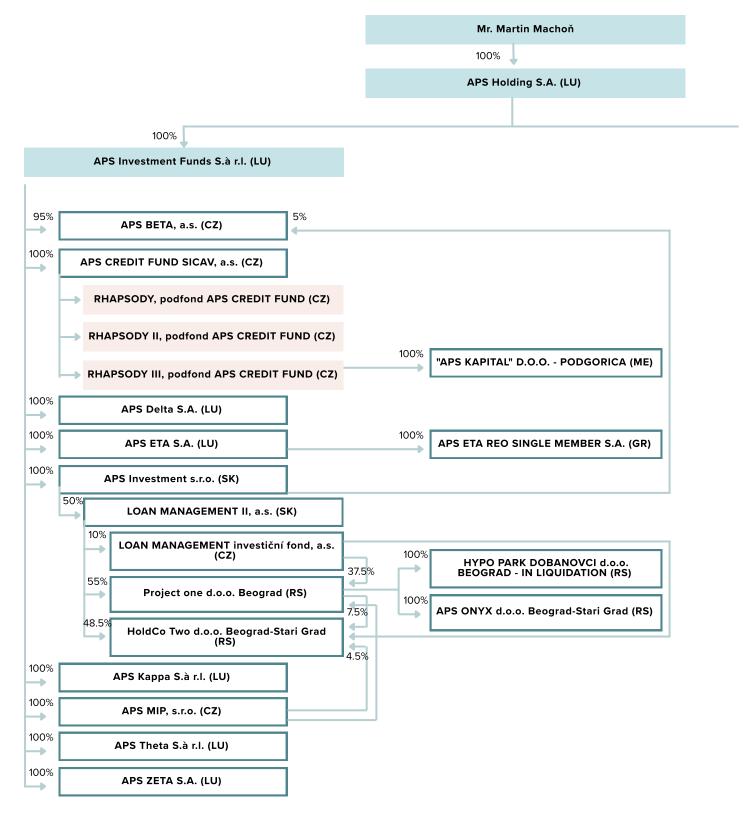


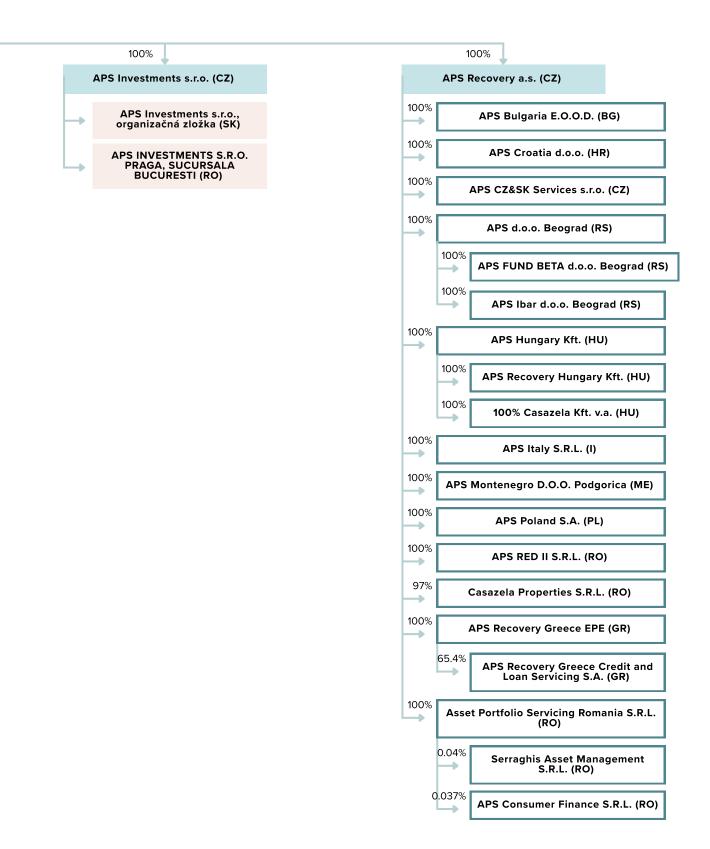
APS orgchart is represented by the functional schema with organizational units, specific functions or job positions and direct (solid) reporting lines and if applicable also specific indirect (dotted) reporting lines. Some functions may be outsourced.

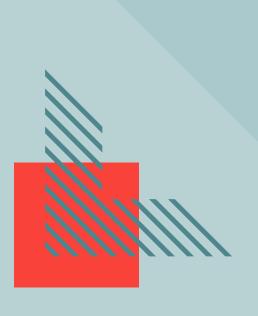
The schema does not describe fully legal The schema takes into account legal entities and employment contract relationship. The schema does not describe fully legal structure or the ownership control.



APS HOLDING S.A. - COMPANY STRUCTURE CHART AS OF 31 DECEMBER 2024







Visions and Values

Since our establishment in 2004, APS has expanded its footprint across 15 European markets and beyond, amassing extensive experience in distressed asset management. Our unwavering commitment to

innovation and excellence propels us forward as we strive to be leaders in the alternative asset management sector, particularly in distressed financial services.

In 2024, APS achieved significant milestones:

- We successfully completed **Project Delta** in collaboration with the European Bank for Reconstruction and Development (EBRD), acquiring a diverse portfolio of approximately 1,800 subperforming and non-performing loans in Romania, totaling around €400 million in nominal value.
- Our subfund, RHAPSODY III, was launched, representing a key milestone in the ongoing development of APS CREDIT FUND SICAV. During the initial subscription phase, spanning from 15 October 2024 to 15 January 2025, we observed considerable investor interest as the subfund evolved.
- We expanded our operations by acquiring significant portfolios in the SEE region, including assets from major banks in Romania, Poland, and Bulgaria.

These accomplishments underscore our strategic vision: to be the premier alternative asset manager in distressed financial services.

Our reputation is built on delivering tailored, innovative solutions that address the unique challenges of each client. We recognize that a one-size-fits-all approach is insufficient; therefore, we collaborate with top-tier talent to craft optimal strategies for diverse scenarios.

Our core values guide every aspect of our operations:

- **Results-Driven:** We prioritize outcomes, ensuring that our efforts translate into tangible benefits for our clients and stakeholders.
- Accountability: We stand by our commitments, embracing responsibility for the results of our actions.
- Collaboration: We believe in the power of teamwork, fostering a culture where collective success is paramount.
- **Integrity:** We uphold the highest ethical standards, ensuring transparency and trust in all our dealings.

Our focus remains on acquiring, advising, and servicing non-performing loan (NPL) portfolios. By resolving distressed assets, we facilitate the recovery of unproductive capital, thereby enhancing the financial health of banks, businesses, and communities.

We approach each case with empathy and respect, fully aware of the profound impact that debt challenges can have on individuals. Our dedication to finding optimal solutions, even in the most intricate situations, remains steadfast.

As we reflect on our journey, we acknowledge that learning and adaptation are continuous processes. We remain committed to refining our insights and delivering sustained value to our investors, partners, and the communities we serve.

Services

In 2024, APS continued to strengthen its Investment business line, building on the progress of both RHAPSODY and RHAPSODY II, and launching the third subfund, RHAPSODY III.. At the same time, our core recovery operations remained active across all local markets, supporting both owned and third-party portfolios with robust servicing capabilities.

Investment Operations

Our investment and fund management teams provide end-to-end advisory and administrative services across a broad spectrum of distressed asset classes. Acting as trusted advisors, we support the entire investment cycle—from sourcing and acquisition to performance monitoring and fund administration.

We continue to identify strategic investment opportunities throughout Central, Eastern, and Southeastern Europe, targeting both debt portfolio transactions and acquisitions of entities with non-performing assets. Our due diligence process includes detailed portfolio valuation, collateral analysis, recovery projections, and risk assessment.

Once a transaction is completed, our teams manage the investment throughout its lifecycle, including fund administration, investor reporting, cash flow optimization, and performance oversight. Our deals are funded by APS-managed vehicles and supported by institutional investors and family offices. On select transactions, we also co-invest alongside leading European and global investment partners.

Over the years, APS has earned the trust of global financial institutions and supranational organizations, including the International Finance Corporation (IFC) and the European Bank for Reconstruction and Development (EBRD). We remain committed to delivering strong investment performance and long-term value creation for our clients and partners.

Debt Recovery

Our debt recovery services remain a cornerstone of APS operations. We deliver a full suite of collection activities — ranging from soft and field collections to complex legal recoveries. Our expertise is primarily focused on corporate receivables, with growing activity in the retail segment.

APS services a diverse partner base, including banks, insurers, funds, telecom providers, and utility companies. With a network of call centers and hundreds of experienced recovery professionals, we emphasize innovation and data-driven methods to improve collection outcomes.

We continue to invest in technology to enhance operational efficiency, while fostering knowledge-sharing and best practices across our markets. This collaborative approach helps our specialists improve their skills, apply effective recovery models, and adopt emerging tools tailored to the specific characteristics of each portfolio.

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DEBT RECOVERY

With over two decades of experience in managing distressed debt across Central and Eastern Europe, debt recovery remains the cornerstone of APS Recovery's operations. We continue to be recognized as a trusted and respected partner to institutional investors and financial institutions, known for our expertise in handling a broad spectrum of exposures — including consumer loans, residential mortgages, corporate loans secured by real estate, and real estate owned (REO) assets.

As the operational engine of APS Group, APS Recovery operates through a robust, cross-border infrastructure, with local branches embedded in our core markets. Our decentralized model enables us to adapt quickly to local market dynamics while leveraging centralized oversight, data analytics, and customized reporting to ensure transparency and performance for our clients. Our teams are equipped with deep expertise in KPI-driven soft collection strategies and the resolution of complex corporate cases, including those in advanced legal stages.

By the end of 2024, APS Recovery managed portfolios with assets under advisement exceeding EUR 11.5 billion. This growth reflects our continued ability to deliver measurable results, even amid evolving macroeconomic conditions.

In 2024, we navigated a challenging yet resilient landscape. While the lingering effects of the post-pandemic economy and geopolitical instability — particularly the ongoing conflict in Ukraine — continued to shape the region, our strategic focus and operational agility enabled us to meet and exceed our collection targets. Following our planned exit from the Ukrainian market in late 2023 and the sale of our operations in Bosnia and Herzegovina in 2024, we have concentrated our resources on high-potential markets, ensuring minimal disruption to the Group's overall performance.

Our commitment to excellence remains unwavering. We continue to invest in our people — 334 professionals across 13 European offices — who form the backbone of our success. We prioritize career development, internal mobility, and cross-border collaboration, fostering a culture of continuous learning and innovation. Our talent strategy includes structured onboarding, mentoring programs, and performance-based incentives, all designed to attract, retain, and empower top-tier professionals. We also enhance our capabilities by integrating seasoned experts from banking, legal, and advisory sectors, enriching our internal knowledge base.

At APS Recovery, we believe in raising the bar — both for ourselves and for the industry. We remain dedicated to delivering superior debt recovery services, regardless of external challenges, and to creating long-term value for our clients, partners, and stakeholders.

SYSTEMS

Business Systems Overview

For over a decade, APS has benefitted from a cuttingedge technological infrastructure, anchored by some of the most advanced IT systems in the distressed debt management industry: CAPONE and MEDIATEL.

CAPONE — A Comprehensive and Scalable Debt Recovery Platform

The CAPONE system serves as APS's core debt recovery management platform, deployed consistently across all branches. Designed for scalability and operational efficiency, CAPONE is built on an Oracle database architecture, ensuring high levels of system stability, performance, and adaptability.

As an integrated platform, CAPONE consolidates all essential functionalities required for a data-centric, auditable, and process-driven operational framework. Its ergonomic design facilitates extensive data analysis and decision-making capabilities, serving the needs of internal users, clients, and investors alike.

CAPONE employs a modular, layered architecture that enhances the user experience by offering a comprehensive, 360-degree view of all business process elements. Users can seamlessly access system components based on role-specific permissions, input data, and strategically manage their tasks using built-in features such as reminders, alerts, tasks, and predefined workflows aligned with legal and regulatory standards.

The platform is designed to continuously evolve in response to the latest market strategies and regulatory developments in the distressed debt sector. It also supports the integration of group-wide expertise and standardized features. A key strength of CAPONE lies in its flexibility; the system is capable of integrating with a wide range of third-party applications, including client platforms, telecommunications services, and public sector interfaces. This two-way data exchange capability enhances operational efficiency and minimizes the risk of human error.

In alignment with emerging technological trends and to further enhance its capabilities, APS is currently undertaking a significant upgrade of the CAPONE platform to a web-based version. This modernization initiative aims to leverage the latest advancements in web technologies to ensure increased accessibility, improved

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performance, and alignment with contemporary market expectations. The transition is expected to strengthen APS's digital infrastructure and future-proof its operational systems for continued competitiveness and innovation in the distressed debt sector.

MEDIATEL — Integrated Call Centre Solution

MEDIATEL is APS's call center system, deployed across all branches and fully integrated with the CAPONE platform. It facilitates real-time, bidirectional communication between the Mediatel and CAPONE systems.

Built on a Microsoft Server database, MEDIATEL supports a large number of concurrent phone lines and agents. It offers a comprehensive suite of functionalities, which may be used independently or in combination to support even the most complex debt recovery strategies. These include outbound and inbound campaigns, interactive voice response (IVR), call recording, real-time agent coaching, and performance monitoring.

The system's effectiveness is underpinned by sophisticated call distribution algorithms, which dynamically assign leads based on agent skill ratings, establish dialing parameters, and manage line overflow — thus optimizing agent productivity and ensuring operational consistency.

INVESTMENT MANAGEMENT

In 2024, the European deep value asset markets, as a successor of the NPL (non-performing loan) market, met with a stable or minimal increase in pure NPL product formation and an increased focus on more niche products, such as those addressed to the restructuring and private debt markets. As such, it was a year marked by innovation, product testing, and forays into structures, by now conditioned by the limiting avenues imposed at EU level.

The European market of deep value asset has continued its expansion into lateral products, verticalization of industry players, increased competition, as such affecting the management and operations of underlying assets across the region. While economic uncertainties were and are still persisting, banks and alternative players were navigating through evolving market dynamics with a focus on balance sheet management acting with increased agility in the pre-defaulting space, coordinating the larger exposures at system wide level, on compliance, data standardization, and EU directives implementation. A major positive catalyst came from the decreasing interest rates, thus paying out in the medium term for the balance sheet management focus. potential Challenges such as asset liquidity depreciation, rising UTP rates (Unlikely to Pay), and geopolitical uncertainties posed ongoing risks in 2024.

From the view of Market Dynamics and Performance of the deep value assets, the market has shown resilience, with a continuous gradual decrease in legacy NPL levels in various jurisdictions, minimal formation in various markets, mostly centred on rising corporate defaults, especially in SMEs, stress in the CRE (commercial real estate) sector, and higher interest rates and life costs feeding through to vulnerable borrowers. There needs to be mentioned a particular trend in the player consolidation, and the readjustment of players to limiting funding opportunities now particularly hitting the lack of pure-vanilla product.

In regard to the overall market performance, the trends are continuing the position of the previous post-Covid years, with minimal changes affecting the marginal NPL formation, increased cost in talent acquisition and retention, not yet matched by Al or IT systems implementation, as the cost increase of collections.

In addition, banks have continued their deleveraging activities, mostly through internal **Balance Sheet Management**, with somewhat limited market divestment, driven by supervisory pressure, a strategy expected to accelerate in the coming period.

Data standardization, as an EU wide framework, is still in process of implementation, but has been relegated to a secondary focus.

According to public sources, a few key metrics for EU banks show the average EU NPL ratio: up to c. 2.3% from c. 2.1% in 2022–2023, the NPL stock reached EUR 356–360bn, following net inflows of c. EUR 30-40bn, mainly from the CRE and SME space, and that UTP loans reached c. 11% of total loans.

In what accounts for the specific CEE and SEE regions, which represent the target market for APS, according to public sources: average NPL ration in CEE stands at c. 2.3% with, whilst SEE c. 3%, with a total gross NPL stock of c. EUR 27bn, whilst UTP rate stands at c. 9-12%. As a side subject covering the restructuring cases, these have seen a limited number of formal insolvencies, with the focus on informal workouts, out-of-court cases or support from private financing. In respect of the coverage ratios, the recent reduction from a more conservative figure of c. 70%, to values in the range 50-55% for the target region, are less of an expression of risk, as an outcome of better quality of NPL client, which tends to be actively serviced on the bank's balance sheet, and bank has a good understanding of the situation and a better grasp of the real underlying risk.

Regarding the specific NPL ratios for the markets which APS tends to focus, more data is available in Table 1 below.

In recent history, a significant part of the market resides in the secondary market, which in most markets tends to have a seller specific characteristic. In our target markets, with the notable exception of Greece and Cyprus, most secondary market, is reduced to tail sales and competitors exits, and tend to be small in volume. In Greece and Cyprus, same as for Spain and Italy, the total backlog estimated at the upper end to be of c. EUR 280bn. Most of these are already aged under the current management, and, the upcoming period, will see a large focus on secondary market discharging. There are good signs of this happening in markets such as Spain and Italy, but our interest in Greece and Cyprus has seen relatively low flow.

