ANNUAL REPORT 2024

Contents

1. Key Figures

112.7 EURm
Total Income
+6.6% vs. 12M23

86.8%*
Cust. Perf. Indx (CPI)
vs. 90.4% 12M23

297.6 EURm
Net Loan Portfolio
+28.2% vs. YE23

44,2 EURm
EBITDA
-1,5% vs. 12M23

5.0%
NPLs in Net Portfolio vs. 7% YE23

908.000+
Total Customer Pool
+10.9% vs. YE23

2 General information and contacts

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Main activity:	Holding company
Auditor:	KPMG Baltics OÜ
Reporting period:	1 January 2024 – 31 December 2024

Abbreviations and keys

- The following abbreviations are used in current Annual Report:

GAAP	Generally Accepted Accounting Principles
IASB	International Accounting Standards Board
Interpretations Committee	IFRS Interpretations Committee (formerly International Financial Reporting Interpretations Committee (IFRIC))
EOY	End-of-year
YOY	Year-on-year
APR	Annual percentage rate
EIR	Effective interest rate
OCI	Other comprehensive income
CGU	Cash generating unit
FVTPL	Fair value through profit or loss
FVOCI	Fair value through other comprehensive income
SPPI	Solely payments of principal and interest
ECL	Expected credit loss
12mECL	12 month expected credit loss
LTECL	Lifetime expected credit loss
PD	Probability of default
LGD	Loss given default
EAD	Exposure at default
POCI	Purchased or originated credit impaired (financial assets)
GLP	Gross loan portfolio
NLP	Net loan portfolio
NPL	Non-performing loans (defaulted)

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Iute's mission is to create the greatest experience in personal finance, by combining fintech with the warmth of the human touch. To help customers to become financially and digitally stronger.

Management report for 2024

Statement of the Management

Iute Group is oriented at top performance and profit. Our DNA is entrepreneurial and customer-oriented, intertwined with a systematic approach and the ability to learn from mistakes and adapt with changing environments.

We continued through 2024 to build loan, payment, and Insurance value streams which combined constitute a fintech bank and money ecosystem for our customers. The Group achieved both quantitative growth and several qualitative advancements in its products and its *modus operandi*. However, despite profitable growth, we fell short of our own even higher expectations:

- Customer Pool (Loan and Wallet) target 260,000 reached EOY;
- Balance Sheet 420 Million EUR Target was 1% short by reaching 415 Million EUR;
- Revenue 120 Million EUR Target was 6% short by reaching 113 Million EUR;
- Consolidated Net Profit 15 Million EUR Target was 40% short by reaching 9 Million EUR, while the largest impact of 3,5 Million Euros was due to FX (vs 12M23) and 1,6 Million Euros due to change of LGD calculation logic (IFRS9);
- Targeted Launch of business activities in at least one additional country was delayed to 2025;

Tarmo Sild
Chief Executive Officer

From the viewpoint of top performance, we can do better. Therefore in 2025 the key areas for management improvement are internal alignment and planning, both before and during the execution. With higher standards applied to skills and routines to handle the increasing complexity of business processes, we will deliver to our customers' more personalized experience. More personalized experience in large scale requires from us execution in advanced digitalization and automatization improvements, and for the first time, application of artificial intelligence as part of Iute's back-end operations. A significantly bigger share of the development resources will be dedicated to Wallet and Insurance Intermediation value streams. We intend to monetize the customer interactions that we have with over one million Balkan people who have downloaded MyIute app.

Regulatory pressures and changes of rules remain both a threat and opportunity. Generally, we can expect more complexity and therefore operating expenses resulting from additional requirements set on business operations, while loan revenues become even more restricted. Focus will be on customers' creditworthiness and repayment quality.

In praise of Iute team efforts, the Group has succeeded in improving the loan portfolio performance and operational efficiency. Interest and similar income grew from 91 to 93 Million EUR despite changing and more stringent regulations, while interest and similar expenses remained at the same level of 28 Million EUR. The Group's operating expenses grew from 47 to 48 Million EUR while total Group Revenue grew from 106 Million to 113 Million.

In July 2024, Fitch Ratings (Fitch) assigned a B- (Stable Outlook) Long-Term Issuer Default Rating (IDR) and a B- Senior Secured Debt Rating for EUR Bond 2021/2026.

In 2025 the Group also intends to overcome the pressure on profitability and reach double-digit profit again. First, we will further improve the opex-to-revenue ratio by growing the revenue without increasing operating expenses, or in some areas by cutting expenses without impact on the value outputs for our customers. Currently the non-bank business opex to revenue ratio is already below 40% while bank business opex to revenue ratio stands at above 60%. Second, we intend to increase of FX revenue by having more active Energbank services on our main FX-dependent market in Moldova. Third, the loan impairment provisioning ratios are expected to improve, in line with better repayment quality of loans that were issued during second half of 2024. In other words, performing loan portfolio and its revenue is expected to grow faster than the provisions to cover loan losses created during the period. Fourth, the expenses made for expansion of business are expected to bear fruit in actual expansion of the business on the map, that eventually will attract customers and generate revenue.

By end of 2025, the management looks forward to 300,000 active Wallet, Loan and Insurance customers. The consolidated Balance Sheet should reach 500 Million Euros, Revenue should grow by at least 10% over 2024 and Net Profit should grow by 20% over 2024.

Group overview

Iute Group AS (formerly IuteCredit Europe) is a holding company which issues consumer and corporate credits and offers personal finance services via its owned operating subsidiaries in local markets (Subsidiaries). As at 31 December 2024, IG had eleven subsidiaries:

1. ICS OMF IuteCredit SRL (ICM) in Moldova,
2. IuteCredit Albania SHA (ICA) in Albania,
3. IuteCredit Macedonia DOOEL-Skopje (ICMK) in North Macedonia,
4. IutePay Bulgaria EOOD (IutePay Bulgaria) in Bulgaria,
5. IuteCredit Bulgaria EOOD (ICBG) in Bulgaria,
6. MKD IuteCredit BH d.o.o. Sarajevo (ICBH) in Bosnia and Herzegovina,
7. IuteCredit Finance S.a.r.l. (ICF) in Luxembourg,
8. IutePay Sh.P.K. (IPA) (formerly VeloxPay SH.P.K,Velox) in Albania,
9. BC Energbank S.A (EB) in Moldova,
10. IuteCredit Romania IFN SA (ICRO) in Romania,
11. Iute Safe AD Skopje (ISMK) in North Macedonia.

Subsidiary IutePay Bulgaria EOOD, MKD IuteCredit BH d.o.o. Sarajevo and IuteCredit Romania IFNSA were inactive during financial year 2024.

Subsidiary BC Energbank S.A was acquired by IG through step acquisition in 2022. The control over the subsidiary was obtained on 14th of February 2022.

Iute Group AS and its subsidiaries form the Iute Group or Iute on a consolidated level. As at 31 December 2024, ICG consisted of twelve entities.

