



LION FINANCE
GROUP

Non-Audit Services Policy

NON-AUDIT SERVICES POLICY

POLICY FOR THE PROVISION OF NON-AUDIT SERVICES BY THE EXTERNAL AUDITOR

ADOPTED BY

The Board of Directors of Lion Finance Group PLC

APPLIES TO

Lion Finance Group PLC and its Group Companies

GROUP POLICY OWNER

Chief Financial Officer/ Finance

REVIEWED BY

Audit Committee
Finance Department
External Auditors
General Counsel UK
Company Secretary

LANGUAGE

Armenian, English, Georgian

INFORMATION CLASS

Group

LAST UPDATED

December 2025

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DEFINITIONS

The below definitions apply to the terms used through the Policy

The external auditor

Ernst & Young LLP, and any member of its network

Board

The Board of Directors of Lion Finance Group PLC

The Committee

The Audit Committee of Lion Finance Group PLC

The Company or the PLC

Lion Finance Group PLC

The Group

Lion Finance Group PLC and its Group Companies

Legal Requirements

- UK Listing Rules as published by the Financial Conduct Authority
- International Accounting Standards as endorsed and amended by the IASB
- Revised Ethical Standard of January 2024 (from 15 December 2024)

Other Jurisdictions

This policy covers the Group under the obligations listed under Legal Requirements. Further additional obligations regarding non-audit services that stem from Georgian and Armenian legislation are overseen by, and carried out in consultation with, respectively, the Chief Legal Officer of JSC Bank of Georgia, and the Legal Director of Ameriabank.

SCOPE & OBJECTIVES

The Audit Committee of Lion Finance Group PLC is responsible for establishing a policy for the provision of non-audit services by the Company's external auditor to the Company and its Group.

The Committee is responsible for approving non-audit services. This Policy specifies the types of non-audit services that are strictly prohibited and those that may be acceptable. For those non-audit services that may be acceptable, the effect of such non-audit services on the financial statements as well as the independence and objectivity of the external auditor will always be assessed by the Committee prior to being approved.

The Committee requires that the following Policy be adhered to when considering whether it is appropriate for the external auditor to be appointed by the Company and in particular to undertake work outside of the scope of their usual and specific annual audit and half-yearly review activities.

The objective of the Policy is to:

- at all times maintain external auditor independence and objectivity;
- clearly set out both acceptable and prohibited non-audit services; and
- establish a transparent process for the engagement of the external auditor for non-audit services in accordance with established approval requirements.

The Audit Committee of subsidiaries shall adopt this Policy, with additional local regulations if and as required, as this Policy and its restrictions affects all companies within the Group.

1. FEE CAP

Fees related to non-audit services will be subject to a cap of 70% of the average of the annual audit fees in the last three consecutive financial years ("the Cap"), with the exception of those services that are required to be undertaken by law and regulation as set out in section 3(a)(i) of this policy. Annual audit fees, which are subject to Committee approval, are fees for the services that the external auditor would normally be expected to provide as part of its annual external audit programme for the Group and which would, in the normal course of business, be included within its standard terms of engagement.

The cap shall be based on comparing the average of three consecutive years of statutory audit fees to the non-audit fees for services in the fourth year.

Upon request by the external auditor, on an exceptional basis, the FRC may allow the auditor to be exempt from the cap requirements in respect of the Company for a period not exceeding two years.

2. PROHIBITED NON-AUDIT SERVICES

With the exception of those services permitted (as set out in section 3 of this policy) the following non-audit services are prohibited by law from being provided to the Company and its Group by its external auditor, as they have the potential to impair, or appear to impair, the external auditor's independence:

(a) tax services relating to:

- i. preparation of tax forms;
- ii. payroll tax;
- iii. customs duties;
- iv. identification of public subsidies and tax incentives unless support from the audit firm in respect of such services is required by law;
- v. support regarding tax inspections by tax authorities unless

support from the audit firm in respect of such inspections is required by law;

vi. calculation of direct and indirect tax and deferred tax;

vii. provision of tax advice;

(b) services that involve playing any part in the management or decision-making of the audited entity;

(c) bookkeeping and preparing accounting records and financial statements;

(d) payroll services;

(e) designing and implementing internal control or risk management procedures related to the preparation and/ or control of financial information or designing and implementing financial information technology systems;

(f) valuation services, including valuations performed in connection with actuarial services or litigation support services;

(g) legal services with respect to:

- i. the provision of general counsel;
- ii. negotiating on behalf of the audited entity; and
- iii. acting in an advocacy role in the resolution of litigation;

(h) services related to the audited entity's internal audit function;

(i) services linked to the financing, capital structure and allocation, and investment strategy of the audited entity, except providing assurance services in relation to the financial statements, such as the issuing of comfort letters in connection with prospectuses issued by the audited entity;

(j) promoting in, dealing in, or underwriting shares in the audited entity;

(k) human resources services, with respect to:

- i. management in a position to exert significant influence over the preparation of the accounting records or financial statements which are the subject of the statutory audit,

where such services involve:

(1) searching for or seeking out candidates for such position; or

(2) undertaking reference checks of candidates for such positions;

ii. structuring the organization design; and

iii. cost control

Furthermore, the Company's external auditor must not perform any work for a contingent fee or similar arrangement.

3. ACCEPTABLE NON-AUDIT SERVICES

(a) The external auditor may be considered for the following types of non-audit services, subject to paragraph 3(b) below:

i. Non-audit services outside of the cap:

(1) Reporting required by a competent authority or regulator under law or regulation, for example;

- Reporting to a regulator on client assets;
- In relation to entities regulated under the Financial Services and Markets Act 2000 (FSMA), reports under s.166 and s.340 of FSMA;
- Reporting to a regulator on regulatory financial statements;
- Reporting on a Solvency and Financial Condition Report under Solvency II.