APS transactions in 2024

The beginning of the year's focus was the Romanian corporate and retail sub-performing and non-performing loans portfolio transaction, which was successfully completed in the first half of the year, as already noted. Through this transaction, we managed to increase the exposure to Romanian NPLs and SPLs in nominal value by c. EUR 0.5bn.

Also notable, in the loans space, in Romania there was a large addition of an unsecured portfolio from the top bank.

Bulgaria has been very active in the acquisition space with six closed transactions in the unsecured loans portfolio space, with a notable feature of a couple larger transactions as well. Poland has maintained a key position as a strategic market as we acquired one secured retail loan portfolio of very meaningful size to the local operations.

Greek market has seen a couple transactions in the single-ticket/small portfolio space, with non-performing loans secured with hotels, which offer a good exposure to a high-demand asset class.

In order to close the loans asset class, be it secured or unsecured, performing or not, a few other mentions go to smaller investments APS made in markets such as Hungary or Serbia.

In the private lending and special situations classes, it was a very busy year, with numerous transactions. We successfully followed up on the first deal closed in 2023 in Hungary with a Romanian project, financing the acquisition of land totalling almost 90,000 sqm for a development in a prime location in the Romanian capital, Bucharest. The area is intended for multipurpose use, including residential, office, and retail facilities.

In Croatia we finalized a loan facility for a borrower to purchase receivables from a Croatian bank. The facility will be secured by a c. 100 room, four-star seaside hotel located on an island in Croatia, alongside with several minor collaterals.

Through smaller exposures we have added projects in Czechia, Romania and a very small one in USA.

Another asset class, coveted under in the previous years, is the investment in acquisition of entire entities which hold significant balance sheets, and are acquired for the sole purpose of wind-down. In 2024, we have completed two such projects, one from a financial seller in Romania, and one from a competitor in Montenegro. The Romanian company held a portfolio of c. 180 RE fragmented assets which will be liquidated on the market in the upcoming period.

The considered overall investment deployment for the year 2024 has been considered as an achievement given the team's efforts in the current market situation.

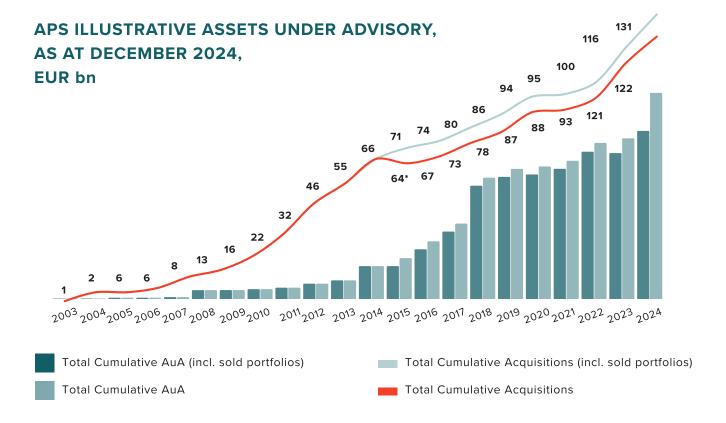
NPL rate

Country	2019	2020	2021	2022	2023	2024
IT	6.7%	4.1%	3.1%	2.5%	2.4%	2.3%
ES	3.2%	2.9%	3.1%	2.8%	2.8%	2.7%
DE	1.3%	1.3%	1.1%	1.1%	1.3%	1.6%
AT	2.3%	2.1%	1.9%	1.8%	2.2%	2.4%
CZ	1.3%	1.5%	1.4%	1.4%	1.2%	1.1%
SK	2.6%	2.2%	1.6%	1.4%	1.6%	1.8%
PL	4.8%	5.1%	4.5%	4.4%	4.3%	3.8%
EE	1.5%	1.1%	0.8%	0.6%	0.7%	0.7%
LV	1.9%	1.6%	0.6%	0.5%	0.4%	0.4%
LT	1.5%	1.3%	0.7%	0.5%	0.6%	0.4%
HU	4.6%	4.0%	3.5%	3.5%	2.9%	2.6%
SI	3.7%	3.2%	2.2%	1.8%	1.6%	1.8%
HR	4.3%	4.4%	3.3%	2.2%	1.8%	1.8%
RO	4.1%	3.7%	3.2%	2.7%	2.3%	2.9%
BG	7.2%	7.0%	5.6%	2.5%	2.0%	1.9%
GR	35.2%	25.5%	7.0%	4.6%	3.3%	2.9%
CY	19.3%	11.5%	4.1%	3.1%	2.4%	1.9%
RS	4.1%	3.7%	3.3%	2.9%	2.8%	2.7%
MN	4.8%	5.2%	4.5%	4.1%	3.9%	3.7%

Sources:

ECB Financial Stability Review (Q2 2024)
EBA Risk Dashboard (Q2 2024)
PwC, Debtwire, and Big 4 NPL Market Updates
EBRD Transition Report for CESEE
Preqin & Pitchbook Private Credit data
Scope Rating, EU Banks NPL Heatmaps

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APS FUNDS

Serraghis Loan Management Ltd. *

- Established in 2009.
- Investment period 2010–2012; 2016–present.
- Non-regulated investment vehicle from Cyprus.
- The first APS investment vehicle for regional institutional investors and family offices.
- All types of NPLs and distressed assets.
- CEE and SEE.
- APS has been the exclusive investment advisor regarding NPL portfolios.
- Currently invested in 35 portfolios with overall performance of 137%.

APS BETA, a.s. formerly APS FUND BETA uzavřený investiční fond, a.s.

- Established in 2013.
- Investment period 2014–2018.
- Non-regulated investment vehicle from Czechia (delicencing from a regulated Qualified Investors Fund completed in early 2018).
- Special fund created by APS to partner with IFC.
- All types of NPLs and distressed assets.
- Currently invested in 5 Romanian portfolios with overall performance of 84%.

APS Delta S.A. & APS Zeta S.A. & APS Eta S.A. & APS Theta S.à r.l.

- Luxembourg unregulated securitization vehicles with an independent Luxembourg-based administrator.
- Investors include credit funds and international institutions.
- For investors that prefer to invest on a deal-by-deal basis
- Target investors to commit EUR 10-50 million each.
- Assets held in dedicated bankruptcy-remote compartments.
- Investors hold bonds issued by the compartment.
- Investors receive distributions on a monthly basis.

APS Delta S.A.

- Established in 2016.
- Investment performance oscillates within the expected range. The outlook for 2025 remains positive. Some portfolios reached their tail phase and restructuring is in process.
- Currently invested in 5 portfolios with overall performance of 90%.

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APS Zeta S.A.

- Established in 2021.
- More than EUR 40 million invested in the CEE region.
- Significant investment over-performance compared to the original targets.
- Currently invested in 3 portfolios with overall performance of 150%

APS Eta S.A.

- Established in 2022.
- Fully funded, single investment vehicle in cooperation with a Greek banking institution for a Greek NPL portfolio.

APS Theta S.à r.l.

- Established in 2023.
- Single investment vehicle for a Romanian NPL portfolio with the overall performance of 165%.

LOAN MANAGEMENT investiční fond. a.s. *

- Established in 2016.
- Qualified Investor Fund regulated by the Czech National Bank.
- Licence for self-governance obtained in November 2018.
- As of 31 December 2024, 28 investments have been made, with 1.25 current net multiple.
- All types of NPLs and distressed assets across CEE and SEE, APS being the exclusive investment advisor regarding NPL portfolios.

APS CREDIT FUND SICAV, a.s.

- In 2021, APS successfully launched APS CREDIT FUND SICAV, a commingled regulated fund domiciled in Czechia.
- The Fund raised more than EUR 31.6 million within the first fundraising period of its subfund RHAPSODY. In 2022, the Fund launched the second subfund RHAPSODY II, overall fundraising amounted to EUR 27.9 million.
- APS CREDIT FUND SICAV targets distressed opportunities in the post-COVID-19 environment. Due to impact of COVID-19 on national economies, distressed markets are expected to be more active in the upcoming years. APS CREDIT FUND SICAV is designed to offer Czech and Slovak qualified investors participation in this substantial investment opportunity.
- The expected targeted return on investment is 12% p.a. (net of fees). The recovery process for portfolios acquired through APS CREDIT FUND SICAV will be managed predominately by local APS servicing subsidiaries.

RHAPSODY *

 RHAPSODY has invested in 43 portfolios out of which 6 portfolios has already been collected. Additionally, we have closed 2 more portfolios in Romania and Czech Republic, with completion expected in the first quarter of 2025. Currently, our investments span 8 countries, with the largest concentration of portfolios in Romania, closely followed by Greece, Croatia, Bulgaria, and Hungary.

RHAPSODY II *

 RHAPSODY II has invested in 23 portfolios out of which 2 portfolios has already been collected. Additionally, we have 9 more portfolios in the pipeline, including 3 in Romania, 2 in Czech Republic, 2 in Bulgaria and 1 each in Croatia and Greece. Currently, our investments span 8 countries, with the largest concentration of portfolios in Romania, closely followed by Greece, Poland, Bulgaria and Hungary.

RHAPSODY III *

• Subfund Rhapsody III was established in August 2024 with similar investment strategy as subfunds RHAPSODY and RHAPSODY II. As of 31.12.2024 RHAPSODY III was opened for investments with the first subscription period from 15.10.2024 until 15.1.2025.

SERVICES 27

REAL ESTATE

Over the years, APS Group has accumulated a wealth of know-how in the real-estate market across the CEE region as it is regularly dealing with real estate assets serving as a pledge for outstanding claims.

In 2022, a decision to invest into the Romanian residential market was taken and the Company acquired a building in the center of Bucharest through its subsidiary of APS RED II. The edifice located Ion Luca Caragiale Street No.8 is a three-storey structure and it has a surface of almost 1,000 sqm including the basement. All the necessary permits were acquired in 2023 and since then the Company has gradually been refurbishing the building with the plan to build 3 luxurious penthouses, an absolutely innovative concept in the Romanian market. The construction works shall be completed by the end of 2025, or 1q 2026 at the latest. There are multiple interested parties, which have already expressed their wish to acquire an apartment in the project. All appartements are expected to be sold in the 2nd half of 2025.

ARCHITECTURAL DESIGN

Nestled within the Icoanei District, in the very heart of Bucharest, the distinguished building on I.C. Caragiale Street was constructed in the pre-war period, dating back to the year 1910.

The building is distinctively individualized in the urban texture of the surrounding area and although the building is not classified as a historical monument, it has been consolidated and restored respecting the conditions for the experience of living in the building to be an original one.

The facades, windows and roof reflect the original natural materials, plaster, cement, lime, wood, galvanized sheet, preserving the original project in detail.

The consolidation and restoration project respected the initial concept, to be a tribute to a real estate product full of grace, since the construction, in which the minimum height is 3 meters in the semi-basement and 5.5 meters in the attic, the ground floor and the first floor being over 4 meters high. The access and corridors are wide and offer a comfort for any indoor activities.

The interiors continue the approach of the façade, in which the exposed brick, the bushed concrete slats, the original structural wooden beams, the metal lintels, are all highlighted, marked as such and kept visible, in an act of creative sincerity.

* Not Consolidated as group does not exercise control over them in accordance with IFRS 10 or APS not-owned but advised funds

BUSINESS DEVELOPMENT

In 2024, the Business Development efforts at APS continued to play a pivotal role in identifying and evaluating new market opportunities and business lines across Europe and beyond. While no new subsidiaries were established during the year, our focus remained on strategic market monitoring, regulatory analysis, and relationship-building to support potential future expansion.

Our market watchlist continues to include:

Italy

Italy remains one of Europe's largest and most active NPL markets. While the NPL ratio has gradually declined, the absolute volume of distressed assets remains significant. APS Recovery continues to explore entry opportunities, including potential partnerships with local players. In 2024, we maintained our presence in portfolio bidding processes and deepened our understanding of the regulatory and operational landscape.

Spain

The Spanish market continues to offer scale and depth, with a steady flow of NPL transactions. Although the NPL ratio has stabilized, macroeconomic pressures and sector-specific challenges may lead to renewed asset sales. APS Recovery remains engaged in market intelligence and relationship-building activities to position itself for future opportunities.

Morocco

Morocco presents a compelling long-term opportunity, with an estimated NPL stock of nearly EUR 9 billion. The central bank's proactive stance on addressing non-performing exposures has created a favorable environment for specialized servicers. In 2024, APS continued to assess the regulatory framework and potential entry strategies, including partnerships and advisory-led models.

Canada

In 2024, APS began preliminary exploration of the Canadian market. While structurally different from our core European jurisdictions, Canada's mature financial system and growing interest in specialized servicing solutions have prompted us to evaluate its potential. Our focus remains on understanding the legal, regulatory, and operational landscape before any strategic decisions are made.

APS remains committed to a disciplined and data-driven approach to expansion. We continue to prioritize markets where our expertise in distressed asset management and recovery can deliver long-term value to clients and stakeholders.



Before

After



Highlights

BULGARIA

2024

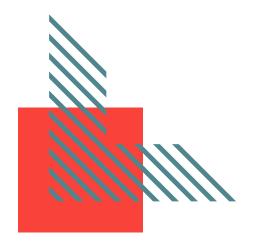
In 2024, APS Bulgaria maintained strong operational momentum, actively participating in several projects — primarily focused on retail unsecured loan portfolios. The team successfully secured and onboarded six new projects, all of which are currently performing in line with projections. Notably, APS Bulgaria strengthened its market position by forging key partnerships with leading financial institutions.

These collaborations not only underscore the trust placed in APS by major players in the financial sector, but also reinforce the Company's capabilities in managing diverse asset classes with precision and efficiency.

2025

As we move into 2025, APS has already started materially investing in further opportunities which is signalling a strong start of the year. The Company remains focused on maintaining this level of engagement while deepening its network within the Bulgarian financial sector.

Alongside our business operations, APS Bulgaria has also committed resources to social responsibility initiatives, with active participation from our staff in various charitable causes. While we recognize the challenges that continue to shape the local market landscape, management is confident that the team is well-positioned to achieve the strategic and financial targets set for the year.



CROATIA

2024

In 2024, APS Croatia successfully obtained the required NPL license, marking a significant milestone in strengthening our operational capabilities and compliance posture. This regulatory advancement, coupled with our focused investment strategy, resulted in remarkable financial outcomes across all managed portfolios, exceeding performance expectations. Additionally, the team made substantial progress in building know-how and operational expertise in the management of unsecured portfolios, positioning us for broader asset class diversification in the future.

2025 Outlook

Looking ahead to 2025, APS Croatia aims to maintain stable and resilient financial results while actively pursuing opportunities for market consolidation and purchase of smaller Portfolios either from the bank or from the secondary market. Our strategic focus will also include the identification and execution of new private lending deals, further expanding our investment scope. These efforts will reinforce our position as a proactive market leader committed to sustainable growth and long-term value creation.

CZECH REPUBLIC

2024

In 2024, APS strengthened its leadership position in managing non-performing secured leasing receivables, solidifying its status as a market leader. Regarding the acquisition of retail portfolios from banks, high sale prices persisted, which did not meet APS's required investment returns and other key parameters. However, APS successfully acquired a significant retail portfolio from the secondary market, sold by a U.S. investor exiting the European receivables market. In the domain of secured corporate bank receivables, only a few individual transactions were completed in 2024, which APS evaluated as neither suitable nor advantageous. On the regulatory front, new EU regulations concerning the management of non-performing loans shaped the year. APS successfully underwent the approval process with the Czech National Bank, securing the necessary license for this activity.

2025

Looking ahead to 2025, APS plans to prioritize activities in the secondary market, anticipating further sales of companies or substantial receivables portfolios. In terms of third-party servicing, the company will emphasize the collection of secured leasing receivables, where significantly higher profit margins can be achieved compared to other sectors. APS also aims to explore individual opportunities for financing or refinancing receivables secured by real estate, provided they meet internally established criteria for returns and collateral value. Additionally, the company will target the management or acquisition of insolvency portfolios, an area where APS has consistently demonstrated expertise and positive outcomes.

HIGHLIGHTS 31

GREECE

2024

Another milestone year for the Greek operation, with the onboarding of 2 new portfolios, the enlargement of the team, the adaptation of corporate governance and procedures to the European Guideline for Servicers and the successful completion of the relicensing by the Bank of Greece. The introduction of the new Law 5072 as well as the 4 months' abstention of notaries and lawyers from tasks related to the servicing business caused for a shift of recoveries towards the 4th quarter of the year.

2025

Political stability and economic growth are setting the stage for a promising year. Performance of core portfolios continues on a strong momentum with projected half year targets to be exceeded. The local investment team is following up on new opportunities mainly from secondary markets but also directly from banks and is confident to close its first one during the 2nd quarter of the year.

HUNGARY

2024

After two consecutive years of devastating inflation in 2022 and 2023 - 32%+ overall inflation, with foods, energy and petrol well above 50% — the inflation slowed down around 10% in 2024 but it went parallel with a constantly shrinking economy. APS rode these challenges well maintaining the performance in collection activities by applying even more creative recovery strategies and heavier involvement of REO solutions besides being more active on the distressed asset market. A huge milestone was reached with the acquisition and proper onboarding of Zugló portfolio which increased the number of cases under management by over 116.000 unsecured and secured cases. Along with this acquisition a proper onboarding of soft and hard unsecured collection teams were performed, which enlarged the activity of the local branch providing more flexibility moving forward.