The Group's Headquarter (HQ) is located in Tallin, Estonia. HQ's responsibilities include:

- Strategic targeting
- Scalability of business
- Business capabilities design, including organizations design, process design, and technology design
- Technology development and integration
- Composition of management teams at subsidiaries
- Human resource and customer experience framework rules and targeting guidance
- Financial management framework rules and targeting guidance
- Marketing and sales framework rules and targeting guidance
- Enterprise risk management, including loan products approval and general compliance framework
- Data harvesting
- The Group's financing and investor relations

Subsidiaries implement the processes designed by HQ and offer customers the services. Furthermore, the individual subsidiaries develop the business in the local competition field according to strategic guidance and targets, financing, and technology provided by ICE.

Finally, subsidiaries consist of local teams, local customers, local loan portfolios, and develop local investor relations and relations with regulatory authorities and partners.

ICM is in operation since August 2008 and is authorized by the National Commission for the Financial Market. ICA started its activity in 2015, licensed from Central Bank of Albania, dated 31.03.2015 as Non-Bank Financial Institution of Microcredit. ICMK obtained the license from the local Ministry of Finance on 24.07.2017 and on 18.09.2017 approval of loans, issuing and administration of credit cards. ICBH got the license dated at the end of February 2019 and started business in May 2019. IPA got the license dated at the end of January 2022. IutePay Bulgaria obtained the payment institution license at the end of December 2024. ICBG obtained license dated at the end of April 2019 but full-scale business activities were launched only in the second half of year 2021. ISMK started business in September 2024. EB was established in the Republic of Moldova on 16 January 1997 as a closed joint stock company. EB is principally engaged in retail banking operations in the Republic of Moldova. EB operates through its head office located in Chisinau, 21 branches located throughout Moldova.

We aim to achieve speed and comfort in the operations, including instant response to any submitted loan application. As we depend on our partners (banks, shops, mail, telecom, and other associates), we constantly strive to find new and innovative ways to achieve speed and to be the fastest credit provider in the markets.

We are the first financial company in Macedonian market that offers MasterCard card and with accelerated dynamics and offered services, we created benefits for our customers and their families, we became a real competition on Macedonian microfinance market. In the period when the Macedonian monetary policy facilitated the lending conditions, we exceeded the expectations for fast and comfortable loan disbursements.

Consolidated key financial parameters

Key parameters of the Group

in thousands EUR	**2024**	**2023**
EBITDA (profit/loss before taxes, depreciation, amortization and interest expense)	44,223	44,945
ROA (profit/assets)	2.17%	2.73%
ROE (profit/equity)	12.13%	16.07%
Assets/equity ratio	5.58	5.89
Equity per share (equity/number of outstanding shares)	7.20	6.17
Earnings per share (profit/number of outstanding shares)	0.87	0.99
Dividends paid per share (dividends paid/number of outstanding shares)	0.40	0.40

Iute Group's policy is to distribute dividends to its shareholders up to 25% of the distributable profit. In 2024 the Group paid dividends 4,001 thousand EUR (2023: 3,999 thousand EUR).

Loan products

The Group's core loan products are unsecured instalment loans and buy-now-pay-later loans with maturities between 3 months and 60 months and pledge secured loans with maturities of up to 72 months. The median loan amount is above 500 EUR, while loan amounts range between 50 EUR and 15 thousand EUR. The weighted average annual percentage rate (APR) is 37,3% and effective interest rate (EIR) 45% depending on the loan amount, maturity, and customer status (new or recurring customer with good payment history).

Iute Group aims to serve only customers with a permanent workplace and stable income. The loan underwriting process is based on personal identification, personal income assessment, and personal loan performance data. Approximately 55% of loan applications by individual customers across the Group are approved on average.

Loans are handled via established partners network (such as shops, money transfer companies, and postal agencies), web portals, and other online channels, as well as Iute branches (retail offices). By the end of December 2024, Iute Group had 41 Iute branches and 4.198 active points of sale, and 21 Energbank branches. Traditionally, Iute Non-Bank handles money only via bank accounts or over the counter through its agents. With the introduction of Iute ATMs, the operating country subsidiaries are increasingly carrying out cash transactions.

Payment services

The Group`s payment services vary from country to country between full-range solutions provided as a bank, and partial solutions subject to the license issued in any given country. The Group operates its own ATM network that is accessible with the MyIute app.

By the end of December 2024, Iute Group had 41 Iute branches, 4,198 active points of sale, and 21 Energbank branches.

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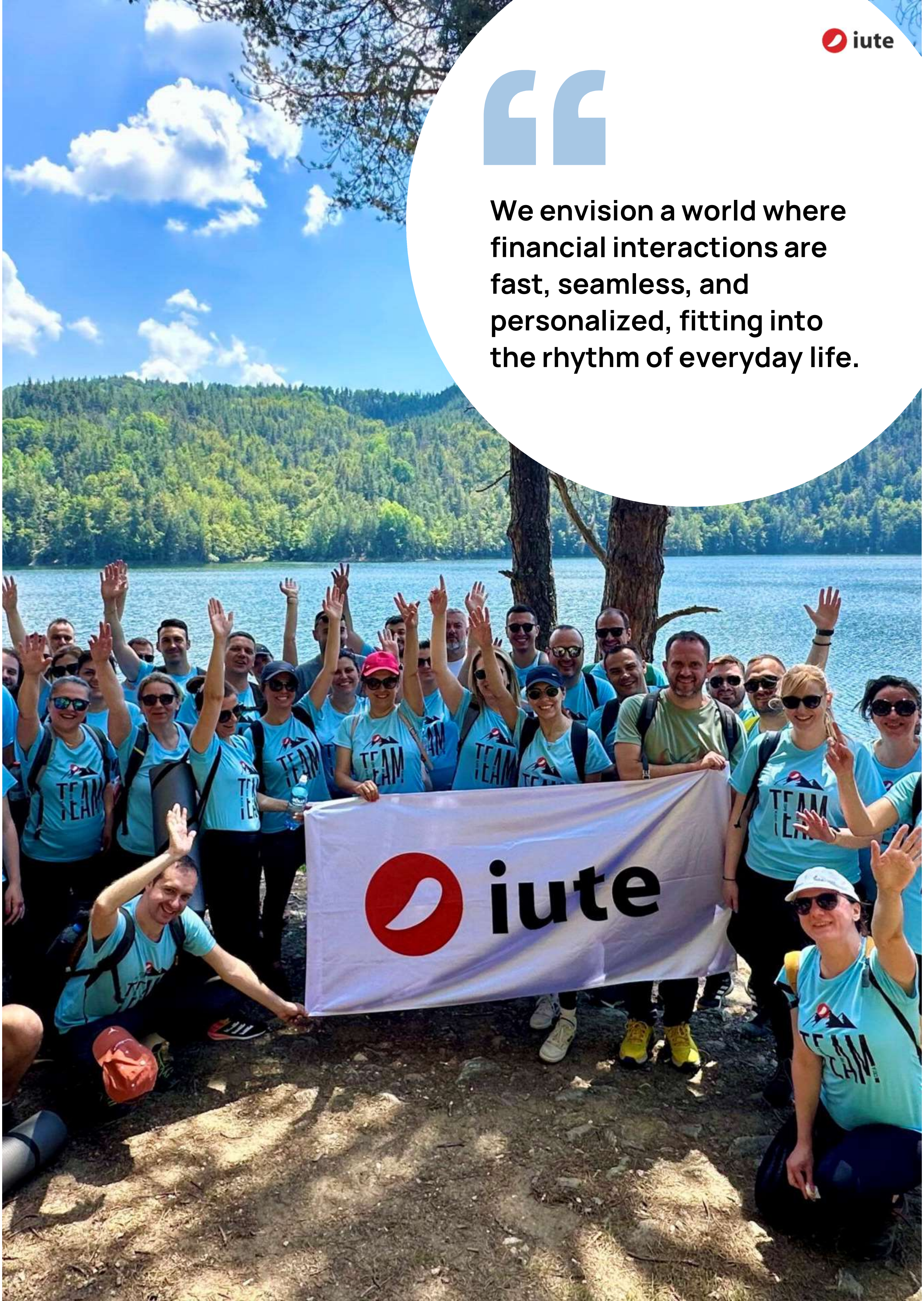