(2) In the case of a controlled undertaking incorporated and based in a third country, reporting required by law or regulation in that jurisdiction where the auditor is permitted to undertake that engagement;

(3) Reports, required by or supplied to competent authorities/ regulators supervising the audited entity where the authority/ regulator has either specified the auditor to

provide the service or identified to the entity that the auditor would be an appropriate choice for service provider;

- (4) Services which support the entity in fulfilling an obligation required by UK law or regulation, including listing requirements, where: the provision of such services is time critical, the subject matter of the engagement is price sensitive; and it is probable that an objective, reasonable and informed third party would conclude that the understanding of the entity obtained by the auditor for the audit of the financial statements is relevant to the service, and where the nature of the service would not compromise independence.

ii. Non-audit services subject to the cap:

- (1) Reviews of interim financial information; and providing verification of interim profits not otherwise required by law or regulation;
- (2) Where not otherwise required by law or regulation, non-audit and additional services, as provided in the Revised Ethical Standard, provided as auditor of the entity or as reporting accountant, in relation to information of the audited entity for which it is probable that an objective, reasonable and informed third party would conclude that the understanding of the entity obtained by the auditor is relevant to the service, and where the nature of the service would not compromise independence;
- (3) Extended audit or assurance work that is authorized by those charged with governance performed on financial or performance information and/ or financial or operational controls, in an entity relevant to an engagement or a third-party service provider, where this work is closely linked with the audit work;
- (4) Reporting on the iXBRL tagging of financial statements in accordance with the European Single Electronic Format for annual financial reports. In situations involving a dual-

listed entity where iXBRL tagging assurance is required by the laws and regulations of another jurisdiction, then the part of the fee relating to such an other jurisdiction is not subject to the fee cap;

- (5) Additional assurance work or agreed upon procedures, authorized by those charged with governance performed on material included within or referenced from the annual report of an entity relevant to an engagement;
 - (6) Reporting on government grants;
 - (7) Reporting on covenant or loan agreements, which require independent verification, and other reporting to third parties with whom the entity relevant to an engagement has a business relationship in accordance with Appendix C of the Ethical Standard;
 - (8) Services which have been the subject of an application to the Competent Authority in accordance with Regulation 79 of the Statutory Auditors and Third Country Auditors (Amendment) (EU Exit) Regulations 2019 (SI2019/177);
 - (9) Generic subscriptions providing factual updates of changes to applicable law, regulation or accounting and auditing standards.
- (b) The determination as to whether the external auditor may perform any of the non-audit services listed in paragraph (3) (a) above, requires the application of judgement, which includes assessing:
- i. threats to independence and objectivity resulting from the provision of such services and any safeguards in place to eliminate or reduce these threats to a level where they would not compromise the external auditor's independence and objectivity;
 - ii. the nature of the non-audit services;
 - iii. whether the skills and experience of the audit firm make it the most suitable supplier of the non-audit services; and
 - iv. the fees incurred, or to be incurred, for non-audit services both for

individual services and in aggregate, relative to the Group audit fee.

The external auditor must notify the Committee where the audit fee might reasonably be regarded as likely to compromise perceived independence and the appropriate safeguards, including in respect of threshold fee dependency by the firm. The external auditor must report to the Committee with details of any actual or potential breaches of (i) the Revised Ethical Standard of December 2019 (up to 15 December 2024); and (ii) the Revised Ethical Standard of January 2024 (from 15 December 2024), and any actions taken by the external auditor to address any threats to independence.

4. AUTHORISATION AND REPORTING

- (a) Provided that the Group Chief Financial Officer has applied judgement in accordance with paragraph (3) above and concludes that the external auditor is best placed for the provision of a non-audit service listed in paragraph (3)(a) above and there are no threats to the external auditor's independence or objectivity, Committee pre-approval is not required for:
 - (i) advice and assurance on the interpretation and implementation of accounting standards, financial reporting matters and governance regulations, with a fee up to £50,000; and
 - (ii) transaction related services (reporting accountant services), including restructuring, with a fee up to £50,000.
- (b) All other acceptable non-audit services not included in paragraph 4(a) above, must be approved in advance by the Committee following recommendation by the Group Chief Financial Officer.
- (c) Referrals to the Committee in accordance with paragraph 4(b) above must be in writing and must contain the following information:

- i. nature and details of the non-audit services;
 - ii. estimated fees;
 - iii. explanation of why the external auditor is considered the most suitable supplier; and
 - iv. a statement on why the engagement will not impair the external auditor's independence and objectivity.
- (d) A report is to be submitted by the Group Chief Financial Officer, or such other person as may be appointed by the Committee, every six months, detailing all of the work undertaken by the external auditor. The report should include the nature of the non-audit services provided compared to the 70% cap, the related fee and total fees in aggregate and as a percentage of the approved audit fee.
 - (e) The Committee will report on the annual amount paid to the external auditor in the Company's Annual Report in respect of audit services, audit-related services and non-audit services and explain how, when the external auditor provided non-audit services, its independence and objectivity was safeguarded. The Committee will also report in the Company's Annual Report on the nature and extent of the non-audit services carried out by the external auditor during the year.
 - (f) The Committee will report to the Board on any improvement or action required in respect of safeguarding the independence and objectivity of the auditor in providing non-audit services.
 - (g) For the avoidance of doubt, auditors should not provide any services that are not on the list of Acceptable Non-Audit Services.

CHANGES TO THIS POLICY

We keep this Policy under regular review. Original/previous versions can be obtained by contacting the General Counsel UK (where necessary).