2025

Based on the 2024 achievements, the team is planning to grow further and participate not only on secured but unsecured tenders as well, which eventually will result in the acquisition of further unsecured portfolios. Based on its previous success APS HU will maintain its opportunistic approach toward finding profitable and secure investments especially in RE flipping and RE investments. Based on the economic downturn and recession the NPL market should eventually resurrect and provide further flows to APS core business activities.

MONTENEGRO

2024

The year 2024 marked a period of cautious optimism and gradual stabilization in Montenegro's NPL market. Despite ongoing macroeconomic uncertainties and geopolitical tensions in the region, the country saw a continued decline in non-performing loan volumes, in line with broader CEE trends. Montenegro's NPL ratio fell below 4.7% by the end of September 2024 — the lowest level recorded to date. While foreign investment showed signs of recovery, particularly in real estate, the market remained cautious due to ongoing institutional reforms and regulatory uncertainties. APS continued servicing a relatively vintage portfolio of receivables, delivering results above expectations, and gradually resolving the depleting stock. Additionally, we began servicing a residual portfolio of both secured and unsecured claims acquired from a direct competitor.

2025

The team remains actively engaged in pursuing new portfolio acquisition opportunities, building on the market positioning established in previous years. With Montenegro maintaining a stable credit rating and making steady progress on its EU accession path, investor confidence is gradually growing. The company aims to leverage this momentum to expand its footprint in the local market — particularly in the SME and secured asset segments — while continuing to prioritize recovery performance and operational efficiency.

POLAND

2024

The year 2024 was intensive due to the fact that we participated in a significant number of tenders for the purchase of NPL portfolios — as the MONTON fund, we finalized one transaction with a Polish bank at the beginning of 2024, then at the end of 2024 we purchased another NPL portfolio from Santander Bank. In parallel, as the servicer of VPF III fund, intensive activities were carried out in the scope of selling serviced receivables to an external investor. Due to the subsequent challenges related to the new portfolios, the number of people dedicated to work on the portfolios held increased.

2025

The year 2025 is a year of changes for APS Poland — the company's headquarters changed, the concluded contracts were reviewed and service providers were changed in order to increase profitability. We are actively operating on the NPL market by participating in further tenders. In 2025, we intend to acquire further portfolios of receivables for the MONTON fund and also to complete the servicing of third-party receivables in the VPF III fund, which will increase the processing capacity to work on our own projects.

ROMANIA

2024

APS Romania met the forecasted revenue for 2024, thus managing to extend yet again this trend of the previous consecutive years.

As expected, the strong pipeline crystallised, as we managed to seal the deal on the largest secured portfolio on the Romanian market in the past 5 years, following in the second half of 2024 starting of the servicing by APS Romania on the NPL part of it. Besides that, we have managed to win at the end of the year one large retail unsecured portfolio, after several auctions where we ended up being the last two competitors. Lastly, we have signed one complex entity deal having as scope an REO vehicle owned by a bank, expecting closing beginning of 2025 with onboarding of staff, processes and know how.

We also managed to close the biggest case in APS Romania's history, with overachieving on the financial targets set for it and managing to accelerate the collection.

Also, we have not depleted as many of the top cases as predicted, and still managed to achieve the expected sale amounts, with again contact sales, soft collection, and enforcement departments yet again overachieving and producing margins for APS Romania at a record level.

We also continued the search for servicing deals that are well balanced in terms of revenue versus effort, trying to target more material agreements in order not to dissipate our efforts. We kept the same approach, with a fine balance between creativity and flexibility.

2025

With the Romanian banking market being active in terms of tenders, we prepare ourselves for a year that can be decisive in terms of consolidating our market share and relevance on the Romanian NPL market.

The year will be marked by the closing and onboarding of the REO company acquired at the end of 2024, a task that, even if not easy, we look forward to completing, as it has been over a decade since APS Romania did this. Also, we are pushing on at least two other share deals, where the target companies are IFNs, as this will open the horizon to new alternative business lines, besides allowing also the future purchases of PL loans from the market.

In the corporate and retail secured divisions, the teams are focused on maintaining collections at the level of business plans and satisfying investor requirements. This year we plan to exit some big cases that are still on the books of the old portfolios, alongside delivering on the newly acquired portfolios from 2024, that account for a significant part of the anticipated revenue numbers for 2025.

Besides this, we are keeping a close eye on the macroeconomic and political environment in Romania, as we foresee it will also impact the way the NPL market, banks and competitors will position themselves in respect of future investment and handling the shifts that are likely to happen.

HIGHLIGHTS 33

Corporate Social Responsibility

APS CSR and ESG Commitment

At APS, corporate governance is a cornerstone of all business and investment decisions. We recognize that effective management of environmental, social, and governance (ESG) issues is not only a proxy for strategic and operational prowess but also a fundamental commitment to our stakeholders and the world. Our dedication to the highest ethical standards is ingrained in our company's DNA, prompting us to back our words with direct action.

Strategy and Alignment

Our CSR and ESG strategy is anchored in three primary pillars: philanthropy, environmental stewardship, and support for non-governmental organizations focused on aiding the elderly. These pillars form the core of our company-level CSR activities. We firmly believe that integrating ESG issues into our vision and strategy is paramount for maximizing social benefits and minimizing environmental and social impacts across our operations, products, services, and supply chain.

We align with global best practices (including IFC Performance Standard on Assessment and Management of Environmental and Social Risks and Impacts) for our environmental and social assessment and management systems (ESMS). Our board is responsible for overseeing the full integration of ESG issues into our company's vision and strategy, ensuring a well-functioning ESMS, and maintaining a robust stakeholder engagement process with a dedicated senior executive for oversight.

Activities

Environmental Stewardship

- Carbon Footprint Reduction: Relocated company headquarters to a more energy-efficient building and adopted practices to significantly reduce paper reliance
- Tree-Planting Campaigns: Collaborated on treeplanting initiatives in the Czech Republic.
- Beach Clean-up: Our Greek team participated in a beach clean-up in cooperation with the Hellenic Loan Servicers Association, demonstrating dedication to environmental preservation and community engagement in the coastal wetland of Agios Nikolaos.
- Resource Efficiency: Committed to reducing impact on the environment and natural resources, improving resource efficiency (GHG emissions, energy, water), and, where relevant, taking steps to protect biodiversity and adapt to climate change effects.





Social Responsibility

- Employee Well-being: Ensuring the health, safety, and economic well-being of employees, promoting equal treatment, avoiding gender, ethnic, or other discrimination, and minimizing the risk of forced and child labor in operations and supply chain.
- Community and Human Rights: Maintaining healthy relationships with surrounding communities, especially minority groups. Avoiding complicity with human rights violations in operations and supply chain, including through the use of security forces.
- Product and Consumer Impact: Maximizing the social utility of products and services and reducing social and environmental impacts on consumers or others during the use-phase, including consumer safety, pollution during use phase and end-of-life, and customer privacy and data security.
- Philanthropy and Community Engagement:
 - Seeding Knowledge Foundation: Our philanthropic efforts are channeled through this foundation, dedicated to uplifting social groups at risk of being overlooked through collaborations with various organizations.
 - Supporting the Elderly: Partnership with Elpida, which publishes Vital magazine for seniors and operates a center offering seminars and activities to enrich their lives.

- Education and Equal Opportunities: Supporting Metráž, an organization advocating for sustainable fashion, zero waste, and material repurposing, with a focus on empowering women facing challenging social circumstances.
- Employee-Driven Initiatives: Fostering a culture of employee-driven grassroots initiatives and fundraising efforts globally, backed by charitable competitions like "Each Step Counts," where winners choose a charity to support.
- Animal Welfare: Providing support to animal shelters in both Luxembourg and Belgium, demonstrating our commitment to animal welfare within the communities where we operate.

Ethical Conduct and Supply Chain

- Ethical Conduct: Ensuring ethical conduct throughout the organization, including legal compliance, paying a fair share of taxes, transparency in political contributions, and avoiding corruption and bribery, especially in countries with a high corruption perception index.
- Responsible Sourcing: Minimizing environmental and social impacts in the supply chain, including monitoring working conditions and environmental impacts of direct suppliers, using recycled and renewable raw materials, and limiting the sourcing of critical materials.

Regulatory Compliance & Risk Management

Operating under international laws, APS Group faces a complex and evolving legal and regulatory environment. Statutory interpretation risks and legislative changes could adversely affect its performance, financial position, and reputation. Key areas of impact include money laundering, data privacy, finance, taxation, business operations, debt recovery, insolvency, consumer regulations, and specifically, rules on debt collection outsourcing and transfer.

In the past year, APS Group enhanced its regulatory and risk management framework. This involved improving risk identification, analysis, and control mechanisms through updated policies, limits, and monitoring. The Management Board continues to define and oversee these procedures, reinforced by training and clear internal controls that clarify employee responsibilities. The Group maintains an effective and appropriately scaled internal control, risk management, compliance, and internal audit system.

Strategic Priorities Achieved in 2024: Aligned with the APS Group's overarching objectives, our strategic priorities throughout 2024 were designed to strengthen our risk management capabilities and ensure ongoing compliance in a dynamic regulatory landscape. These achievements underscore our commitment to operational resilience, ethical conduct, and sustainable practices.

Responsible economic and business conduct in debt management demands strong AML/CTF practices and sanctions compliance, crucial for financial stability and growth. A/PS Group has established AML/CTF policies and trains employees to identify suspicious activities, adhering to local legal frameworks. To manage customer and transaction risks, APS rigorously screens entities, avoiding those from opaque environments, with reputational risks, or involved in illegal activities or sanctions. Internal rules prevent any dealings with sanctioned entities or related parties.

Debt servising Regulatory Compliance: Directive of the European Parliament and of the Council (UE) 2021/2167 of 24 November 2021 on credit servicers and credit purchasers and amending Directives 2008/48/EC and 2014/17/EU — the NPL Directive) establishes a legal framework governing the activities of credit servicers and purchasers, defining their status, rights, and obligations and introducing regulatory oversight of these entities. Completed the process of securing/renewing debt servicing licenses in Croatia, Greece, Czechia, and Romania, facilitating the timely transposition of the NPL Directive



Fund management — APS CREDIT FUND SICAV, based in Czechia, offers qualified investors potential above-standard returns by investing in overdue receivables across Central, South, and Southeastern Europe. Managing over EUR 76 million through its subfunds RHAPSODY, RHAPSODY II, and the newly launched RHAPSODY III (October 2024), the fund confirmed compliance regarding AML/CFT conflicts of interest (identification, management, and prevention with no adverse impacts) and qualified investor entry obligations. As a regulated entity by Czech national bank, the fund adheres to broader compliance requirements including organizational structure, risk and liquidity management, valuation, transparency, and reporting.

Data Privacy Enhancement: Given the large volumes of personal data processed, APS Group places critical importance on personal data protection and breach risk management. The Group adheres to GDPR and other laws using technical and organizational measures. Proactively, it monitors regulatory interpretations, guidelines, and industry best practices, swiftly updating procedures as needed. A continuously enhanced system identifies, analyzes, and mitigates data breach risks. The Group provides tools for handling data subject requests and has formalized protocols for security incidents and data breach response. High information security standards are upheld, encompassing banking secrecy, professional confidentiality, and legal privilege.

Preparation for DORA Compliance: Proactively prepared for compliance with the Digital Operational Resilience Act (DORA) by enhancing our digital operational resilience framework and ensuring the robustness of our IT systems and processes.

Alignment with Core ESG Principles: Refined our approach to Environmental, Social, and Governance in alignment with the core principles and SDG of the European Bank for Reconstruction and Development (EBRD) and the International Finance Corporation (IFC), emphasizing sustainable development, environmental and social responsibility, and good governance. This included refining our CSR strategy and developing our Environmental and Management System.

Moving forward, our strategic focus for asset management, distressed assets, and investments shifts to a proactive, value-adding approach. This means:

- Anticipating regulatory changes: Actively monitoring and adapting to evolving regulations in distressed asset and complex investment landscapes.
- Leveraging technology: Implementing advanced analytics to identify risks, optimize due diligence, and enhance real-time compliance monitoring across all investments and collections.
- Integrating compliance into strategy: Embedding compliance throughout the entire investment lifecycle, from sourcing distressed assets to portfolio management, making it a competitive advantage.

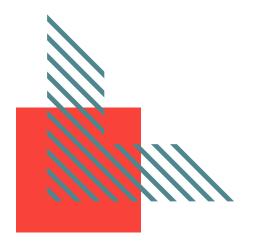
By adopting these strategies, APS Group Compliance will not only safeguard the firm but also enable us to navigate complex investment opportunities and drive growth in our asset management operations.

Directors' Reports

MARKET SITUATION

Market with NPLs as an alternative investment class has been stagnant. In 2024 the formation of new NPLs has bottomed up in most of the European countries, but it has remained close to historical lows. The situation in the CEE region is not different to the rest of the continent. Banks as the principal originators of NPLs are confident about their capital position and have not been hurrying up to put their non-performing exposures on the market. While the growth of the European economy is anemic on average, strong geopolitical headwinds we have been experiencing lately are unable to cause a major disruption in contrary with experts' projections.

Although the size of the secondary market with NPLs is more difficult to gauge as there are no official data available, we see a higher dynamics there. Large players investing heavily into their servicing infrastructure as well as portfolio acquisitions at the end of the previous decade have struggled. They have been gradually disposing selected assets and withdrawing from smaller geographies to keep themselves afloat. Smaller players continue to benefit from their lower fixed-cost bases and their agile way of operating their businesses.



In general yields continue to be under-pressure, moving gradually from high to mid-teens, transactions have become smaller and the seller's approach is more commoditized.

STRATEGY AND COMPETITION

APS has continued to pursue its journey of an independent discretionary asset manager. The recent build-up of the fundraising capabilities in the Czech Republic combined with a number of strategic partners enable APS to invest in all sizes of deals ranging from hundreds of thousands to tens of millions euro. While being traditionally focused on the CEE markets, the Company has been looking for other investment opportunities beyond the region. APS has opportunistically investigated possibilities of investing in Morocco, Spain, Germany or Canada, i.e. places at which it may be possible to find an investment potential in the NPL space.

The markets, where APS has been present, offer numerous types of deals, beyond the plain vanilla NPL portfolios being sold typically by banks. Traditionally APS also invests into special wind-down scenarios, special situations and more recently into private lending transactions with a distressed element. The restructuring of large APS' competitors offer the Company multiple opportunities also on the second-hand NPL market.

FINANCIAL STATEMENTS

This document presents the financial statements for the financial year of 1 January 2024–31 December 2024. The Board of Directors believes that the financial statements provide an accurate picture of the assets and financial situation of APS for the respective year. The financial statements are presented in accordance with the International Financial Reporting Standards adopted by the European Union and have been audited by Ecovis.

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PROFIT AND LOSS

In 2024, APS Group achieved total revenues of EUR 33.9 million, recording a 5% increase over the 2023 result of EUR 32.2 million. At the same time, the Group managed to bring operating costs down, lowering them by EUR 1.2 million. Despite the inflationary environment all over the geographical segments of operations, focus on cost optimization and efficiency offset the rising demands in some markets.

The cost optimization is focused on both salary expenses (headcount reduction) and external services, where the group minimized mostly usage of advisory and rental costs only to these, which are deemed necessary. On top of the success of the Group's operations, the financial result has also improved year on year, when the Group achieved an increase in interest income while stabilizing financial expenses.

The final result for the period, including a lower tax burden, thus reached a total comprehensive income of EUR 4.2 million, which is a significant improvement over the EUR 1.7 million result generated in the previous year.

GOING CONCERN AND OUTLOOK

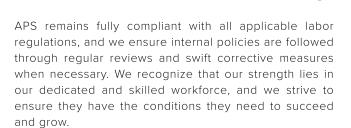
The annual financial statements have been prepared on a going concern basis, and it is the opinion of the Board of Directors that the financial statements provide a fair presentation of our business and financial results.

HUMAN RESOURCES

Our people play a key role in driving our success. That's why we focus on creating a workplace where they feel respected, supported, and motivated. We are committed to creating a respectful, motivating, and inclusive environment where employees feel valued and engaged. Building lasting relationships based on trust remains a core priority, as we believe a strong company culture is key to long-term success.

We actively promote a collaborative and friendly work atmosphere, where open communication and teamwork are encouraged. Our employees' well-being and professional growth are essential to our performance in the dynamic and competitive field of distressed asset management.

To support individual development, we offer a range of learning opportunities — from workshops focused on soft skills to specialized trainings that enhance professional qualifications. We also organize regular team-building events to strengthen cohesion and create a positive team spirit across our offices.



DIVERSITY

APS DIVERSITY & INCLUSION COMMITMENT

At APS, diversity is a profound source of inspiration, innovation, and operational effectiveness. Respect for diversity is a core value, deeply embedded in our ethical culture and commitment to employee well-being.

STRATEGY AND ALIGNMENT

Our Diversity, Equity, and Inclusion (DEI) strategy is integral to our operations. We aim to create a truly inclusive environment where every employee feels valued, respected, and empowered. Fostering a diverse workforce and inclusive culture leads to a more dynamic and successful organization. Our proactive approach includes specific commitments and continuous monitoring to prevent discrimination and mitigate inequalities.