> We envision a world where financial interactions are fast, seamless, and personalized, fitting into the rhythm of everyday life.

Revenue base

The Group's revenue consists of:

i. fees and interest charged from customers under the terms of loan agreements;
ii. fees charged from customers for various payment services (such as MasterCard issuance and transaction fees, Group's own ATM fees, processing payments from customers, transactions with debit cards and interbank transactions)
iii. revenue from sale of assets, such as sale of defaulted loan portfolios.

The Group's revenue from loan agreements consists of:

i. loan agreement commission fees which are charged for receiving, processing the loan application, and issuing the loan, or modifying the valid loan conditions,
ii. interest, which is charged on the outstanding principal amount, and
iii. various fees applied in case of different breaches or later modifications of loan agreement ("Secondary fees").

Iute Group's lending business at Iute Non-Bank is focused on performing customers and avoiding poorly performing or defaulting customers. Accordingly, fee income predominantly results from performing customers and primary fees. Primary loan agreement commission fees are charged for receiving, processing loan applications and issuing loans, or modifying valid loan conditions. Interest is charged on the outstanding principal loan amounts. Other primary fees are charged for various services. Secondary fees are applied as a consequence of non-performance of loan repayment payments on the due date. Secondary fees are used to offset the Group's exposure to payments past due related to the original loan agreements. Secondary fees are accounted as collected, whereas primary fees are accounted as accrued.

Iute Groups' banking business at Energbank primarily generate interest revenues, investment revenues, and no-interest revenues. Primary loan agreement commission fees are charged for receiving, processing loan applications and issuing loans, or modifying valid loan conditions and are recognized as interest revenues generated by the loan portfolio (retail and corporate). Interest is charged on the outstanding principal loan amounts. Other primary fees are charged for various services. Secondary fees are applied as a consequence of non-performance of loan repayment payments on the due date, being accounted as collected, whereas primary fees are accounted as accrued. Investment revenues mainly result from fixed and variable revenues from mid-term treasury bills and government bonds (both with a maturity of up to 12 months), payable at maturity or monthly. Non-interest revenues consist mainly of fees and commissions for accounts servicing, bank card (VISA, MasterCard) transactional fees, money transfer systems (Western Union, MoneyGram, etc.), and currency exchange.

Customer base and portfolio

As at the end of 2024, Group had over 908 thousand individuals in its database (2023: over 1 052 thousand). Approximately 66 % of customers are returning customers with at least one successfully repaid loan agreement.

The net loan portfolio (i.e., the balance of all due receivables from customers, adjusted with allowances for loan impairment) has increased by 28.2% in 2024 up to 297,631 thousand EUR.

As at the end of 2024, approximately 74.18% of the loan portfolio was occupied by loan products with a longer maturity than 12 months (2023: 49.6%) and 25.82% of the loan portfolio was occupied by loan products with maturity of up to 12 months (2023: 50.4%).

"As at the end of 2024, Group had over 908 thousand individuals in its customer database.

Customer experience

Our mission is to offer our customers extraordinary experience in the field of personal finance. We actively listen to our customers and consistently strive to enhance their satisfaction through continuous improvement initiatives.

Our offices are open every day, including weekends, and holidays, and our mobile app MyIute is open 7/24. The MyIute app has gained widespread popularity and positive feedback from our customers. Customers can seamlessly log in, apply for loans, open digital wallet, create an account just to understand what MyIute contains or update their personal data. Moreover, our customers with loans can see offers, manage and view their loans statuses, balances at any point in time. The standalone satisfaction rating for MyIute, based on NPS, is 88.1%.

Our efforts to digitalisation and customer's self-service started to pay off. Average monthly Customer creation in Branches at the beginning of 2023 was 1600 customers, dropped to average monthly of 850 customer creations at the end of 2024 (47% drop).

The Group maintains a strong presence across various communication channels, such as phone, email, Facebook, WhatsApp, Viber, and web and MyIute chat. In addition, we have 2 direct channels to support our Partners with chats and Telegram. In 2024, our contact centre effectively addressed nearly 2 million incoming customer interactions on calls, emails and chats. On top of this, we have over 2.4 million outgoing contacts with our customers totalling 4,4million for the year.

Customer satisfaction is a key focus, measured through the Net Promoter Score (NPS) - a metric reflecting the likelihood of customers recommending our services and products to their network. NPS Feedback stands as a strategic Key Performance Indicator (KPI) for the Group. According to received feedback Group NPS is 85.7 in Iute non-bank, 90.6% of our customers are happy advocates of our services, while 4.6% express neutrality, and 4.8% (approximately 1,8% drop towards positive or neutral feedback compared to 2023)have voiced concerns.

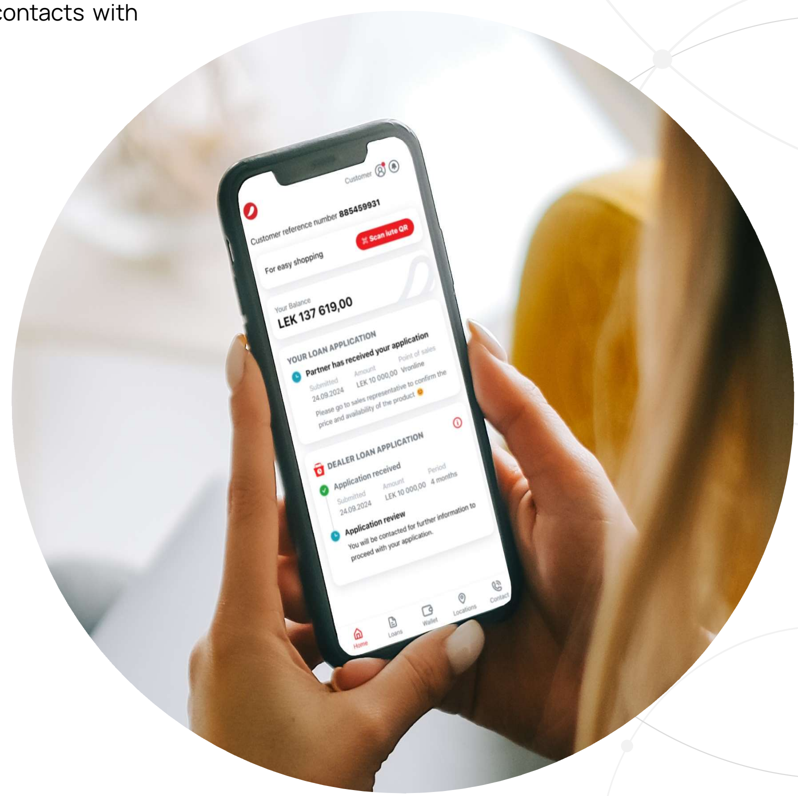
We listen to our customers, evaluate every feedback, learn from them, and leverage insights to drive continuous improvement. Through a thorough analysis of weaknesses and leveraging our strengths, we implement a plan for improvement, incorporating employee training programs, engaging competitions and incentives, and fostering a culture of learning through best practices.

Over the past five years, this concerted effort has resulted in a notable improvement of over 10 points in our NPS score across all countries.

We believe a great customer experience is built on the foundation of the professional employees. That's why, at Iute, we constantly invest in training and education of our employees, and we recognize the accomplishments in everything they do. As a result, our employees bring diverse and unique skills, interests, and passions every day, which contributes to our company success.

"

Customer satisfaction is our key focus.



Team

In Talent acquisition and compensation

The Group is committed to attracting and retaining the best talent and supporting continuous professional development to maximize their potential. In 2024, the Group employed, on average 922 employees (2023: 979).

Our commitment to employee well-being extends to their financial compensation. Salary levels, including bonuses, surpass local market averages and industry benchmarks, amounting to 22,526 thousand EUR in personnel expenses in 2024 (2023: 22,135 thousand EUR).

We have introduced the Shareholder Program in line with our dedication to cultivating a sense of ownership. This initiative enables employees to exchange bonuses for share options, aligning their interests with the success of Iute Group. Employees gain a stake in the company's success by becoming shareholders and enjoying dividends and capital distributions.

Diversity and inclusion

Iute prioritizes talent based on merit, ensuring equal opportunities regardless of gender, age, or cultural background. The C-level management has a balanced gender distribution, with 49% men and 51% women.

Our international team spans 13 nationalities across six countries, promoting cultural diversity, creativity, and innovation. We facilitate seamless relocation for employees joining our headquarters in Tallinn, Estonia, offering comprehensive support for a smooth transition, e.g., help with applying for a residence permit or visa and work permit, contacts' and fees' information about kindergartens and schools, rental property search, covering moving expenses, and airline tickets for both the employee and their family members. In 2024, one employee used this opportunity.

Leadership development

Management in the Group means leadership: leading a group of people to the desired results. Our Management Book provides a comprehensive overview of our management system, supporting leaders to build and lead winning teams throughout their careers. The Group has conducted several leadership training courses in 2024 to build a stronger management team.

Employee development and well-being

Our employment policy serves as a guide, aligning HR practices with our mission and values. Investing in employee development is a key component of our HR strategy, offering training programs, English language courses, and the "Visit the World" program for extraordinary experiences. This program sends best-performing team members from all countries to visit locations and companies abroad to gain extraordinary experiences and gain valuable insight into other best-in-class performers. In 2024, 113 Iute employees took part in the "Visit the World" program.

Motivation and recognition

To motivate our team, we organize regular events, recognize outstanding employees, host competitions, celebrate milestones, and provide financial support for life event celebrations.

Iute has additional benefits for employees that differ by country.

- In Estonia, all employees get one paid Friday off per quarter, and every employee whose position does not require business traveling gets a one-time opportunity to go on a trip to one of the Iute countries to learn about the countries where Iute does its business.
- In Moldova, Iute has a Benefits program, which includes a series of benefits for employees, for example, daily meal tickets, and compensates costs for personal development, such as tuition fees, books, gym memberships, etc.
- In Albania, a supplementary pension fund and an extra vacation day for employees with more than 5 years of experience in the Iute Group are being offered.
- In North Macedonia, Iute co-finances scholarships for employees who have been in the Group for more than one year.
- In Bulgaria, Iute offers comprehensive benefits, including additional health insurance, an annual health check, and food vouchers.

Employee satisfaction and transparent feedback

Clear goals aligned with our mission and values drive our team. Transparent feedback derived from individual targets, annual team surveys, and NPS research ensures alignment with our mission and values. Annual team surveys, with an 84% participation rate in 2024, guide management in making necessary adjustments for enhanced satisfaction.

Group-wide internal communication, facilitated through Intranet and newsletters, fosters collaboration and knowledge sharing across all Iute countries. Representatives of all the Iute countries actively contribute to sharing news from their countries each week.

Iute is the main sponsor of the Estonian National Symphony Orchestra. Iute's contribution allows the orchestra to take advantage of more opportunities and perform in new places and venues.

ESG at Iute

Our business celebrated its 16th anniversary in 2024. We have learned from it properly, to the wisdom that sustainable practices in personal finance are critical to ensuring long-term success. Iute Group's mission has been to create extraordinary experiences for our customers, and to make our customers financially and digitally stronger. This remains core of our focus, while customers are expected to pay fair compensation for the values that we have created for them. Our creations must be profitable. We have kept and will keep our focus on business profitability, that results from the value created for our customers. From that viewpoint ESG regulations do not alter our focus but instead offer additional dimensions for understanding of our activities and their impact.

As a fintech group operating in Estonia, Albania, Bulgaria, Moldova and North Macedonia, we are in a unique position to drive economic growth through accessible financial products, while contributing positively to the well-being of our communities and to the environment. The fintech sector's dynamic nature drives us to innovate not only in technology and customer service, but also in sustainable solutions that meet the evolving expectations of our stakeholders, from our customers to our investors. By maintaining sustainability into our business model, we increase transparency, continue reducing environmental impact and promote inclusive growth in our markets. Sustainable finance is growing in importance globally, particularly regarding ethical lending, digital accessibility and resilient financial ecosystems. In this context, we remain committed to ensuring that we operate responsibly and strategically, aligning our objectives with global environmental, social and governance (ESG) standards. We therefore carried out a comprehensive double materiality analysis in 2024 in accordance with the requirements of the Corporate Sustainability Reporting Directive (CSRD) and the related European Sustainability Reporting Standards (ESRS).

The ESRS are the new official EU standards for corporate sustainability reporting. They were developed and adopted in 2023 by the EFRAG (European Financial Reporting Advisory Group). These standards cover 10 fields of action in the areas of environment, social topics and corporate governance. Each of these 10 ESRS comprises a group of specific topics which we assessed through our double materiality analysis in order to identify the ones material to us.