ACTIVITIES

Diversity, Equity, and Inclusion (DEI)

- Non-Discrimination: We ensure a workplace free from discrimination, guaranteeing equal career opportunities regardless of gender, age, disability, race, ethnicity, nationality, religion, sexual orientation, gender identity, family status, neurodiversity, or other characteristics.
- Gender Equality: We actively prevent unequal pay and promote gender equality in parenthood. Our ESG Strategy 2023–2025 commits to:
 - At least **50% women in all positions**, including managerial roles.
 - o 0% adjusted gender pay gap by 2025.
 - At least 40% women on management boards.

- Inclusion Initiatives: We support Disability Inclusion (reducing recruitment barriers, providing inclusive communication training) and LGBTQ+ Inclusion. We also offer internal communications on parenting programs, neurodiversity, multicultural collaboration, and mental health. Hybrid work is standard to accommodate diverse needs.
- Whistleblowing Channel: A confidential channel is available for reporting DEI policy breaches or unethical behaviors, with thorough investigations and actions taken. Discrimination, harassment, unequal treatment, intimidation, disrespect, and aggression are strictly prohibited.
- Vulnerable Groups: We focus on preventing discrimination and marginalization for individuals based on gender, age, sexual orientation, ethnic/cultural background, religious beliefs, special needs, neurodiversity, family caregiving responsibilities, or remote residence.

Employee Well-being & Engagement

- **Work-Life Balance:** We promote work-life balance with flexible working hours, remote options, and benefits like sports passes and private medical care.
- Health and Safety: Employee health and safety are top priorities, with ergonomic workstations, regulatory compliance, and programs for physical and mental well-being.
- Engagement & Development: We foster a strong feedback culture, conduct satisfaction surveys, and invest in employee skill development and career progression.
- Fair Wages: Our transparent remuneration policy ensures competitive pay aligned with qualifications, experience, and market standards.

Workforce Engagement & Grievance Mechanism

- **Communication:** We ensure transparent, up-to-date communication via multiple channels. Employees can submit ideas and feedback through various platforms.
- **Grievance Mechanism:** We maintain a clear, confidential process for receiving, analyzing, and resolving employee complaints, ensuring all concerns are handled efficiently and confidentially.

ENVIRONMENTAL COMMITMENT

Strategy and Alignment

At APS, environmental stewardship is a core pillar of our CSR and ESG strategy. We recognize that our operations have an impact on the environment and natural resources, and we are committed to reducing this impact and improving resource efficiency. Our approach is integrated into our overall corporate governance, recognizing that robust environmental management is a key indicator of strategic and operational effectiveness.

ENVIRONMENTAL COMMITMENT

Strategy and Alignment

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Activities

- Reducing Greenhouse Gas (GHG) Emissions:
 - **Energy Optimization:** We are actively optimizing energy consumption across all our operations.
 - Transition to Renewable Energy Sources: We are committed to transitioning to renewable energy sources wherever feasible, reducing our reliance on fossil fuels and contributing to climate neutrality.
 - Minimizing Transport Emissions: We are implementing initiatives to reduce emissions related to transport, optimizing our logistics and employee commuting practices.
 - o Improved Energy Efficiency: Our focus on improved energy efficiency directly lowers CO₂ and other GHG emissions, contributing significantly to climate neutrality and supporting the conservation of non-renewable resources. Our efficient energy management systems also actively promote the adoption of renewable energy sources, minimizing adverse environmental impacts.
- Waste Management and Recycling: We are dedicated to minimizing the environmental impact of our operations through comprehensive waste management strategies, including reducing waste generation and promoting robust recycling programs.
- Carbon Footprint Reduction: We have proactively relocated our company headquarters to a more energy-efficient building and adopted practices that significantly reduce our reliance on paper, further decreasing our carbon footprint.
- Tree-Planting Campaigns: We actively collaborate on tree-planting initiatives, such as those undertaken in the Czech Republic, contributing to reforestation and carbon sequestration efforts.
- Beach Clean-up and Ecosystem Preservation: Our Greek team demonstrated a strong commitment to environmental preservation and community engagement by participating in a beach clean-up in cooperation with the Hellenic Loan Servicers Association. This initiative made a positive impact on the local coastal wetland of Agios Nikolaos.

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- Resource Efficiency and Biodiversity Protection:
 We are committed to reducing our overall impact on the environment and natural resources, striving to improve resource efficiency across all aspects of our business (including GHG emissions, energy, and water). Where relevant, we are taking proactive steps to protect biodiversity and adapt to the effects of climate change, considering both our direct operations and our supply chain.
- Improved Air Quality (Social Impact related to Environmental Efforts): Lower energy consumption and the transition to more efficient technologies directly contribute to reducing air pollutant emissions (e.g., sulfur oxides, nitrogen oxides), which positively impacts public health in the communities where we operate.
- Public Awareness and Engagement: Our investments in energy efficiency not only yield direct environmental benefits but also contribute to greater public awareness regarding the importance of reducing energy consumption and fostering a more sustainable future.

MAJOR ACHIEVEMENTS

In 2024 APS navigated through difficult market conditions very successfully. The Company launched its third subfund of **APS CREDIT FUND SICAV**, called **RHAPSODY III**, while arranging for the outstanding performance of the previous siblings. In effect, RHAPSODY I has already finished its re-investment period and has been heading for settlement in 2026. The volume of assets under management in all the three sub-funds is likely to exceed the milestone of EUR 100 million in 2025, requiring to procure an extension of the license from the Czech National Bank this year.

On top of the fundraising effort, APS has managed to place around EUR 100 million in new deals across the CEE geographies and continued to service successfully the historical portfolios acquired in previous years. Our recovery platforms in individual countries have been extremely efficient and they thus bring investors an excellent value.

Financially, the Company managed to increase revenues by almost 5% and improved its profitability compared to the year of 2023.







Corporate name: APS Holding S.A.

Seat: 46A, Avenue J.F. Kennedy, L-1855 Luxembourg P.O. Box 415,

L-2014 Luxembourg

Legal entity: Public Limited Company ID No.: B20146

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

APS Holding S.A. — Consolidated statement of profit or loss and other comprehensive income as at 31 December 2024 In thousands of Euros

Continuing operations	notes	31.12.2024	31.12.2023		
Revenue from NPL portfolio servicing	6.1	14 666	15 467		
Interest income on purchased loan portfolios	6.1	11 056	11 975		
Other operating revenues	6.1	8 185	4 803		
Operating revenue		33 907	32 245		
Administrative expenses	6.2	-21 393	-22 481		
Other operating expenses	6.2	-6	-131		
Total operating expenses		-21 399	-22 613		
Depreciation of tangible fixed assets	7.3	-113	-111		
Amortisation of intangible assets	7.1	-1 163	-761		
Depreciation of ROU Assets	7.4	-835	-930		
Impairment gain/loss from POCI portfolios	7.5	-4 144	2 672		
Operating profit		6 253	10 503		
Net exchange losses	6.3	51	-425		
Interest income	6.3	1 634	818		
Interest expenses	6.3	-7 179	-7 361		
Interest expense on lease liability	6.3	-153	-189		
Other Finance Income/Costs net	6.3	4 845	-1 629		
Net financial result		-802	-8 785		
Profit or loss for the year before tax		5 451	1 718		
Current tax	6.4	-1 075	-300		
Deferred tax	6.4	96	4		
Profit or loss for the year after tax from continuing operations		4 472	1 422		
Discontinued operations					
Profit or loss for the year from discontinued operations	7.12	-557	0		
TOTAL Profit/Loss for the year		3 915	1 422		
Other comprehensive income, net of taxsubsequently reclassified through P&L	7.10	285	278		
Total comprehensive income for the year, net of tax			1700		
Profit for the year attributable to:					
Parent company shareholders			588		
Non-controlling interests	763	834			
Total comprehensive income for the year attributable to:			·		
Parent company shareholders Non-controlling interests		3 443 757			

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

APS Holding S.A. — Consolidated statement of financial position as at 31 December 2024 *In thousands of Euros*

	notes	31.12.2024	31.12.2023			
Non-current assets						
Goodwill	7.1	6 824	6 824			
Intangible assets	7.1	2 146	2 795			
Property, Plant and equipment	7.2	335	289			
Right of use Assets	7.3	1 987	2 270			
Purchased loan portfolios	7.5	62 782	68 432			
Loans and other receivables	7.5	5 448	7 403			
Other long term financial assets	7.5	255	68			
Deferred tax asset	7.7.	38	0			
Total non-current assets		79 815	88 081			
Current assets						
Loan receivables	7.5	1742	128			
Trade and other receivables	7.5	5 228	5 740			
Other short term assets	7.5	10 017	3 676			
Cash and short term deposits	7.5	17 602	18 807			
Total current assets		34 589	28 351			
Assets classified as held for sale	7.12	565	67			
Total assets		114 969	116 499			
Non-current liabilities		'				
Equity						
Share capital	7.10	31	31			
Other reserves	7.10	6 435	6 222			
Retained earnings	7.10	11 904	8 673			
Total equity attributable to parent company shareholders	7.10	18 370	14 926			
Equity attributable to non-controlling interests	7.11	4 330	1 904			
Total equity		22 700	16 830			

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As of 31 December 2024 *In thousands of Euros*

	notes	31.12.2024	31.12.2023
Non-current liabilities			
Bank and other loans	7.6	15 285	18 537
Long term lease liability	7.3	1229	1 745
Issued bonds	7.6	42 962	43 536
Deferred tax liabilities	7.7	0	147
Other long term liabilities	7.9	20	68
Total non-current liabilities		59 496	64 033
Current liabilities			
Short-term bank and other loans	7.6	19 542	18 837
Issued bonds	7.6	530	0
Trade and other payables	7.8	10 488	15 013
Short term Lease liability	7.3	889	832
Current tax payables	6.4	505	139
Provisions and other short-term liabilities	7.9	819	802
Total current liabilities		32 773	35 623
Liabilities classified as held for sale	7.12	0	13
Total equity & liabilities		114 969	116 499

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

 $\label{eq:APS-Holding-S.A.-Consolidated statement of financial position as at 31 \, December \, 2024 \\ \textit{In thousands of Euros}$

	Share capital	Other capital contribution s	Retained earnings	Profit or loss for the period	Translation reserve	TOTAL	Non- controlling interest	Total Equity
Balance at 1 January 2023	31	7 667	8 085	-	(1 799)	13 984	1 396	15 380
Changes in equity for period								
Profit or (loss) for the period				588		588	834	1 422
Other comprehensive income for the year					268	268	10	278
Total comprehensive income for the year				588	268	856	844	1 700
Dividends for the shareholders							(336)	(336)
Profit distribution			588	(588)				
Capital contributions		86				86		86
Balance at 31 December 2023	31	7 753	8 673	-	(1 531)	14 926	1904	16 830
Changes in equity for period								
Profit or (loss) for the period				3 152		3 152	763	3 915
Other comprehensive income for the year				79	213	292	(6)	286
Total comprehensive income for the year				3 231	213	3 444	757	4 201
Dividends for the shareholders							(300)	(300)
Profit distribution			3 231	(3 231)		-		-
Capital contributions						0	1 969	1 969
Balance at 31 December 2024	31	7 753	11 904	-	(1 318)	18 370	4 330	22 700

CONSOLIDATED CASH FLOW STATEMENT

APS Holding S.A. Consolidated Cash Flow as at 31 December 2024 $\it In\ thousands$ of $\it Euros$

	31.12.2024	31.12.2023
Cash flows from operating activities		
Profit before taxation from:	5 451	1 718
Continuing operations	5 451	1 718
Adjustments for non-cash items:	<u>'</u>	
Interest income	-1 634	-818
Interest expenses	7 026	7 550
Depreciation of intangible asset, property, plant and equipment	2 111	1802
Impairment (gains)/losses, net of reversals, on financial assets	4 144	-2 672
Increase/(decrease) in provisions	17	439
Other adjustments	305	-32
	17 420	7 986
Changes in working capital		
Decrease/(increase) in trade and other rec. and other short term assets	-5 829	7 382
Increase/(decrease) in trade and other payables	-4 525	3 083
Other adjustments	-459	-252
Cash generated from operations	6 607	18 199
Interest paid	-7 026	-2 905
Income taxes paid	-709	-61
Net cash from operating activities	-1 128	15 233
Cash flows from investing activities		
Interest received	1 634	72
Decrease/(increase) in other long term financial assets	0	195
Purchase of property, plant and equipment, ROA and intangible fixed assets	-832	-442
Purchases of Loan portfolios	1 506	-19
Loan granted to external party	-1 614	-7 017
Repayment of loan granted to external party	1 955	716
Net cash (used in)/from investing activities	2 649	-6 495

CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

APS Holding S.A. Consolidated Cash Flow as at 31 December 2024 $\it In\ thousands$ of $\it Euros$

	31.12.2024	31.12.2023
Cash flows from financing activities		
Dividends paid (NCI)	-300	-337
Proceeds from borrowings	713	1349
Repayments of borrowings	-3 308	-8 379
Proceeds from issued bonds	530	2 500
Repayments of issued bonds	-574	-3 768
Net cash (used in)/from financing activities	-2 939	-8 635
Net increase/(decrease) in cash and cash equivalents	-1 418	103
Cash and cash equivalents at the beginning of the year	18 807	18 860
Foreign exchange gains and (losses) on cash and cash equivalents	213	-156
Cash and cash equivalents at the end of the year	17 602	18 807

Notes to the consolidated financial statements

For the period ended 31 December 2024

1. GENERAL INFORMATION

1.1. COMPANY AND GROUP INFORMATION

APS Holding S.A. (the Company) is a Company limited by shares incorporated and registered in Luxembourg. Its shareholder is Mr. Martin Machoň. The address of the Company's registered office is at 46A, Avenue J.F. Kennedy, L-1855 Luxembourg.

The Company is administered by members of the Board of Directors and is not further divided into any specific organizational parts or units.

The reporting period is 1.1.2024 to 31.12.2024 and comparative period is 1.1.2023 to 31.12.2023.

The principal activities of the Company and its subsidiaries are non-performing loans (NPL) recovery services, NPL portfolio underwriting services, asset management services and fund management services across Central and South-Eastern Europe. The Group's main business activities entail advising and servicing NPL portfolios, debt recovery services as well as distressed asset recovery investment services.

These financial statements are presented in thousand Euros (EUR) and are rounded to the nearest thousand. Foreign operations are included in accordance with the policies set out in section 3.

Financial Statements have been prepared on a going concern basis.

2. ADOPTION OF NEW AND REVISED IFRS ACCOUNTING STANDARDS

2.1. NEW AND REVISED IFRS ACCOUNTING STANDARDS THAT ARE EFFECTIVE FOR THE CURRENT YEAR

In the current year, the Group has applied the following new standard and amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) and adopted by the EU that are effective for an annual period that begins on or after 1 January, 2024. Their adoption did not materially impact the disclosures or the amounts reported in these consolidated financial statements.

- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures titled Supplier Finance Arrangements
- Amendments to IAS 1 Presentation of Financial Statements — Non-current Liabilities with covenants
- Amendments to IAS 1 Presentation of Financial Statements — Classification of Liabilities as Current or Non-current
- Amendments to IFRS 16 Leases Lease Liability in a Sale and Leaseback

2.2. NEW AND REVISED IFRS ACCOUNTING STANDARDS IN ISSUE AND ADOPTED BY THE EU BUT NOT YET EFFECTIVE

At the date of authorisation of these financial statements, the Group has not applied the following revised IFRS Accounting Standards that have been issued by IASB and adopted by EU but are not yet effective:

• Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates — Lack of Exchangeability

2.3. NEW AND REVISED IFRS ACCOUNTING STANDARDS IN ISSUE BUT NOT ADOPTED BY THE EU

At present, IFRS accounting standards as adopted by the EU do not significantly differ from IFRS accounting standards adopted by the International Accounting Standards Board (IASB) except for the following new standard and amendments to the existing standards, which were not adopted by the EU by the date of authorisation of these financial statements:

- IFRS 19 Subsidiaries without Public Accountability: Disclosures
- Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures — Amendments to the Classification and Measurement of Financial Instruments
- Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures Contracts Referencing Nature-dependent Electricity
- Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures — Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Annual Improvements to IFRS Accounting Standards Volume 11

In the current year the Company has applied amendments to IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January, 2024, which are relevant for the Company. The Group anticipates that the adoption of IFRS 19 will not have an impact on the presentation of the Consolidated financial statements. The Group anticipates that the adoption of the other new standards and amendments to the existing standards will have no material impact on the consolidated financial statements of the Group in the period of initial application.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1. BASIS OF ACCOUNTING

The Consolidated Financial Statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS Accounting Standards") as adopted by the European Union (EU).

The financial statements have been prepared on the historical cost basis, except for certain financial assets that are valued at fair value as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The Groups presentation currency is Euro (EUR).

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability market participants would take into account when pricing the asset or liability at the measurement date.

3.2. BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year:

- has the power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affects its returns.

The Company reassesses whether or not it controls an investee when facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements;
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in profit or loss from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation are initially measured at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, the gain or loss on disposal recognized in profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. All amounts previously recognized in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as required/ permitted by applicable IFRS Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 Financial Instruments when applicable, or the cost on initial recognition of an investment in an associate or a joint venture.