By integrating sustainability into our business model, we aim to increase transparency, reduce environmental impact and promote inclusive growth in our markets.

Overview of the fields of action and specific topics covered by ESRS:

Environment

E1 Climate Change	• Climate change adaptation • Climate change mitigation • Energy
E2 Pollution	• Pollution • Pollution of water • Pollution of soil • Pollution of living organisms and food • Substances of (very high) concern (incl. micro plastic)
E3 Water & Marine Resources	• Water • Marine resources
E4 Biodiversity & Ecosystems	• Direct impact drivers of biodiversity loss • Impacts on the state of species • Impacts on the extent and condition of ecosystems
E5 Resource Use & Circular Economy	• Resources inflows, including resource use • Resource outflows related to products and services • Waste

Social

S1 Own Workforce	• Working conditions • Equal treatment and opportunities for all • Other work-related rights
S2 Workers in the value chain	• Working conditions • Equal treatment and opportunities for all • Other work-related rights
S3 Affected Communities	• Communities' economic, social and cultural rights • Communities' civil and political rights • Particular rights of indigenous communities
S4 Consumers & End Users	• Data privacy for consumers and/or end-users • Personal safety of consumers and/or end-users • Social inclusion of consumers and/or end-users

Governance

G1 Business Conduct	• Corporate culture • Protection of whistleblowers • Animal welfare • Political engagement and lobbying activities • Management of relationships with suppliers, including payment practices • Corruption and bribery

The double materiality analysis helped us to identify sustainability-related topics on which Iute Group has a relevant impact and those that are relevant to Iute in terms of risks and opportunities in relation to the business model and activities. The analysis included two perspectives:

- **Impact materiality – the so called inside-out perspective:** the impact of Iute´s operations and value chain on people, nature and society
- **Financial materiality – the so called outside-in perspective:** the impact of sustainability-related issues (like climate change, consumer behavior and employee satisfaction) on our business activities in terms of risks and opportunities, affecting the financial aspects of our business

The materiality matrix below shows the areas of action with the related topics that were assessed as material from at least one perspective – the impact or the financial one. The x-axis represents the financial impact of these topics on the company (outside-in materiality), while the y-axis shows the company's impact on people and the environment (inside-out materiality):

Following topics were assessed as material from both perspectives:

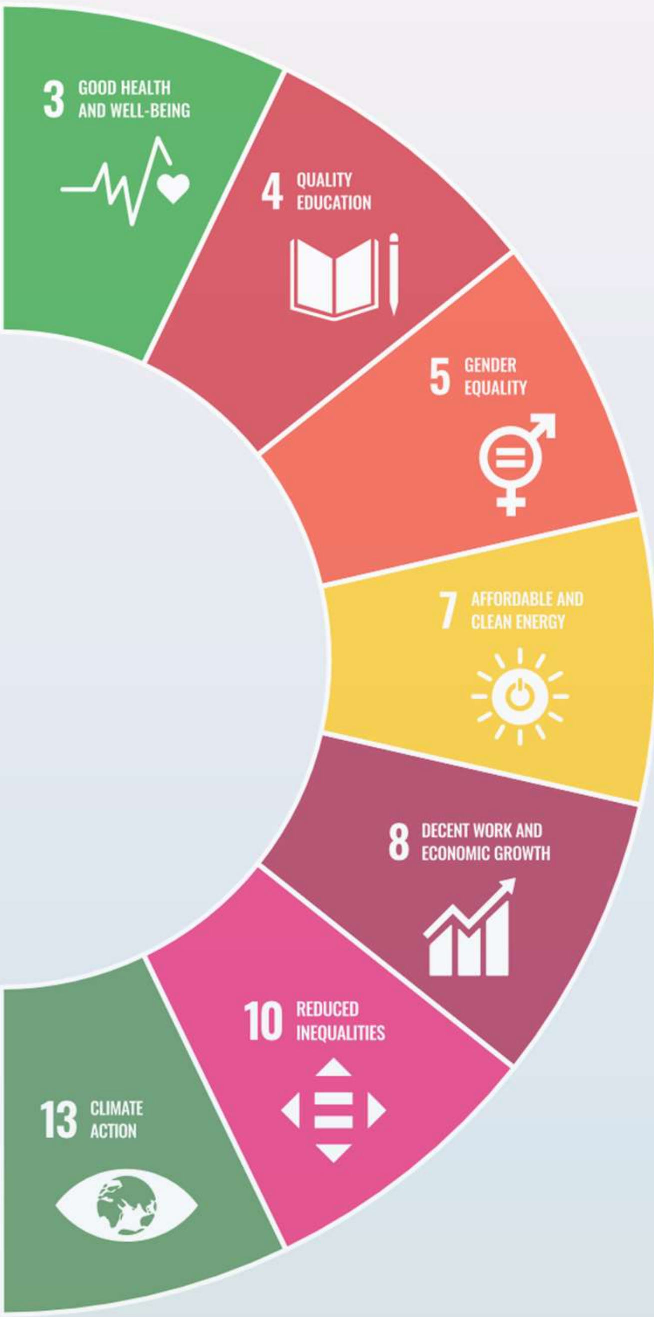
- **Climate Change Mitigation**
- **Social Inclusion of Consumers and Information-related Effects for Consumers**
- **Corporate Culture**

Following topics were assessed as material only from the inside-out perspective:

- **Energy**
- **Working Conditions and Equal Treatment of Employees**
- **Economic, Social & Cultural Rights of local communities**
- **Corruption & Bribery, Political Engagement and Protection of Whistleblowers**

Our Commitment to the UN Sustainable Development Goals

Among the 17 UN Sustainable Development Goals Iute identified 7 goals in line with the key ESRS fields of action according to the results of its double materiality analysis. With our alignment with the UN SDGs, we want to address and give a positive contribution to global challenges such as economic inequality, climate change, and social inclusion.



- **UN SDG 3 – Good Health and Well-Being** (related to the importance of the health and the work-life balance of our employees and of our customers through their financial inclusion)
- **UN SDG 4 – Quality Education** (related to the training of our employees and the financial education of customers)
- **UN SDG 5 – Gender Equality** (related to the equal opportunities offered and the promotion of equal treatment of women and men as employees)
- **UN SDG 7 – Affordable and Clean Energy** (related to our purpose of increasing the energy efficiency)
- **UN SDG 8 – Decent Work and Economic Growth** (related to the working conditions offered to employees and the financial inclusion of consumers)
- **UN SDG 10 – Reduced Inequalities** (related to the products offered to “unbanked” people and their social inclusion)
- **UN SDG 13 – Climate Action** (related to the reduction of environmental impact of business activities with focus on digitalization)

In summary, Iute Group has initiated its ESG reporting journey by completing a current state analysis, a double materiality assessment, and identifying material topics aligned with the European Sustainability Reporting Standards (ESRS). Building on this progress, Iute will publish its first full Sustainability Report for the reporting year 2025, reflecting EU taxonomy requirements and reinforcing our commitment to creating long-term value for stakeholders.

Our goal is to do business in a way that makes a positive contribution to people and to the environment.

Consolidated financial statements

Consolidated statement of profit and loss and other comprehensive income

in thousands EUR	Notes	2024	2023
Interest and similar income	3	93,221	91,396
Interest expense	4	-28,394	-28,194
Net interest and similar income		**64,828**	**63,202**
Other fees and penalties	5	7,227	6,384
Total other fee income		**7,227**	**6,384**
Other income	5	12,673	8,520
Other expenses		-434	-583
Net other income		**12,239**	**7,937**
Foreign exchange gains/losses		1,249	4,767
Total operating income		**1,249**	**4,767**
Net income		**85,544**	**82,290**
Personnel expenses	6	-22,526	-22,136
Depreciation/amortization charge	14,15,16	-4,231	-3,902
Other operating expenses	7	-21,170	-21,239
Total operating expenses		**-47,928**	**-47,276**
Profit before impairment losses		**37,615**	**35,014**
Net allowances for loan impairment	8	-26,017	-22,165
Profit before tax		**11,598**	**12,849**
Income tax expense	9	-2,563	-2,593
Net profit for the reporting period		**9,035**	**10,256**
Other comprehensive income			
Other comprehensive income to be classified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		1,720	6,034
Change in fair value of financial investments at FVOCI		-108	0
Other comprehensive income not to be classified to profit or loss in subsequent periods:			
Revaluation of property, plant and equipment		0	834
Total other comprehensive income		**1,613**	**6,868**
Total comprehensive income for the period		**10,648**	**17,124**
Net profit for the reporting period attributable to:			
Parent company share from net profit for the reporting period		*8,960*	*10,107*
Minority share from net profit for the reporting period		*75*	*148*
Total comprehensive income attributable to:		**10,648**	**17,124**
Parent company share from total comprehensive income		10,512	16,931
Minority share from total comprehensive income		135	193

Notes on pages 25 to 83 are an integral part of the consolidated financial statements.

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Consolidated statement of financial position

in thousands EUR	Notes	31/12/2024	31/12/2023
Assets			
Cash and cash equivalents	10	53,656	71,660
Debt securities at FVOCI	13	8,603	0
Loans to customers	8.11	297,631	232,171
Prepayments	12	2,856	1,835
Other assets	12	9,185	8,138
Assets held for sale		432	432
Other financial investments	13	20,132	41,730
Property, plant, and equipment	14	6,540	7,331
Right-of-use assets	15	2,482	1,582
Intangible assets	16	14,184	10,921
Total assets		**415,701**	**375,799**
Liabilities and equity			
Liabilities			
Deposits from customers	17	111,256	107,356
Loans and bonds from investors	17	214,122	183,919
Lease liabilities	17	2,533	1,687
Current income tax liabilities	18	508	679
Other tax liabilities	18	1,037	1,022
Other liabilities	18	11,779	17,318
Total liabilities		**341,235**	**311,981**
Equity			
Share capital	20	10,346	10,346
Share premium		741	741
Legal reserve		1,035	1,000
Reserves		7,730	6,450
Retained earnings		49,818	40,621
Parent company share in equity		**69,669**	**59,157**
Minority share in equity		**4,797**	**4,661**
Total equity		**74,466**	**63,819**
Total liabilities and equity		**415,701**	**375,799**

Notes on pages 24 to 83 are an integral part of the consolidated financial statements.

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Consolidated statement of changes in equity

in thousands EUR	Share capital	Share premium	Legal reserve	Unrealized foreign exchange differences	Revaluation of property, plant and equipment	Fair value reserve of financial assets at FVOCI	Retained earnings	Minority share	Total
01/01/2023	**10,000**	**0**	**1,000**	**-374**	**0**	**0**	**38,514**	**4,468**	**53,608**
Profit for the year	**0**	**0**	**0**	**0**	**0**	**0**	**10,107**	**148**	**10,256**
Other comprehensive income									
Foreign currency translation	0	0	0	6,024	0	0	0	10	6,034
Revaluation gain	0	0	0	0	799	0	0	34	834
Total comprehensive income	**0**	**0**	**0**	**6,024**	**799**	**0**	**10,107**	**193**	**17,124**
Issue of ordinary shares	346	741	0	0	0	0	0	0	1,087
Dividends	0	0	0	0	0	0	-8,000	0	-8,000
31/12/2023	**10,346**	**741**	**1,000**	**5,650**	**799**	**0**	**40,621**	**4,661**	**63,818**
01/01/2024	**10,346**	**741**	**1,000**	**5,650**	**799**	**0**	**40,621**	**4,661**	**63,818**
Profit for the year	**0**	**0**	**0**	**0**	**0**	**0**	**8,960**	**75**	**9,035**
Other comprehensive income									
Foreign currency translation	0	0	0	1,656	0	0	0	65	1,720
Revaluation change due to a sale of property, plant and equipment	0	0	0	0	-273	0	273	0	0
Change in fair value of financial assets at FVOCI	0	0	0	0	0	-103	0	-4	-107
Total comprehensive income	**0**	**0**	**0**	**1,656**	**-273**	**-103**	**9,232**	**136**	**10,648**
Allocation to reserves	0	0	35	0	0	0	-35	0	**0**
31/12/2024	**10,346**	**741**	**1,035**	**7,306**	**527**	**-103**	**49,818**	**4,797**	**74,466**

Additional information about share capital is disclosed in Notes 9 and 20. Additional information about revaluation of property plant and equipment change is disclosed in Note 14. Additional information about fair value reserve is disclosed in Note 13.

Notes on pages 24 to 83 are an integral part of the consolidated financial statements.

In 2024, IutePay Bulgaria obtained an Electronic Money Institution (EMI) license from the Bulgarian National Bank, allowing the Group to expand its payment services across the European Union.