The table below illustrates Group entities as of 31 December 2024

List of entities in the Group and approach to their consolidation in current and prior reporting period:

Entity	% current year	% prior year	Country	Measurement method prior year ¹	Measurement method prior year ¹
APS Holding S.A.	100	100	Luxembourg	full consolidation	full consolidation
APS Investments s.r.o.	100	100	Czechia	full consolidation	full consolidation
APS Recovery a.s.	100	100	Czechia	full consolidation	full consolidation
APS BH d.o.o.*	100	100	Bosnia and Herzegovina	full consolidation	full consolidation
APS Bulgaria E.O.O.D.	100	100	Bulgaria	full consolidation	full consolidation
APS Croatia d.o.o.	100	100	Croatia	full consolidation	full consolidation
APS CZ&SK Services s.r.o.	100	100	Czechia	full consolidation	full consolidation
APS d.o.o. Beograd	100	100	Serbia	full consolidation	full consolidation
APS FUND BETA d.o.o. Beograd	100	100	Serbia	full consolidation	full consolidation
APS Hungary Kft.	100	100	Hungary	full consolidation	full consolidation
APS lbar d.o.o. Beograd**	100	0	Serbia	full consolidation	n/a

¹ Refer to section 3.2 for details on consolidation methods

Entity	% current year	% prior year	Country	Measurement method prior year ¹	Measurement method prior year ¹
APS Italy S.R.L.	100	100	Italy	full consolidation	full consolidation
APS Montenegro D.O.O. Podgorica	100	100	Montenegro	full consolidation	full consolidation
APS Poland S.A.	100	100	Poland	full consolidation	full consolidation
APS REAL ESTATE DEVELOPMENTS S.R.L.***	95	95	Romania	full consolidation	full consolidation
APS Recovery Greece Credit and Loan Servicing S.A.	65,4	65,4	Greece	full consolidation	full consolidation
APS Recovery Greece EPE	100	100	Greece	full consolidation	full consolidation
APS Recovery Hungary Kft.	100	80	Hungary	full consolidation	full consolidation
APS RED II S.R.L.	100	100	Romania	full consolidation	full consolidation
APS REO Sunrise d.d.****	0	100	Croatia	n/a	full consolidation
Asset Portfolio Servicing Romania S.R.L.	100	100	Romania	full consolidation	full consolidation
Casazela Kft.	100	100	Hungary	full consolidation	full consolidation
Casazela Properties S.R.L.	97	97	Romania	full consolidation	full consolidation
APS Investment Funds S. a r.l.	100	100	Luxembourg	full consolidation	full consolidation
APS BETA, a.s.	100	100	Czechia	full consolidation	full consolidation
APS CREDIT FUND SICAV, a.s.	100	100	Czechia	full consolidation	full consolidation
APS Delta S.A.	100	100	Luxembourg	full consolidation	full consolidation
APS ETA REO SINGLE MEMBER S.A.	100	100	Greece	full consolidation	full consolidation
APS ETA S.A.	100	100	Luxembourg	full consolidation	full consolidation
APS Finance E.O.O.D.***	0	3	Bulgaria	n/a	not consolidated, presented at cost
APS GAMMA s.r.o.***	0	100	Czechia	n/a	not consolidated, presented at cost
APS Investment s.r.o.	100	100	Slovakia	full consolidation	full consolidation
APS Kappa S.a. r.l.	100	0	Luxembourg	full consolidation	n/a
APS MIP s.r.o.	100	100	Czechia	full consolidation	full consolidation
APS Theta S.a r.l.	100	100	Luxembourg	full consolidation	full consolidation
APS Zeta S.A.	100	100	Luxembourg	full consolidation	full consolidation
LOAN MANAGEMENT II, a.s.	50	50	Slovakia	full consolidation	full consolidation
LOAN MANAGEMENT investiční fond, a.s.	10	10	Czechia	not consolidated, presented at cost	not consolidated, presented at cost
Project one d.o.o. Beograd**	62.5	0	Serbia	full consolidation	n/a
HoldCo Two d.o.o. Beograd-Stari Grad**	56	0	Serbia	full consolidation	n/a
HYPO PARK DOBANOVCI d.o.o. BEOGRAD v.a.**	100	0	Serbia	not consolidated, presented at cost	n/a
APS ONYX d.o.o. Beograd-Stari Grad**	100	0	Serbia	not consolidated, presented at cost	n/a

^{*} APS BH d.o.o. was sold in 2024

^{**} APS Ibar d.o.o Beograd, Project one d.o.o.Beograd, HoldCo Two d.o.o. Beograd-Stari Grad, HYPO PARK DOBANOVCI d.o.o. BEOGRAD and APS ONYX d.o.o. Beograd-Stari Grad are entities purchased during 2024

^{***} APS REAL ESTATE DEVELOPMENTS S.R.L, APS Finance E.O.O.D. and APS GAMMA s.r.o. were dissolved during 2024

^{****} APS REO Sunrise d.d. was merged into APS Croatia d.o.o. in 2024

¹ Refer to section 3.2 for details on consolidation methods

3.3. BUSINESS COMBINATIONS

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognized in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired, and the liabilities assumed are recognized at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 Share-Based Payments at the acquisition date (see below); and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transfer-red, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the Group in a business combination includes contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognized in profit or loss.

When a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognized in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognized as of that date.

3.4. GOODWILL

Goodwill is initially recognized and measured as set out above.

Goodwill is not amortized but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cashgenerating units (or groups of cash-generating units) expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cashgenerating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on basis of the carrying amount of each asset in the unit. An impairment loss recognized for goodwill is not reversed in a subsequent period.

On disposal of a cash generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

The Group's policy for goodwill arising on the acquisition of a subsidiary is described below in note 7.2

3.5. INVESTMENTS IN ASSOCIATES

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5.

Under the equity method, an investment in an associate is recognized initially in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognized immediately in profit or loss in the period in which the investment is acquired.

The requirements of IAS 36 are applied to determine whether it is necessary to recognize any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (value in use) with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate. When the Group retains an interest in the former associate and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IFRS 9. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognized in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the associate or joint venture is disposed of.

When the Group reduces its ownership interest in an associate, but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognized in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

3.6. REVENUE RECOGNITION

APS group provides mainly following services to our customers, which are typically negotiated as one package with the same economic objectives and are entered into near the same time and therefore the services are treated as a single contract, each service has capability of being distinct as they meet criteria of IFRS 15.22.

3.6.1. Identification of revenue streams

Services related to Receivable's collection (Asset management fees) — this service is provided by separate collection entities (Recovery business line) and the price is set on market level. The market refers to the market with NPL portfolios offered usually by banks, where the price is set between external investors and NPL servicers on the other side. Investors buy the portfolio of NPL and make decision who will provide the servicing for them to get the collections. Some of the investors have already set up their own servicing platform so the Group is competing with other servicers and with investor's "internal option" as well.

The service includes recovery of multiple underlying assets (collaterals, debts, etc.), while activities related to recoveries of each single asset element are highly interrelated. Therefore, the asset management (recovery) activities related to one fund (Investor's asset)² constitute one performance that is performed over whole lifecycle of the fund. This service is distinct from other performance obligations meeting the conditions in IFRS 15.27. The transaction price for this separate performance obligation is challenged and agreed with the investor and is being compared to alternative collectors' prices by the Investor. The price is separately observable in the contract and corresponds with the stand-alone selling price of this performance obligation. Therefore, allocation of the total contract transaction price based on relative stand-alone selling price principle (see IFRS 15.74) will not imply any revenue adjustment for the respective service provided.

The service may include one-off fee charged for the services provided at the beginning of the project for the portfolio onboarding (taking over the database from the bank and uploading the data into the system, legal formalities for taking over the cases etc.).

Services related to Investment management (Underwriting fees) — this service is provided by Investment division in APS Investments S.à r.l. entity to the Investors involved in specific deal. It includes mainly negotiations with the seller, assessing the assets, preparation of valuation model and dealing with relevant authorities, the outcome being signed deal with the seller approved by relevant authorities so that the ownership is transferred to specific customer/fund. These services are provided by Investment division and are distinct as per IFRS 15.27 because:

• legal title over the asset is handed over to the customer who controls and is able to direct its further use and

 customer may benefit from the asset without rendering of ongoing Asset and Facility management services from APS (e.g. in case of hypothetical withdrawal from APS services, customer may manage the asset either using other asset manager or using its own resources).

The price for it covers the costs of Investment division and is challenged and agreed with the Investor as market price. As such is equal to stand-alone selling price and application of relative stand-alone selling price principle (see IFRS 15.74) for the respective services provided will not imply any revenue adjustment.

Services related to Fund management (Fund Management fees) — this service is provided by Fund Management division in APS Investments S.à r.l. entity to the Investors involved. It includes regular reporting on fund performance, ensuring statutory obligations, communication with relevant authorities, management. These services are provided by Fund Management division and are distinct as per IFRS 15.27. The price for it covers for the costs of Fund Management division and is challenged and agreed with the Investor as market price. As such it corresponds to the stand-alone selling price and allocation of total contract transaction price based on relative stand-alone selling price principle (refer to IFRS 15.74) for the respective services provided will not imply any adjustment.

3.6.2. Assessment of revenue streams

Asset management fees (AMFs) — are always directly linked (calculated from) cash collections during the lifecycle period of the fund. There is typically high number of collections over the lifecycle of the fund.

• Recognition method: The respective revenue shall recognized over time as simultaneously receives and consumes benefits (when each separate collection from debtors is credited to customer's account) from asset management activities over the fund lifecycle and criteria of IFRS 15.35a are met. The most suitable method of measurement progress towards complete satisfaction is an output method based on measurement of successful collections from debtor. i.e. as the cash is collected on collection accounts. Even in case of collateralized receivables when the collections are based on selling large assets which takes long list of time and cost consuming actions (removing legal obstacles, bankruptcy procedure, liquidation, selling the asset etc.) that may spread across several months or years, the control of assets (cash collections) transfers only when the collections are received (and therefore cost-based input method of measuring progress towards complete satisfaction does not seem to be suitable).

² An Investor is a customer who receives services from APS. This term is used for the purpose of revenue recognition in this chapter and does not refer neither to parent entity nor to any other shareholders of APS.

- Presentation implication: As the above selected revenue recognition method corresponds with payment from customer (APS remuneration is typically calculated as percentage of recovered asset, the percentage ratio is fixed), the invoiced AMF corresponds to recognized revenue (i.e. APS performance). Nor contract asset, neither contract liability shall be therefore recognized because of IFRS 15.105 requirement Variable Considerations: The total asset management fee is estimated during the underwriting period, when asset valuation model based on thorough due diligence screening process is executed. The total AMFs represent an amount to which APS estimates to be entitled in exchange for providing asset management services. The asset management fees are budgeted to recover related costs including margin. For selected contracts, APS is eligible for extra bonuses when meeting certain trigger points (see Commission fees based on SLA bellow) and/or improvement of AMFs percentage (if fund performance is higher that pre-agreed threshold). However, such triggers and aboveexpectation fund performance may not be reliably estimated at the contract inception so that it would be highly probable that significant reversal in the amount of cumulative revenue would not occur. These revenue items shall be therefore recognized when respective triggers or improvement of fund performance occurs.
- Onboarding fees (OFs) are not classified as a separate activity, as they are directly linked to the portfolio servicing and would not be cashed for the portfolios which are not subsequently serviced. Therefore, OFs are recognized over time and measured based on output method based on measurement of recognized AMF as a % of total AMF in the acquisition model.
- Underwriting fees (UFs) fees are calculated as a percentage of transaction purchase price and are usually capped. The transactions go through several stages before the deal is finalized (Screening, Indicative bid, Binding bid, Signing, Closing). Before reaching closing stage the transactions can be easily scratched and no Underwriting fees are paid in such case. The control over underlying portfolio for the transaction is transferred at Closing date - i.e. after the deal is signed and all transaction preceding conditions are met. Chief Investment Officer can assess that the point of time for recognizing the revenue is earlier in time depending on the risk profile of the transaction and historical data of relevant deals (e.g. after antimonopoly approval). To sum up UFs are recognized at a point in time as the criteria set in IFRS 15.35 are not met:
- Customers (investors) do not (simultaneously) consume any benefit from ongoing phases of the deal (i.e. criteria in IFRS15.35 are not met)

- Customers (investors) do not control any assets (fund shares, IPRs, etc.) related to transaction preparation and are not able to prevent APS from controlling any asset related to transaction preparation (i.e. criteria in IFRS 15.35b are not met)
- The assets created within the transaction preparation has alternative use for APS (i.e. may be easily redirected to other possible investor) and APS has no right to any payment for performance completed to date until the Closing phase (i.e. criteria in IFRS 15.35c are not met)

Fund Management fees (FMFs) — fees are usually set as a monthly lump sum for Fund Management services provided continuously during the portfolio lifetime. The services are invoiced as provided and the FMFs are recognized over time as the criteria of IFRS 15.35a are met (customer receives the benefits simultaneously over the lifecycle of the fund), while progress towards complete satisfaction of this performance obligation is based on elapsed time as the elapsed time best depicts the entity's obligation to stand ready to perform any administrative task when needed.

Commission fees based on SLA — fees calculated based on % set in contract depending on meeting specific trigger points (cash collected, specific contract signed etc.). This performance is not capable of being distinct as it is highly integrated with AMFs. Further, revenues from Commissions fees based on SLA may not be reliably estimated at the contract inception (see discussion above). In this case the performance shall be accounted as part of AMF (not distinct performance obligation) and revenue is recognized when such specific trigger point occurs (not eligible to be included in transaction price consideration at the contract inception).

3.7. LEASES

3.7.1. The Group as a lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its incremental borrowing rate.

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

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Impairment of tangible and intangible assets excluding goodwill' policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognized as an expense in the period in which the event or condition that triggers those payments occurs and are included in 'Other expenses' in profit or loss.

The group uses the exception on low-value assets. The threshold was set to 5 thousand Euros. The assets which initial net present value does not exceed this threshold are not recognised on the consolidated statement of financial position remain classified as services in the consolidated statement of profit or loss and other comprehensive income.

3.7.2. The Group as lessor

The Group does not present any material lease where it would be in the position of lessor.

3.8. FOREIGN CURRENCIES

In preparing the financial statements of the individual companies, transactions in currencies other than the component's functional currency (foreign currencies) are recognized at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in a separate component of equity (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in a separate component of equity in respect of that operation attributable to the owners of the company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences is re-attributed to non-controlling interests and are not recognized in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognized in other comprehensive income.

3.9. SHORT-TERM EMPLOYEE BENEFITS

A liability is recognized for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

3.10. TAXATION

The income tax expense represents the sum of the tax currently payable and deferred tax.

3.10.1. Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

A provision is recognized for those matters for which the tax determination is uncertain, but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

3.10.2. Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, a deferred tax liability is not recognized if the temporary difference arises from the initial recognition of goodwill [IAS 12.15(a)].

Deferred tax liabilities are recognized for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference, and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences, and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset is realized based on tax laws and rates that have been enacted or substantively enacted at the reporting date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

3.10.3. Current tax and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

3.11. PROPERTY, PLANT AND EQUIPMENT

Land and buildings held for administrative purposes are stated in the statement of financial position at their historical cost less any accumulated depreciation and accumulated impairment losses. Depreciation is recognized in profit or loss.

Freehold land is not depreciated.

Fixtures and equipment are stated at cost less accumulated depreciation and accumulated impairment loss.

Depreciation is recognized so as to write off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method, on the following bases:

Depreciation — tangible assets	Number of years
Buildings and structures	50
Office equipment	3
Transport facilities	5
Furniture	5

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

3.12. INTANGIBLE ASSETS ACQUIRED SEPARATELY

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses. Software is amortized over 10 years with a limited useful life using a straight-line method.

3.13. INTANGIBLE ASSETS ACQUIRED IN A BUSINESS COMBINATION

Intangible assets acquired in a business combination and recognized separately from goodwill are recognized initially at their fair value at the acquisition date (which is regarded as their cost).

After initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

3.14. IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS EXCLUDING GOODWILL

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with an indefinite useful life are tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cashgenerating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cashgenerating unit) is reduced to its recoverable amount. The recoverable amount is set as value in use because there are no readily available market data to set the fair value. An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

3.15. FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognized in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

3.15.1. Financial Assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases for the group are purchases of NPL portfolios with the risks transferred to the Investor. These purchases or sales require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognized financial assets are measured subsequently in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortized cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

No debt instruments meet the conditions to be subsequently measured at fair value through other comprehensive income (FVTOCI).

All other financial assets are measured subsequently at fair value through profit or loss (FVTPL). The Group does not elect any of its assets to be subsequently measured at fair value through other comprehensive income (FVTOCI).

Despite the foregoing, the Group may make the following irrevocable election / designation at initial recognition of a financial asset:

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met (see (iii) below); and
- the Group may irrevocably designate a debt investment that meets the amortized cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch (see (iv) below).

(i) Amortized cost and effective interest method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated creditimpaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortized cost of the debt instrument on initial recognition.

The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortized cost of a financial asset before adjusting for any loss allowance.

Interest income is recognized using the effective interest method for debt instruments measured sub-sequently at amortized cost. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognized by applying the effective interest rate to the amortized cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognized by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Group recognizes interest income by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.

Interest income is recognized in profit or loss and is included in the "finance income — interest income" line item (note 6.3).

(ii) Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

(iii) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on investments in debt instruments that are measured at amortized cost and trade and other receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

For Trade receivables and loans, the Group applies simplified approach classifying all receivables in stage 2 and always recognizing lifetime ECL for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience.

For all other financial instruments, the Group recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Bank accounts were classified according to Moody's rating and for each bank was set up the probability of default. Loss given default was 45% according to EU Capital Requirements Regulation, Article 161, point (a).

The following table summarizes the impairment approach for financial assets measured at amortised cost:

IFRS 9 Classification	Impairment Approach				
IFRS 9 Classification	Stage 1	Stage 2	Stage 3		
Unsecured purchased portfolios (Debt financial assets valuated at amortised costs)	no Staging as these assets are treated as POCI wi impairment calculation	th lifetime			
Outstanding balance on bank accounts	Expert assessment of the Significant Increase in Credit Risk at each reporting date taking into consideration DPD, drop in rating and publicly available negative information				
Trade receivables and loans	Simplified approach applied and classified in Stage 2 with lifetime ECL calculation unless it is credit impaired and classified in Stage				

(iv) Significant increase in credit risk

The Group so far does not evidence significant increases in credit risk. The group categorize the financial assets at initial recognition into the following three categories and does not evidence any movement between the categories:

Low risk financial assets — balances on bank accounts (stage 1)

Trade receivables — simplified approach to impairment calculation, all receivables categorized to stage 2

Unsecured portfolios — Purchased or Originated Credit-Impaired (POCI) Financial Assets categorized in stage 3

(v) Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

(vi) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- **(b)** a breach of contract, such as a default or past due event (see (ii) above);
- **(c)** the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- **(d)** it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
- (e) the disappearance of an active market for that financial asset because of financial difficulties.

(vii) Purchased or Originated Credit-Impaired Financial Assets (POCI)

Purchased or Originated Credit-Impaired Financial Assets (POCI) are those that meet both following criteria:

- Categorized at initial recognition as Amortized costs (neither FVPL nor FVOCI)
- Impaired (i.e. in default) at initial recognition.

Once the instrument is classified as POCI it always stays classified as POCI. The Group classifies both secured and unsecured portfolios in this category.

(viii) Initial Recognition POCI

To recognize POCI at initial recognition the following variables on the level of the financial instrument are determined:

1. Contractual Cash Flows

The contractual CF at initial recognition is represented by the whole outstanding balance of the instrument at initial recognition and it should be due immediately. We manage this information is in the CAPONE recovery system.

2. Expected Cash Flows

Expected CF consists of real expected CF in the future periods including the effect of expected credit losses. Further details related to the expected cash flows are addressed in the Impairment methodology.

3. Fair Value at initial recognition (FV)

The sum of the FV allocated to the financial instruments within the same portfolio is the acquisition price paid by us. It is assumed that the acquisition price reflects the actual price of the instruments considering the risk-free rate, their market risk, credit risk, liquidity and other risks of the purchased portfolio/instruments.

4. Transaction costs (TC)

The transaction costs are allocated to individual instruments on a pro-rata basis to their respective individual fair values.

(ix) Other Aspects of the initial recognition

For the recognition of POCI instrument, following is valid:

- 1. All the financial instruments identified as POCI have an allocated fair value above zero.
- 2. All the outstanding payments of the financial instruments are due immediately at the acquisition date
- 3. The sum of the FV allocated to the financial instruments within the same portfolio is the acquisition price paid by us for the given portfolio.

(x) Write-off policy

Non-performing loans (NPL) portfolios, which have monthly gross-collections under 2 thousand Euroson average for past 12months are written off unless overruled by the decision of group CFO (due to expected significant future gross-collections).

The reason for write-off is that the internal costs for revaluation are disproportionately higher than the information the Group gets for these costs.

Any post-write-off cash flows from afore-mentioned portfolios are recognized as Revenue in line with IFRS 15.35a in P&L against cash/bank account on Balance sheet.

(xi) Measurement and recognition of expected credit

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Group recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

(xii) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investment revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

3.15.2. Financial liabilities and equity

(i) Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

(ii) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

(iii) Financial liabilities

All financial liabilities with exception of Interest rate swap and non-deliverable forward are measured subsequently at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortized cost of a financial liability.

Interest rate swap and non-deliverable forward are measured in FVPL with the valuation technique and key input data as follows:

Financial derivative	Valuation techniques and key input data	Significant non- observable inputs	Relationship and sensitivity between non- observable inputs a fair value
1) currency forwards and interest rate swaps	Discounted cash flows Future cash flows are determined based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contractual forward rates discounted at a rate that reflects the credit risk of various counterparties.	N/A	N/A

(iv) Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortized cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortized cost of the instruments. These foreign exchange gains and losses are recognized in Finance costs or Finance Income line item in profit or loss (note 6.3).

3.16. PROVISIONS

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognized and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

4.1. CRITICAL JUDGEMENTS IN APPLYING THE GROUP'S ACCOUNTING POLICIES

The following are the critical judgements, apart from those involving estimations (which are presented separately below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognized in financial statements.

4.1.1. Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test (please see financial assets sections of note 3.15). The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Group monitors financial assets measured at amortized cost or fair value through other comprehensive income that are derecognized prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets. No such changes were required during the periods presented.

4.1.2. Derecognition of assets and liabilities related to portfolios

The Group analysed contractual conditions with investors to assess if risks and rewards related to the portfolio assets and liabilities are substantially transferred to investors. The assessment had material impact to numbers as presented in Consolidated statement of financial position and Consolidated statement of profit of loss.

4.2. KEY SOURCES OF ESTIMATION UNCERTAINTY

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

4.2.1. Impairment testing of goodwill

Following the assessment of the recoverable amount of acquisition goodwill the directors consider the recoverable amounts of goodwill allocated to relevant cash generating unit (CGU) very sensitive to market conditions and are based on revenue forecasts, staff costs and overheads based on current and anticipated market conditions. Whilst the Group is able to manage most of the costs however the revenue projections are inherently uncertain due to uncertainty in new market opportunities and unstable market conditions.

4.2.2. Estimated cash flows related to valuation of purchased NPL portfolios

The Group presents the value of purchased NPL portfolios based on amortized costs taking into account expected future cash flows from unsecured portfolios. The cash flow estimates are made based on payment patterns from past and assume unchanged economic environment. Changes in debtors behavior, in economic environment of legal environment can have significant impact on future cash flows and thus can impact the valuation.

4.2.3. Provisions for litigation and tax risks

Management's assessment of the amount of provisions for litigation and tax risks is based on management assumptions and on currently known facts and relate principally to the interpretation of tax legislation and arrangements entered into by the Group. Due to the uncertainty associated with such items, there is a possibility that the final outcome may differ significantly.

4.2.4. Calculation of loss allowance

When measuring ECL the Group uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement based on past experience.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

4.2.5. Other areas of accounting judgement and sources of estimation

- impairment of property plant and equipment and intangible assets;
- underwriting fee revenues in case the investment deal is not closed yet;
- the amount of deferred tax assets resulting from tax losses available for carry-forward and deductible temporary differences;
- recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.

4.2.6. Russian invasion to Ukraine

The Group assessed that the direct impact of Russa-Ukraine War is not material, as the Group has no operations on the Russian market and very limited operations on Ukrainian market.

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The group is constantly monitoring the situation and assessed that the war on Ukraine did not cause any significant increase of its credit risk, thus the Group decided not to change the calculation methodology related to the Loans and Receivables balances according to IFRS.

5. RISK MANAGEMENT

The Group is exposed to a variety of financial risk factors such as market risks, currency fluctuation risks, credit risks, interest fluctuations risks, liquidity risk and operating risks arising from the organization's financial instruments. The information below specifies the guidelines for risk management which the Group follows.

5.1. RISK MANAGEMENT FRAMEWORK

The Company's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Company is in process of setting up risk management committee, which will be responsible for developing and monitoring the Group's risk management policies. The committee will report regularly to the board of directors on its activities. The Group's risk management policies will be established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems will be reviewed regularly to reflect changes in market conditions and the Group's activities. In 2023 risk management function was covered by Board of Directors activities on regular basis based on reports delivered by financial controlling department. Risk management was focused on management of liquidity risk, currency risk and decreasing of influence of credit risk. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

5.2. MARKET RISKS

Market risk is the risk that the fair value or cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk reflects interest rate risk, currency risk and other price risks.

As a result of its business activities the Group is exposed to market risks, which are the result of its vulnerable position when operating with interest, securities, currency instruments and revenues dependent on gross collections which are sensitive to changes in financial markets.

5.3. CREDIT RISKS

As a result of its business and investment activities the Group is exposed to credit risks. Receivables are not classified in individual groups because various debtors are evaluated on an individual basis. The group endeavours to minimize its credit risk before it enters into any business relationships, as well as when such relationships already exist.

When evaluating the client's creditworthiness, the Group prepares financial and non-financial analysis. The non-financial analysis takes into consideration qualitative indicators and publicly accessible information about the client as well as information obtained directly from the client.

Debtors are evaluated individually, while taking into consideration in particular the following factors:

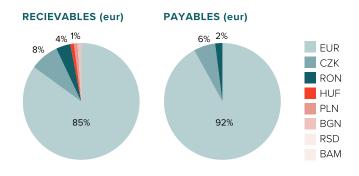
- Past experience with the debtor,
- Size of the loan, and Maturity of the loan.

The Group internally monitors and analyses the borrower whose securities it holds. All applications for loans are discussed and approved by the Company's Board of Directors. All investments into the borrower's securities are also submitted for approval to the Board of Directors.

5.4. CURRENCY FLUCTUATION RISKS

Assets and liabilities in foreign currencies including off-balance sheet items represent a currency risk to which the Group is exposed. The Group conducts its business transactions in the following currencies: EUR, RON, CZK, PLN, BGN, HUF, RSD and BAM.

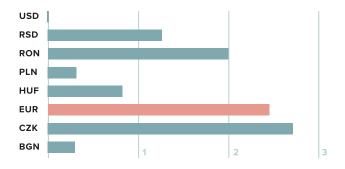
The currencies as of 31 December 2024 are represented in the Group payables of 90 934 thousand of Euros and receivables of 100 818 thousand of Euros as follows:



The most significant currencies in the Group are Euro, CZK, RON and HUF.

The net exposure (+receivable / -payable) per currency as of 31 December 2024 is shown in the graph below:

The net exposure (+receivable / -payable) per currency as of 31 December 2024 is shown in the graph below:



The net position as of 31 December, 2024 is impacted by the appreciation/depreciation of the main currencies as presented below:

In thousands of Euros

Currency	Net position	1% EUR appreciation	1% EUR Depreciation
CZK	2 722	-27	27
RON	2 005	-20	20
HUF	832	-8	8

- In the case of 1% appreciation/depreciation of EUR vs. CZK, Profit for the year will decrease/increase by 27 thousand of Euros
- In the case of 1% appreciation/depreciation of EUR vs. RON, Profit for the year will decrease/increase by 20 thousand of Euros
- In the case of 1% appreciation/depreciation of EUR vs. HUF, Profit for the year will decrease/increase by 8 thousand of Euros

The net position as of 31 December 2023 is impacted by the appreciation/depreciation of the main currencies as presented below:

In thousands of Euros

Currency	Net position	1% EUR appreciation	1% EUR Depreciation
RON	3 366	-34	34
HUF	1 107	-11	11
CZK	1037	-10	10

- In the case of 1% appreciation/depreciation of EUR vs. RON, Profit for the year will decrease/increase by 34 thousand of Euros
- In the case of 1% appreciation/depreciation of EUR vs. HUF, Profit for the year will decrease/increase by 11 thousand of Euros
- In the case of 1% appreciation/depreciation of EUR vs. CZK, Profit for the year will decrease/increase by 10 thousand of Euros

For translations from local functional currency to group reporting currency, European Central Bank rates were used as follows:

Reporting currency	Transaction currency	Reporting Period Average ECB Rate	31.12.2024 ECB Rate
EUR	BGN	1,96	1,96
EUR	HUF	395,30	411,35
EUR	CZK	25,12	25,19
EUR	RON	4,97	4,97
EUR	PLN	4,31	4,28
EUR	RSD	117,09	117,01
EUR	BAM	1,96	1,96
EUR	UAH	43,02	41,86

5.5 INTEREST FLUCTUATION RISKS

The group main financing facility is a bank loan, which bears an interest rate consisting of fixed and variable part. Fixed interest rate of 2.70 % p.a. is supplemented by three-month Euribor rate. To eliminate the risk associated with possible fluctuations in the Euribor rate, half of the principal is secured by an interest rate swap of 0.24%.

Other part is the Ioan from EUROBANK PRIVATE BANK LUXEMBOURG S.A (hereinafter "Eurobank") which is financing facility for the secured corporate portfolio purchased in Greece. This Ioan bears an interest rate consisting of fixed part of 3.25 % which is supplemented by three-month Euribor rate. To eliminate the risk associated with possible fluctuations in the Euribor rate, half of the principal is hedged by an interest rate swap of 2.82%.

Impact of Euribor rate fluctuation was calculated as follows:

Year end	Bank loan	Risk exposure	% change	Impact on interest costs
31.12.2024	28 521	14 261	1%	143

 In case of increase/decrease of Euribor rate by 1%, interest costs will increase/decrease by 143 thousand of Euros

In thousands of Euros

Year end	Bank loan	Risk exposure	% change	Impact on interest costs
31.12.2023	33 085	16 543	1%	165

• In case of increase/decrease of Euribor rate by 1%, interest costs will increase/decrease by 165 thousand of Euros

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. It includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the reporting date.

5.6. LIQUIDITY RISKS

Liquidity risk exists when the due dates of assets and liabilities are different. The non-cleared positions potentially increase profitability, but they may also increase the risk of loss. The Group has procedures in place to minimize such losses, such as maintaining a sufficient amount of cash and other highly liquid current assets and having sufficient amount of credit products available.

In thousands of Euros as of 31.12.2024	0-90 days	90-180 days	180-365 days	1-5 years	over 5 years	Total	Book value
Bank loan	2 362	3 110	10 912	11 950	0	28 334	28 521
Other loans	0	2 970	0	3 336	0	6 306	6 306
Issued bonds	530	0	0	42 962	0	43 492	43 492
Trade and other payables	10 488	0	0	0	0	10 488	10 488
Total Financial Liabilities	13 380	6 080	10 912	58 248	0	88 620	88 807

In thousands of Euros as of 31.12.2023	0-90 days	90-180 days	180-365 days	1-5 years	over 5 years	Total	Book value
Bank loans	490	490	3 247	31 861	0	36 088	33 085
Other loans	0	3 245	0	1 044	0	4 289	4 289
Issued Bonds	175	115	160	43 086	0	43 536	43 536
Trade and other payables	15 014	0	0	0	0	15 014	15 014
Total Financial Liabilities	15 679	3 850	3 407	75 991	0	98 927	95 924

The table below shows the detail of the Group's financial assets based on the latest date on which the Group can require the payment:

In thousands of Euros as of 31.12.2024	0-90 days	90-180 days	180-365 days	1-5 years	over 5 years	Total	Book value
Loan receivables	0	0	1742	5 107	0	6 849	6 849
Purchased loan portfolios	0	0	0	62 782	0	62 782	62 782
Trade and other receivables	3 702	1 0 6 5	461	0	0	5 228	5 228
Total Financial assets	3 702	1 065	2 203	67 889	0	74 859	74 859

In thousands of Euros as of 31.12.2023	0-90 days	90-180 days	180-365 days	1-5 years	over 5 years	Total	Book value
Loan receivables	0	0	128	7 006	0	7 133	7 133
Purchased Ioan portfolios	0	0	0	68 432	0	68 432	68 432
Trade and other receivables	5 740	0	0	0	0	5 740	5 740
Total Financial assets	5 740	0	128	75 438	0	81 305	81 305

To quantify the liquidity risk, Group uses Current Ratio, the results are presented in table below. The ratio has increased slightly year to year, mainly thanks to the increase in cash balances, and current liabilities decreased. Group considers the results satisfying and is not considering any further steps to eliminate the liquidity risk.

In thousands of Euros

Current Ratio of the Group	31.12.2024	31.12.2023
Current Assets	34 589	28 351
Current Liabilities	32 773	35 623
Ratio	1.1	0.8

5.7. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to shareholders through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged since 2017.

The capital structure of the Group consists of net debt (borrowings disclosed in note 5.8 after deducting cash and bank balances) and equity of the Group (comprising issued capital, reserves, retained earnings and non-controlling interests as disclosed in notes 7.10 and 7.11).

The Group is not subject to any externally imposed capital requirements.

5.8. GEARING RATIO

The gearing ratio at the year-end is as follows:

In thousands of Euros

	31.12.2024	31.12.2023
Net Debt	74 667	80 849
Equity	22 700	16 830
Net Debt to Equity ratio	3.3	4.8

5.9. OPERATING RISKS

The Group defines operating risks as the possibility of losses incurred by inadequate or failed internal processes, people and systems, or from external events, including legal and compliance risks. This risk is a function of internal control mechanisms, information systems, lack of employee perfection and operational processes. This risk exists in all products, services and processes. It occurs daily in all companies which process transactions. The Group has internal system of risk controls being revised on regular basis by the department of Internal Audit. The Internal Audit Department visits local subsidiaries within the group on regular basis, performing the standard internal audit procedures.

6. NOTES TO CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

6.1 OPERATING REVENUE

In thousands of Euros

	31.12.2024	31.12.2023
Revenue from NPL portfolio servicing	14 666	15 467
Interest income on purchased loan portfolios	11 056	11 975
Other operating revenues	8 185	4 803
Operating revenue	33 907	32 245

Major part of operating revenue is represented by Asset management fees, charged for the recovery activities by the servicing entities, aggregated on row Revenue from NPL portfolio servicing and by fees for investment services, which is shown on other operating revenue line.

Overall increase of operating revenue by 5 % is driven by a surge in revenue from investing activities (mainly underwriting fees and carry), slightly hindered by the decrease of revenue related to Asset management fees, and interest revenue from owned portfolios.

The Romanian market is primarily responsible for the decline in the NPL portfolio servicing category; revenue fell by more than 0.8 million euros from the previous year. Large secured portfolios from 2015 to 2018 make up the majority of the portfolios that APS Romania services, albeit they are currently getting smaller. Recovery Czechia has a similar trend, with a 0.7 million euro drop from the previous year. However, unexpected collections related to the portfolios Sunrise and Tara have softened the decline, with Croatia and Montenegro closing the year at 0.7- and 0.4-million-euro higher revenue, respectively, compared to prior year.

The Group elects to apply the admissible practical expedient in paragraph 121(b) of IFRS 15 and does not disclose the aggregated amount of unsatisfied transaction price, because the right to consideration from respective performance obligations (such as asset management and fund management) corresponds directly with the value transferred to the customer.

The group does not report the geographical split of the revenue. As there is variety of ownership split and would be very hard to define the geographical identity of each revenue with minimal value added for the user of the financial statements.

6.2 OPERATING EXPENSES

In thousands of Euros

	31.12.2024	31.12.2023
Administrative expenses	21 393	22 481
Other operating expenses	6	131
Total operating expenses	21 399	22 613

Operating expenses are represented by administrative expenses related to the running of the Group itself. Salaries and related expenses represent almost 60% of the operating expenses. Another part is related to the external services (e.g. audit fees, tax, legal and other advisory fees etc.).

The group operating expenses decreased by roughly 5% comparing the last year, slowing the rise from previous year. The decrease is mostly because in 2023 an equalisation reserve in APS ETA S.A. reached a total value of almost 2 mil. EUR. General cost optimization is focused on both salary expenses (headcount reduction) and external services, where the group minimized mostly usage of advisory only to these, which are classified as necessary.

Detail of Administrative expenses:

In thousands of Euros

	31.12.2024	31.12.2023
Salaries and related expenses	10 542	10 626
External services expenses	10 851	11 856
Total Distribution and administrative expenses	21 393	22 481

In the reporting period audit fees amounting to 555 thousand of Euros (prior year 383 thousand of Euros) are included in the external services category.

Average headcount divided into major segments in table below:

Segment Number of Employees	2024	2023
Head-office	26	33
Investment	26	20
Servicing	278	344
Real Estate	2	2
Fund vehicles	3	3
Total Employees	335	402

Decrease in number of employees is caused by personal costs optimization and focus on elimination of business with negative or low contribution margin among whole group.

6.3 FINANCIAL RESULT

In thousands of Euros

	31.12.2024	31.12.2023
Net exchange gains or losses	51	-425
Interest income	1 634	818
Interest expenses	-7 179	-7 361
Interest expense on lease liability	-153	-189
Other Finance Income/Costs net	4 845	-1 629
Net financial result	-802	-8 785

Group's Financial result comes mainly from the interest expense on bonds issued by APS ETA S.A. with expense of 3 930 thousand of Euros in 2024 (3 744 thousand of Euros in 2023) and bonds and notes issued by Loan Management II, a.s. with expense of 601 thousand of Euros in 2024 (516 thousand of Euros in 2023).

Further, it consists of Interest expenses paid for loan from UniCreditBank loan of 400 thousand of Euros (459 thousand of Euros in 2023) and of interest paid for loan from EUROBANK of 1 826 thousand of Euros (2 347 thousand of Euros in 2023).

Interest income is related to the loans provided to related parties from APS Recovery a.s.

Most important part of Other Finance income and Costs is represented by the change in valuation of bond payables in APS ETA S.A. of 4 224 thousand of Euros revenue, partially offset by impairment of loan receivables by LOAN MANAGEMENT II s.r.o. by 1 252 thousand of Euros. Further, dividend income of 1 503 thousand of Euros recorded by LOAN MANAGEMENT II s.r.o. adds to this.

Net realized and unrealized Foreign Exchange gains of 51 thousand of Euros are related to the operations in RON, HUF and CZK as the most frequent currencies for the Group.

6.4 INCOME TAX

6.4.1 Current tax

The amount of tax payable is based on the results of the current accounting period adjusted by those items which are not taxable or eligible and has been calculated in accordance with the tax rates valid as at the date the Financial Statements were compiled. Thus, current tax is based on taxable profit for the accounting period. The amount of taxable profit may differ from the profit before tax, which is presented in the Consolidated Income Statement as it sometimes does not include items of income or expense that are taxable or tax deductible in other years or items that are never taxable or tax deductible.

In thousands of Euros

Current income tax	31.12.2024	31.12.2023
Profit or Loss before Income taxes	5 451	1 718
Income Tax using the average tax rates	-1 268	-628
Tax losses for which no deferred tax is recognised	92	209
Expenses not deductible for tax purposes	-683	-106
Income not subject to tax	784	225
Total Income tax expense	-1075	-300
% of Income tax expense	19.7%	17.5%
% Effective income tax rate	23.3%	36.6%

The current tax payables of 505 thousand of Euros(139 thousand of Eurosin 2023) are the result of income tax expense of 1 075 thousand (300 thousand of Eurosin 2023) Eurosreduced by CIT prepayments made throughout the year. The majority of the payables are related to APS Investments s.r.o.

6.4.2 Deferred tax

Deferred tax has been calculated with the use of tax rates which are expected to be valid at the time when the assets have been implemented or when the liabilities have been settled. Deferred tax has been posted in the Statement of Comprehensive Income with exception of situations when it is related to the items which were accounted directly in the equity and the deferred tax is included in the equity.

Deferred tax of 87 thousand of Euros reversed into retained earnings in the current reporting period is related mainly to the decrease of deferred tax liability which was booked incorrectly in prior years, because the underlying differences between accounting and tax value are permanent.

6.4.3 Effective tax rate and tax changes

Effective tax rate increased from 17.5% to 19.7%, which is not significant change in effective income tax rate.

In 2024 the CIT rate in Czechia, where the largest part of net profit come from, increased from 19% to 21%. No other changes in Taxation legislation affecting our subsidiaries became effective as of 31 December 2024.

6.4.4 Unused tax losses

The Group does not recognise deferred tax asset for tax losses carried forward because the Group's management considers not probable that sufficient future taxable profits in individual group companies will be available against which the tax losses could be utilised.

The Unused Tax losses for which no deferred tax is recognized is as follows:

In thousands of Euros

Entity	Total unused tax loss	Expiring 2025	Expiring 2026	Expiring 2027	Expiring 2028	Expiring 2029
Luxembourg	8 265	0	0	0	0	0
Czechia	4 410	1 202	933	225	810	1 240
Greece	2 058	861	403	258	161	261
Poland	811	80	435	240	56	0
Serbia	403	0	0	256	19	128
Montenegro	113	0	0	0	113	0
Romania	9	0	0	0	9	0
Italy	3	0	0	0	0	0
Total	16 072	2 143	1 771	979	1 168	1 629

Unused tax losses from Greece in the amount of 114 thousand of Eurosexpire past the year 2029. In Luxembourg, tax losses may be carried forward up to 17 years, if incurred after 1.1.2017, and indefinitely if incurred before this date. In Italy they may be carried forward indefinitely.

6.5 DIVIDENDS

No dividend payment to shareholder of APS Holding S.A. was approved for the current and prior reporting periods. Dividend payments to minority shareholders are disclosed in note 7.11

7. NOTES TO CONSOLIDATED STATEMENT OF FINANCIAL POSITION

7.1.GOODWILL AND INTANGIBLE ASSETS

In thousands of Euros	Goodwill	Software	Other intangible assets	Total
At 1st January, 2024				
At costs	6 824	5 395	1 853	14 072
Accumulated amortisation	0	-3 339	-1 114	-4 453
Net book amount	6 824	2 056	739	9 619
At 31 December 2024				
Additions	0	101	0	101
Disposals (gross value)	0	-35	0	-35
Disposed amortisation	0	37	0	37
Exchange differences	0	-36	-12	-48
Amortisation charge of the period	0	-523	-181	-704
Closing net book amount	6 824	1 600	546	8 970
At 31 December 2024				
At costs	6 824	5 396	1852	14 072
Accumulated amortisation	0	-3 796	-1 306	-5 102
Net book amount	6 824	1 600	546	8 970

In thousands of Euros

	Goodwill	Software	Other intangible assets	Total
At 1st January, 2023				
At cost	6 824	5 130	1 927	13 881
Accumulated amortisation	0	-2 809	-955	-3 764
Net book amount	6 824	2 321	972	10 117
At 31 December 2023				
Additions	0	315	4	319
Disposals (gross value)	0	-134	-29	-163
Disposed amortisation	0	67	0	67
Exchange differences	0	60	-20	40
Amortisation charge of the period	0	-573	-188	-761
Closing net book amount	6 824	2 056	739	9 619
At 31 December 2023				
At costs	6 824	5 395	1 853	14 072
Accumulated amortisation	0	-3 339	-1 114	-4 453
Net book amount	6 824	2 056	739	9 619

7.2 UPSTREAM MERGER GOODWILL

As of 31 December 2024 Group presents following Goodwill:

In thousands of Euros

	31.12.2024	31.12.2023
Upstream Merger Goodwill	6 824	6 824
Total Group Goodwill	6 824	6 824

7.2.1 Impairment assessment

The Group tests whether goodwill has incurred any impairment on an annual basis irrespective of impairment indicators. The recoverable amount of the asset is determined based on value in use calculations which requires the use of assumptions. The calculations use cash flow projections based on business model approved by management of the Group covering a 5-year period. According to Management's forecasts, the predictability of the model significantly decreases with the time, therefore no projections beyond 5 years are considered and no terminal values were included in the calculations. For the purpose of impairment testing, goodwill acquired in upstream merger in 2015, is allocated to the Group as a single cash generating unit that is expected to benefit from the synergies of the merger.

As of 31 December 2024, the impairment assessment for goodwill was performed based on the same methodology as the initial estimation of the intangible asset and goodwill used for the business combination in 2015.

Revenues from servicing are based on recovery curves according to the data relating to the non-performing loans and real estate assets that are currently managed. The collateral market values were updated for single markets.

The recovery strategies were applied to each debtor depending on whether the strategy would be that of Restructuring, Settlement, Consensual Sale, Debt to Asset or Foreclosure. For secured debtors, recoveries were estimated starting from the market value of the underlying collaterals capped by the value of receivable.

Estimated level of new deals per annum, which is reflecting current level of new deals in 2024, expected growth in coming year, current level of net multiple for investment deals, current recovery curves and estimated level of asset management fees for servicing the portfolios.

The main costs were calculated as follows:

- 1. Direct and indirect costs at market level were calculated by taking into consideration the total direct cost in particular market in 2024 and the estimation for the rest of the life of the project.
- 2. For new deals weighted average level of contribution margin was applied, as the specific markets where the deals will be located cannot be predicted by management

For calculating the recoverable amount as at 31 December 2024, a pre-tax discount rate 10.00 % was used.

An effective tax rate of 14.3% was used to calculate the expected income tax expense.

The calculations use cash flow projections based on the 5-year strategic plan.

Based on the results of the above-described impairment tests, no impairment of goodwill and intangible was identified.

7.3 PROPERTY, PLANT AND EQUIPMENT

In thousands of Euros	Buildings	Machinery and motor vehicles	Furniture, fixtures, office equipment	Total
At 1 January, 2024				
At Cost	179	426	529	1 134
Accumulated depreciation	-9	-422	-414	-845
Net book amount	170	4	115	289
At 31 December 2024				
Additions	7	112	41	160
Disposals (gross value)	0	-21	-22	-43
Disposed depreciation	0	21	22	43
Exchange differences	-7	1	5	-1
Depreciation charge of the period	-42	-18	-53	-113
Closing net book amount	128	99	108	335
At 31 December 2024				
At Cost	179	518	554	1 251
Accumulated depreciation	-51	-419	-446	-916
Net book amount	128	99	108	335

In thousands of Euros	Buildings	Machinery and motor vehicles	Furniture, fixtures, office equipment	Total
At 1 January, 2023				
At Cost	101	424	483	1 008
Accumulated depreciation	-7	-415	-313	-734
Net book amount	94	9	171	274
At 31 December 2023				
Additions	86	0	45	131
Disposals (gross value)	-6	0	1	-5
Disposed depreciation	0	0	0	0
Exchange differences	-2	1	0	-1
Depreciation charge of the period	-6	-6	-99	-111
Closing net book amount	166	5	119	289
At 31 December 2023				
At Cost	179	426	529	1 134
Accumulated depreciation	-13	-422	-411	-846
Net book amount	166	4	118	289

Long-term tangible assets have been presented at acquisition prices, which include the cost of acquisition, expenses for transportation, customs duties and other expenses related to acquisition. Expenses for the technical appreciation of long-term assets increase their acquisition cost.

7.4 LEASES (GROUP AS A LESSEE)

In thousands of Euros	Buildings	Machinery and motor vehicles	Furniture,fixtures,of fice equipment	Total		
At 1 January, 2024						
At Cost	4 508	251	185	4 944		
Accumulated depreciation	-2 329	-169	-176	- 2 674		
Net book amount	2 179	82	9	2 270		
At 31 December 2024						
Additions	456	36	0	492		
Disposals (gross value)	-457	-84	-181	-722		
Disposed depreciation	468	111	181	760		
Depreciation charge of the period	-767	-63	-5	-835		
Exchange differences	4	7	-4	7		
Closing net book amount	1 910	77	0	1 987		
At 31 December 2024						
At Cost	4 538	198	0	4 736		
Accumulated depreciation	-2 628	-121	0	-2 749		
Net book amount	1 910	77	0	1987		

In thousands of Euros	Buildings	Machinery and motor vehicles	Furniture,fixtures,of fice equipment	Total
At 1 January, 2023				
At Cost	4 045	156	177	4 378
Accumulated depreciation	-1 281	-28	-130	-1 439
Net book amount	2 764	128	47	2 939
At 31 December 2023				
Additions	352	36	0	388
Disposals (gross value)	-211	-25	-8	-244
Disposed depreciation	118	25	8	151
Depreciation charge of the period	-825	-68	-37	-930
Exchange differences	-19	-14	-1	-34
Closing net book amount	2 179	82	9	2 270
At 31 December 2023				
At Cost	4 508	251	185	4 944
Accumulated depreciation	-2 329	-169	-176	- 2674
Net book amount	2 179	82	9	2 270

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The Group leases several assets including buildings, motor vehicles and IT equipment. The average lease term is 4.2 years (prior period: 3.9 years).

Amounts recognized in profit and loss:

In thousands of Euros

	31.12.2024	31.12.2023
Depreciation expense on right-of-use assets	835	930
Interest expense on lease liabilities	153	189
Expense relating to short-term leases	0	0
Expense relating to leases of low value assets	1	16
Total	989	1 135

Total cash outflows related to leases were 1 040 thousand of Euros (prior year 1 055 thousand of Euros) which includes all lease payments including these on assets classified as low value.

7.5 FINANCIAL ASSETS

All Financial Assets are presented at amortized costs. Summary of financial assets and Group's impairment approach shown in table below:

in thousands of Euros

At 31 December 2024		Impairment Approach			
At 31 December 2024		Stage 1	Stage 2	Stage 3	
Financial assets valuated at amortized costs	Cash and Short-term deposits	17 602			
	Loan receivables and other short-term assets		11 759		
	Trade and other receivables		4 752	476	
	Purchased loan portfolios			62 782	

At 31 December 2023		Impairment Approach		
At 31 December 2023		Stage 1	Stage 2	Stage 3
Financial assets valuated at amortized costs	Cash and Short-term deposits	18 807		
	Loan receivables and other short-term assets		3 804	
	Trade and other receivables		5 046	694
	Purchased loan portfolios			68 432

Other long-term financial assets of 255 thousand of Euros consist of accrued revenue from held bondsand notes, receivable upon maturity.

7.5.1 Loans receivables and other short-term assets

Loan receivables are short term parts of a loan from Recovery a.s. to APS Investment Funds S.à r.l., which is a related party. Long-term loan receivables include the long-term part of this loan.

7.5.2 Trade and other receivables

Trade receivables represent mainly receivables from Investors resulting from Asset Management Fees and receivables related to the Investors fees.

As at 31 December 2024

In thousands of Euros	Not due yet	0-180 days	180-360 days	over 360 days	Total 31.12.2024
Trade accounts receivable	3 348	640	114	203	4 305
Other receivables	771	23	29	100	923
Total Trade and other receivables	4 119	663	143	303	5 228

As at 31 December 2024

In thousands of Euros	Not due yet	0-180 days	180-360 days	over 360 days	Total 31.12.2023
Trade accounts receivable	3 537	751	72	569	4 929
Other receivables	708	50	20	33	811
Total Trade and other receivables	4 245	801	92	602	5 740

Impairment of receivables as at 31 December 2024

in thousands of Euros	Gross amount	Impairment	Net amount
Loans receivables	6 871	-22	6 849
Trade receivables	5 228	0	5 228
Other receivables	341	0	341
Impaired receivables	12 440	-22	12 418

Impairment of receivables as at 31 December 2023

in thousands of Euros	Gross amount	Impairment	Net amount
Loans receivables	7 143	-10	7 133
Trade receivables	5 740	0	5 740
Other receivables	398	0	398
Impaired receivables	13 281	-10	13 271

We have no material movement in lifetime ECL that has been recognized in the reporting period. Based on group impairment methodology considering for example the geographical region, segment of the customer and the days overdue of the receivables the impairment release of 1 thousand of Euros was charged in the reporting period and total amount of impairment as of end of the reporting period is 7 thousand of Euros according to IFRS 9.

The majority of receivables overdue is related directly to APS owned Investment Fund entities and other related parties. APS servicing companies are servicing the assets owned by funds and dispone by the cash collected for the investor. We consider the risk as very low, based on historical data no receivables remained unpaid and had to be written off and we do not expect such a situation in the future. These receivables are accumulated mostly in Romania.

7.5.3 Purchased loan portfolios

This category is represented by several portfolios purchased on balance sheet of group's subsidiaries.

First, and most significant part, is represented by corporate secured portfolio Frame, purchased by ETA S.A. in December 2022, presented at amortized cost in the amount of 58 472 thousand of Euros (63 302 thousand of Euros as of December 31, 2023).

Another part are portfolios purchased by Czech, Romanian and Croatian and Serbian subsidiary, which corresponds to 854 thousand of Euros as of December 31, 2024 (836 thousand of Euros as of December 31, 2023). Majority of these portfolios are tails of secured portfolios, purchased during 2022 and 2023 from the investors for whose we previously provided the recovery services.

Third part represents older non-performing loans portfolios (investment in year 2011-2013), purchased by APS Recovery a.s., which corresponds to 226 thousand of Euros as of December 31, 2024 (182 thousand of Euros as of December 31, 2023). As these portfolios which are controlled by the Group are still generating important cashflows, according to the accounting standard the group recognizes it on is balance sheet. Per policies described in section 3, all owned portfolios are revaluated at year-end to reflect the NPV of expected future cash flow arising from debt collection. This transaction, represented by Impairment gain/loss from POCI portfolios in profit and loss statement, has resulted in a loss of 4 143 thousand of Euros in 2024 (a gain of 2 672 thousand of Euros in 2023).

7.5.4 Cash and Short-term deposits

Bank deposits were impaired according to Group's methodology described in note 3.

in thousands of Euros	31.12.2024	31.12.2023
Bank deposits and Cash balances	17 614	18 819
Impairment calculated	-12	-12
Impaired Cash Balance	17 602	18 807

7.6 FINANCIAL LIABILITIES

Financial liabilities are reported at amortized costs except for interest rate swap and non-deliverable forward which are presented at fair value.

in thousands of Euros	31.12.2024	31.12.2023				
Financial liabilities at amortised cos	Financial liabilities at amortised cost					
Bank and other loans	34 827	37 374				
Issued bonds	43 492	43 536				
Trade and other payables	10 488	15 014				
Financial liabilities at fair value						
Interest rate swap	0	181				
Financial liabilities	88 807	96 105				
Amount due for settlement within 12 months	30 560	33 851				
Amount due for settlement after 12 months	58 247	62 254				

All the loans, trade and other payables are denominated in EUR.

Age structure of financial liabilities is available in section 5.6 liquidity risks.

7.6.1 Bank and other loans

UniCredit Bank loan

In 2021 the Group was granted a long-term external loan in the sum of 14 million euros by UniCredit Bank Czech Republic and Slovakia.

As of December 31, 2024, long term part of the loan is in amount of 5 124 thousand of Euros and the amount payable within one year is in amount of 1 960 thousand of Euros

Eurobank loan

The loan from Eurobank provided to APS ETA S.A. is a financing facility for purchased portfolio Frame (detail in note 7.5.3) with outstanding balance 21 195 thousand of Euros. Short-term part is in amount of 14 423 thousand of Euros. The maturity date of the debt is June 2026, with the interest rate being 5 % p.a.

Financial Covenants

Financial covenants are set up by conditions in Term facility agreement signed on February 12, 2021 with UniCredit Bank. Indicator is calculating as ratio of Gross Debt to earnings before interest tax and depreciation (EBITDA). Financial covenants were fulfilled for financial year 2024, with the ratio 2.12 while the bottom ratio for the financial year 2024 is set-up to 2.4.

7.7. DEFERRED TAX

The following are the major deferred tax liabilities and assets recognized by the Group and movements thereon during the current and prior reporting period.

Deferred tax assets and liabilities are offset only when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis. The following is the analysis of the deferred tax balances for financial reporting purposes:

in thousands of Euros	31.12.2024	31.12.2023
Deferred tax liabilities	0	-147
Deferred tax assets	38	0

Deferred tax assets and Liabilities charges during the period as follows:

in thousands of Euros	Deferred tax/+asset, -liability	
	Fixed assets depreciation	
01.01.2023	-155	
Charge to profit or loss	4	
Charge direct to equity	4	
01.01.2023	-147	
Charge to retained earnings	87	
Charge to profit and loss	96	
Exchange differences	2	
31.12.2024	38	

Deferred tax liability decreased to 0 thousand of Euros, and deferred tax asset of 38 thousand of Euros was recognized during financial year 2024. The change in deferred tax was booked to retained earnings of APS Recovery a.s., as it was related to a reversal of incorrectly booked liability in prior years, and to the profit and loss of APS Investment s.r.o. Deferred tax liabilities were booked mainly due to the variance in Tax and Accounting amortization. The Deferred tax relates to the entity APS Investments s.r.o.

7.9 PROVISIONS

As of 31 December 2024

In thousands of Euros

Description	Expected timing	01.01.2024	additions	amount used	unused reversed	31.12.2024
provision for annual bonuses	first half 2025	340	335	433	26	216
provision for personnel dismissal	first half 2025	35	8	0	0	43
provision for operating activities	first half 2025	352	0	0	0	352
provision for unused holidays	first half 2025	47	62	2	0	107
Total		774	405	435	26	718

7.8 TRADE AND OTHER PAYABLES

in thousands of Euros	31.12.2024	31.12.2023
Trade and other payables	9 886	14 547
VAT liability	602	466
Total	10 488	15 013

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms. Year over year decrease is caused by the decrease in the number of external services used, due to the cost measures applied by the group. Part of VAT liability was settled during the year 2025

The directors consider that the carrying amount of trade payables approximates to their fair value.

Long-term provisions are presented as a part of balance on the row Other Long-term liabilities on consolidated statement of financial position.

As of 31 December 2023

In thousands of Euros

Description	Expected timing	01.01.2023	additions	amount used	unused reversed	31.12.2023
provision for annual bonuses	first half 2024	314	209	160	23	340
provision for personnel dismissal	first half 2024	40	21	0	26	35
provision for operating activities	first half 2024	9	343	0	0	352
provision for unused holidays	first half 2024	49	1	3	0	47
Total		412	574	163	49	774

All provisions are classified as short term, to be used in first half of year 2025. Most of the provisions are booked in entities APS Investments s.r.o., Asset Portfolio Servicing Romania SRL, APS Recovery Greece. The provisions are primarily related to unused holidays and annual bonuses.

7.10 SHARE CAPITAL

The Company's registered capital is composed of 62,000 ordinary shares entered in the books with the face value of 0.50 Euro (fifty cents) per one share. The registered capital has been paid in full. The Group does not have any type of ordinary shares which are connected to a regular payment of dividends. The Company has one class of ordinary shares which carry no right to fixed income.

There were no changes in share capital during the reporting period. Profit of current year was transferred to the retained earnings where profits and losses brought forward are accumulated. Other comprehensive income is represented by the translation reserve, which is a result of the translation of financial statements denominated in a foreign currency into the Group's reporting currency.

Other capital contributions consist of contributions of the shareholder of APS Holding S.A. outside of its registered capital, adjusted by translation reserves connected with the other Group entities. Retained earnings contain the accumulated profits and losses generated by the Group in previous periods. Equity attributable to parent company shareholders represents total equity of the Group adjusted by the share attributable to minority shareholders of Companies in which the Group holds less than 100 % of shares.

7.11 NON-CONTROLLING INTERESTS

Summarized financial information in respect of each of the Group's subsidiaries that has material noncontrolling interests is set out below. The summarized financial information below represents amounts before intercompany eliminations.

The dividends paid to minority shareholders during 2024 consist of 100 thousand of Euros paid to minority shareholder of APS Recovery Hungary Kft. (110 thousand of Euros in 2023), and 200 thousand of Euros paid to the non-controlling interests of Loan Management II, a.s. (200 thousand of Euros in 2023).

(i) APS Recovery Greece Credit and Loan Servicing S.A. (non-controlling interest 34.6%)

APS Recovery Greece Credit and Loan Servicing S.A. <i>In thousands of Euros</i>	31.12.2024	31.12.2023
Current assets	804	608
Non-current assets	217	127
Total assets	1 021	735
Current liabilities	680	635
Non-current liabilities	0	0
Equity attributable to owners of the Company	223	65
Equity attributable to non-controlling interests	118	35
Total equity & liabilities	1 021	735
Operating revenue	2 772	2 165
Operating expenses	-2 731	-2 172
Total comprehensive income attributable to owners of the Company	27	-14
Total comprehensive income attributable to the non-controlling interests	14	-7
Total comprehensive income for the year	41	-21

(ii) Casazela Properties S.R.L. (non-controlling interest 3%)

Casazela Properties S.R.L. In thousands of Euros	31.12.2024	31.12.2023
Current assets	22	101
Non-current assets	0	0
Total assets	22	101
Current liabilities	4	103
Non-current liabilities	0	79
Equity attributable to owners of the Company	18	-79
Equity attributable to non-controlling interests	0	-2
Total equity & liabilities	22	101
Operating revenue	60	70
Operating expenses	-87	-60
Total comprehensive income attributable to owners of the Company	-26	2
Total comprehensive income attributable to the non-controlling interests	-1	1
Total comprehensive income for the year	-27	3

(iii) LOAN MANAGEMENT II a.s. (non-controlling interest 50%)

LOAN MANAGEMENT II, a.s. In thousands of Euros	31.12.2024	31.12.2023
Current assets	9 526	3 973
Non-current assets	5 726	7 066
Total assets	15 288	11 039
Current liabilities	2 534	1 411
Non-current liabilities	7 894	6 138
Equity attributable to owners of the Company	2 430	1745
Equity attributable to non-controlling interests	2 430	1745
Total equity & liabilities	11 288	11 039
Operating revenue	2 697	599
Operating expenses	-925	-689
Total comprehensive income attributable to owners of the Company	886	734
Total comprehensive income attributable to the non-controlling interests	886	734
Total comprehensive income for the year	1 772	1 468

(iv) Project one d.o.o. Beograd (non-controlling interest 70.6%)

Project one d.o.o. Beograd In thousands of Euros	31.12.2024
Current assets	470
Non-current assets	1 091
Total assets	1 561
Current liabilities	177
Non-current liabilities	154
Equity attributable to owners of the Company	362
Equity attributable to non-controlling interests	868
Total equity & liabilities	1 561
Operating revenue	209
Operating expenses	-594
Total comprehensive income attributable to owners of the Company	-113
Total comprehensive income attributable to the non-controlling interests	-272
Total comprehensive income for the year	-385

(v) HoldCo Two d.o.o. Beograd-Stari Grad (non-controlling interest 72.7%)

HoldCo Two d.o.o. Beograd-Stari Grad In thousands of Euros	31.12.2024
Current assets	784
Non-current assets	440
Total assets	1224
Current liabilities	84
Non-current liabilities	0
Equity attributable to owners of the Company	311
Equity attributable to non-controlling interests	829
Total equity & liabilities	1 224
Operating revenue	661
Operating expenses	-590
Total comprehensive income attributable to owners of the Company	21
Total comprehensive income attributable to the non-controlling interests	50
Total comprehensive income for the year	71

7.12 DISPOSALS OF SUBSIDIARIES, ASSETS AND LIABILITIES HELD FOR SALE

As of April 2, 2024 APS Recovery a.s. disposed of the entity APS BH d.o.o. for selling price of 5 000 Euros. The result of the transaction is a loss of 29 thousand Euros and was reflected in Consolidated statement of profit or loss and other comprehensive income.

Assets held for sale consist of the net assets of company Project one d.o.o. to be sold for 565 thousand of Euros during 2025. As the company's net assets as of 31.12.2024 amount to 662 thousand of Euros, the transaction has resulted in an impairment loss of 97 thousand of Euros.

8. NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS

In thousands of Euros	31.12.2024	31.12.2023
Bank deposits and Cash balances	17 599	18 796
Petty cash	3	11
Total	17 602	18 807

Cash and cash equivalents comprise cash and short-term bank deposits with an original maturity of three months or less, net of outstanding bank overdrafts. The carrying amount of these assets is approximately equal to their fair value. Cash and cash equivalents at the end of the reporting period as shown in the consolidated statement of cash flows can be reconciled to the related items in the consolidated reporting position as shown above

9 CONTINGENT LIABILITIES

As of the Financial Statements closing date, the Company was not involved in any legal disputes that could have material impact on the business of the Company.

The Group does not identify any other contingent liability.

10 EVENTS AFTER THE REPORTING PERIOD

The Company performed a review of events subsequent to the balance sheet date through the date the financial statements were issued and determined that there were no such events requiring recognition or disclosure in the financial statements.

11 RELATED PARTY TRANSACTIONS

Balances and transactions between the company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in the notes. Transactions between the Group and its associates are disclosed below.

Summary of Group's Transactions and outstanding balances with related parties and key management personnel in the table below:

In thousands of Euros

Transactions and balances	management			
Revenues	1 803	0	1803	

Transactions and outstanding balances with other related parties consist of:

 transactions between APS Recovery Hungary Kft. and Momentum Credit Pénzügyi Zrt. in the amount of 1 803 thousand of Euros are related to asset management fees and financial advisory services.

In 2023 the Group's Transactions and outstanding balances with related parties and key management personnel in the table below

In thousands of Euros

Transactions and balances	Other related parties	Key management personnel	Total
Revenues	1706	0	1 706
Loan Payable	83	0	83
Interests	0	28	28

List of related persons for the accounting period ending 31 December 2024:

- Martin Machoň
- Barbora Kubíková
- Petr Kohout
- Viktor Tóth
- Roman Šedivý

Remuneration of key management personnel

Key management compensation, considering people above as being the key management was 645 thousand of Euros in the reporting period (619 thousand of Euros in 2023). Related social and health insurance was 171 thousand of Euros (129 thousand of Euros in 2023). There are no post-employment benefits, long-term benefits, termination benefits or share-base payments related to the key management identified in the reporting period.

12 APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved by the board of directors and authorized for issue on 30 July 2025.

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Martin Machoň Director Alen Memić Director

Calle -







To the Board of Directors of **APS Holding S.A.**46A, Avenue John F. Kennedy L - 1855 Luxembourg

REPORT OF THE RÉVISEUR D'ENTREPRISES AGRÉÉ

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of APS Holding SA and its subsidiaries, (the "Group"), which comprise the consolidated statement of financial position as at December 31st, 2024, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the period from January 1st, 2024 to December 31st, 2024, and the notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as of December 31st, 2024, and its consolidated financial performance and its consolidated cash flows for the period from January 1st, 2024, to December 31st, 2024, in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession (Law of 23 July 2016) and with International Standards on Auditing (ISAs) as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" (CSSF). Our responsibilities under the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the « Responsibilities of "Réviseur d'Entreprises Agréé" for the Audit of the consolidated Financial Statements » section of our report.

We are also independent of the Group in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants (IESBA Code) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the consolidated financial statements and have fulfilled our other ethical responsibilities under those ethical requirements.

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

Responsibilities of the Board of directors and those charged with governance for the Consolidated Financial Statements

The Board of directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS International Standards as adopted by the European Union, and for such internal control as the Board of directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Responsibilities of the "réviseur d'entreprises agréé" for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue a report of the "réviseur d'Entreprises Agréé" that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Law dated 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Law dated 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit
 procedures that are appropriate in the circumstances, but not for the purpose of expressing an
 opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of directors.

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- Conclude on the appropriateness of the Board of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the "réviseur d'entreprises agréé" to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report "réviseur d'entreprises agréé". However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities
 and business activities within the Group to express an opinion on the consolidated financial
 statements. We are responsible for the direction, supervision and performance of the Group
 audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

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

Luxembourg, July 30th, 2025

ECOVIS IFG Audit S.A. Cabinet de révision agréé

Bruno CHUDEAU

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