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Consolidated statement of cash flows

in thousands EUR	Notes	2024	2023
Prepayments to partners for issuance of loans		-15,024	-7,165
Received from partners		13,564	18,553
Paid trade payables		-27,076	-28,697
Received debts from buyers and received other claims		3,460	1,400
Received from collection companies		2,395	65
Paid net salaries		-17,044	-15,637
Paid tax liabilties, exc. CIT		-8,764	-10,239
Corporate income tax paid (CIT)		-2,730	-2,185
Paid out to customers		-323,647	-262,174
Change in MasterCard (MC) settlement account		-92	-12,753
Principal repayments from customers		283,253	249,955
Interest, commission and other fees		84,042	81,445
Net cash flows from operating activities		**-7,663**	**12,567**
Purchase of fixed assets		-3,333	-2,712
Received from the sale of assets		1,426	0
Payments for other financial investments		-13,915	-24,542
Receipts from other financial investments		12,909	30,171
Net cash flows from investing activities		**-2,913**	**2,917**
Loans received from investors		89,142	80,006
Repaid loans to investors		-63,706	-62,642
Overdraft received	17	0	1,985
Overdraft repaid	17	-1,621	-883
Principal payments of lease contracts	15	-1,277	-1,337
Paid interests		-23,353	-24,116
Issue of ordinary shares		0	1,041
Paid dividends	9	-4,001	-3,999
Receipts from other financing activities		38	36
Net cash flows from financing activities		**-4,780**	**-9,908**
Change in cash and cash equivalents		**-15,356**	**5,576**
Cash and cash equivalents at the beginning of the year		**59,252**	**52,566**
Change in cash and cash equivalents		-15,356	5,576
Net foreign exchange difference		-275	1,109
Cash and cash equivalents at the end of the year	10	**43,621**	**59,252**

		31/12/2024	**31/12/2023**
Cash and cash equivalents comprise			
Cash on hand		5,484	11,550
Non-restricted current account		38,137	47,702

The Group has classified: cash payments for the principal portion of lease payments as financing activities; cash payments for the interest portion as operating activities consistent with the presentation of interest payments chosen by the Group and short-term lease payments and payments for low-value assets as operating activities.

Notes on pages 24 to 90 are an integral part of the consolidated financial statements.

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The Estonian Ministry of Culture awarded Iute Group with the "Culture Friend 2023" award for contributing to the cultural sector and being the main sponsor of the Estonian National Symphony Orchestra.

Corporate information and summary of material accounting policies

Corporate information

- The accompanying consolidated financial statements of Iute Group AS (the Company) and its subsidiaries (collectively the Group) for the year ended 31 December 2024 were authorized for issue in accordance with a resolution of the Management Board on 21 February 2025. According to the Estonian Commercial Code, the annual report including the consolidated financial statements prepared by the Management Board must first be approved by the Supervisory Board and ultimately by the shareholders' general meeting. Shareholders have the power not to approve the annual report prepared and presented by the Management Board and the right to request that a new annual report is prepared.
- Iute Group AS (the Company or the Parent) is a limited liability company incorporated and domiciled in Estonia. The registered office is located Maakri 19/1, Tallinn, Republic of Estonia.
- IuteCredit SRL, IuteCredit Albania SHA, IuteCredit Macedonia DOOEL–Skopje, MKD IuteCredit BH d.o.o. Sarajevo, Iutepay Bulgaria EOOD and IuteCredit Bulgaria EOOD are consumer credit providers whose sole shareholder is Iute Group AS. IuteCredit Finance S.a.r.l. in Luxembourg is acting as a financing intermediary for the Group as a whole.
- IutePay Sh.p.k. (formerly VeloxPay Sh.p,k.) is acting as a e-money institution in Albania.
- Subsidiaries IutePay Bulgaria EOOD and IuteCredit Romania were inactive during financial year 2024.
- Subsidiary BC Energbank S.A was acquired by the Company through step acquisition in 2022. The control over the subsidiary was obtained on 14th of February 2022.
- Iute Safe AD Skopje is acting as a insurance intermediation services provider.
- The annual report includes the consolidated financial statements of Iute Group AS and its subsidiaries. Information on the Group's structure is provided in Note 21. Information on other related party relationships of the Group is provided in Note 23.
- These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) as adopted in the European Union (IFRS EU). The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements except where indicated otherwise.

Adoption and interpretation of new revised standards and new accounting policies

The accounting policies adopted are consistent with those of the previous financial year except for the following amended IFRSs which have been adopted by the Group as of 1 January 2024. In the reporting period the Group has not adopted early any other standard, interpretation or amendment that has been issued but is not yet effective.

Classification of Liabilities as Current or Non-current and Noncurrent liabilities with covenants – Amendments to IAS 1

Amendments made to IAS 1 Presentation of Financial Statements in 2020 and 2022 clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the entity's expectations or events after the reporting date (for example, the receipt of a waiver or a breach of covenant that an entity is required to comply with only after the reporting period).

Covenants of loan arrangements will not affect classification of a liability as current or non-current at the reporting date if the entity must only comply with the covenants after the reporting date. However, if the entity must comply with a covenant either on or before the reporting date, this needs to be considered in the classification as current or non-current even if the covenant is only tested for compliance after the reporting date.

The amendments require disclosures if an entity classifies a liability as noncurrent and that liability is subject to covenants with which the entity must comply within 12 months of the reporting date. The disclosures include:

- the carrying amount of the liability;
- information about the covenants (including the nature of the covenants and when the entity is required to comply with them); and
- facts and circumstances, if any, that indicate that the entity might have difficulty complying with the covenants.

The amendments must be applied retrospectively in accordance with the requirements in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

Special transitional rules apply if an entity had early adopted the 2020 amendments regarding the classification of liabilities as current or non-current

The amendments did not have a material impact on the Group.

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Amendments to IFRS 16: Lease Liability in a Sale and Leaseback

In September 2022, the IASB finalised narrow-scope amendments to the requirements for sale and leaseback transactions in IFRS 16 Leases which explain how an entity accounts for a sale and leaseback after the date of the transaction.

The amendments specify that, in measuring the lease liability subsequent to the sale and leaseback, the seller-lessee determines 'lease payments' and 'revised lease payments' in a way that does not result in the seller-lessee recognising any amount of the gain or loss that relates to the right of use that it retains. This could particularly impact sale and leaseback transactions where the lease payments include variable payments that do not depend on an index or a rate.

The amendments did not have a material impact on the Group.

Amendments to Amendments to IAS 7 and IFRS 7 - Supplier Finance Arrangements

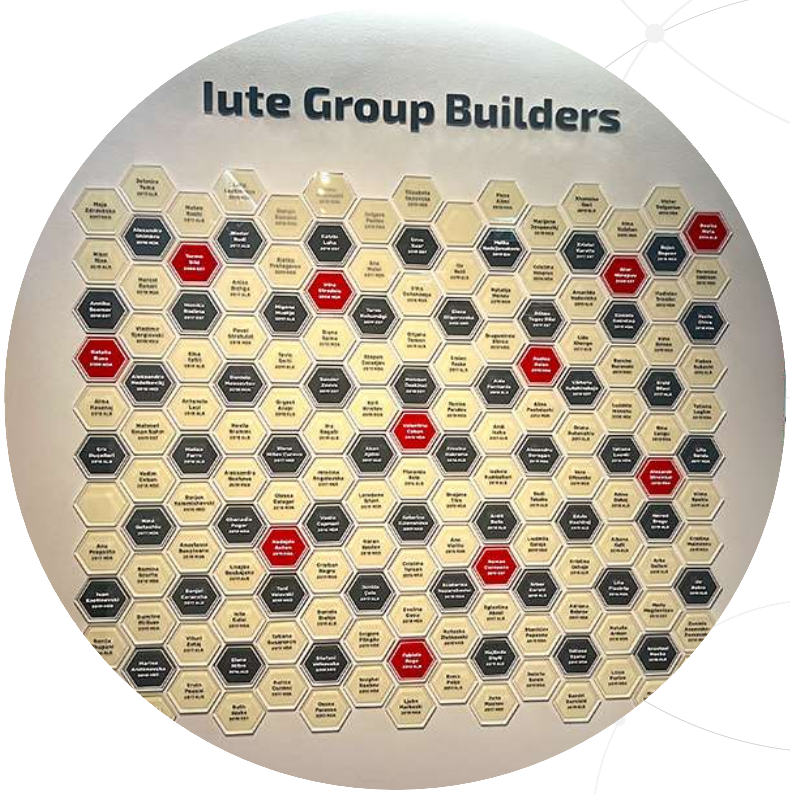
On 25 May 2023, the IASB issued amendments to IAS 7 and IFRS 7 to require specific disclosures about supplier finance arrangements (SFAs). The amendments respond to the investors' need for more information about SFAs to be able to assess how these arrangements affect an entity's liabilities, cash flows and liquidity risk. The new disclosures must provide information about:

- The terms and conditions of SFAs.
- The carrying amount of financial liabilities that are part of SFAs, and the line items in which those liabilities are presented.
- The carrying amount of the financial liabilities in (2), for which the suppliers have already received payment from the finance providers.
- The range of payment due dates for both the financial liabilities that are part of SFAs, and comparable trade payables that are not part of such arrangements.
- Non-cash changes in the carrying amounts of financial liabilities in (2).
- Access to SFA facilities and concentration of liquidity risk with the finance providers.

Entities are required to aggregate the information that they provide about SFAs. However, entities should disaggregate information about terms and conditions that are dissimilar, disclose explanatory information where the range of payment due dates is wide, and disclose the type and effect of non-cash changes that are needed for comparability between periods.

The amendments did not have a material impact on the Group.

On the Iute Group Builders wall we recognize team members, who have been building Iute for 5 years or more.



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Standards issued but not yet effective and not early adopted

The following new standards, interpretations and amendments are not yet effective for the annual reporting period ended 31 December 2024 and have not been applied in preparing these consolidated financial statements. The Group plans to adopt these pronouncements when they become effective.

Amendments to IAS 21 - Lack of Exchangeability

(Effective for annual periods beginning on or after 1 January 2025. Early application is permitted)

In August 2023, the IASB amended IAS 21 to add requirements to help entities to determine whether a currency is exchangeable into another currency, and the spot exchange rate to use when it is not. Prior to these amendments, IAS 21 set out the exchange rate to use when exchangeability is temporarily lacking, but not what to do when lack of exchangeability is not temporary.

The Group does not expect the amendments to have a material impact on its financial statements when initially applied.

Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7

(Effective for annual periods beginning on or after 1 January 2026. Early application is permitted.)

On 30 May 2024, the IASB issued targeted amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures to respond to recent questions arising in practice, and to include new requirements not only for financial institutions but also for corporate entities.

These amendments:

- clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
- clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;
- add new disclosures for certain instruments with contractual terms that can change cash flows (such as some financial instruments with features linked to the achievement of environment, social and governance targets); and
- update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI).

In addition, a requirement has been introduced to require disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

The Group does not expect the amendments to have a material impact on its financial statements when initially applied.

IFRS 18, 'Presentation and Disclosure in Financial Statements'

(Effective for annual periods beginning on or after 1 January 2027. Early application is permitted)

This is the new standard on presentation and disclosure in financial statements, which replaces IAS 1, with a focus on updates to the statement of profit or loss.

The key new concepts introduced in IFRS 18 relate to:

- the structure of the statement of profit or loss with defined subtotals;
- requirement to determine the most useful structure summary for presenting expenses in the statement of profit or loss
- required disclosures in a single note within the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and
- enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.

The Group does not expect the amendments to have a material impact on its financial statements when initially applied.

IFRS 19, 'Subsidiaries without Public Accountability: Disclosures'

This new standard works alongside other IFRS Accounting Standards. An eligible subsidiary applies the requirements in other IFRS Accounting Standards except for the disclosure requirements; and it applies instead the reduced disclosure requirements in IFRS 19. IFRS 19's reduced disclosure requirements balance the information needs of the users of eligible subsidiaries' financial statements with cost savings for preparers. IFRS 19 is a voluntary standard for eligible subsidiaries.

A subsidiary is eligible if:

- it does not have public accountability; and
- it has an ultimate or intermediate parent that produces consolidated financial statements available for public use that comply with IFRS Accounting Standards.

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Summary of material accounting policies

Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) and as adopted in the EU. The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

In accordance with the Estonian Accounting Act, the parent company's unconsolidated financial statements (statement of financial position, statement of comprehensive income, statement of cash flows and statement of changes in equity) are disclosed in the notes to the consolidated financial statements. The unconsolidated financial statements of Iute Group AS are presented in note 24. Unconsolidated financial statements of parent company are presented as a separate entity. The parent company's unconsolidated financial statements are prepared using the same accounting policies and measurement bases as those applied on the preparation of the consolidated financial statements except that in the unconsolidated financial statements investments in subsidiaries are measured at equity method.

These financial statements have been prepared under historical cost basis, unless otherwise stated. The Group classifies its expenses by their nature. The Group presents its cash-flows according to direct method.

The consolidated financial statements provide comparative information in respect of the previous period.

When the presentation or classification of items in the consolidated financial statements is amended, comparative amounts for the previous period are also reclassified, if not specified differently under the relevant accounting principle.

Reporting currency

The consolidated financial statements are presented in euros and all values are rounded to the nearest euro (EUR), except when otherwise indicated. The functional currencies of group companies are as follows: IuteCredit SRL and BC Energbank S.A– the Moldovan leu (MDL), IuteCredit Albania SHA and IutePay S.H.P. K – the Albanian lek (ALL), IuteCredit Macedonia DOOEL-Skopje and Iute Safe AD Skopje – the Macedonian denar (MKD), IuteCredit Romania IFNSA -the Romanian leu (RON), IuteCredit Kosovo JSC – the euro (EUR), IutePay Bulgaria EOOD and IuteCredit Bulgaria EOOD – the Bulgarian lev (BGN), MKD IuteCredit BH d.o.o. Sarajevo – the Bosnian mark (BAM), Iute Group AS and IuteCredit Finance S.a.r.l. – the euro (EUR).

Foreign currencies

The Group's consolidated financial statements are presented in euros, which is also the parent company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates and translated into the presentation currency using the average exchange rate for the period. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot exchange rates at the reporting date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

On consolidation, the assets and liabilities of foreign operations are translated into euros at the rate of exchange prevailing at the reporting date and their income statements are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognized in statement of financial position in equity part as other reserves and change in the exchange differences is recognized as foreign currency translation in other comprehensive income.

Transactions denominated in foreign currencies are recorded in euros at actual rates of exchange of the European Central Bank at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into euros at the rate of exchange prevailing at the end of the period. Any gain or loss resulting from a change in rates of exchange after the date of the transaction is included in the income statement as a profit or loss from revaluation of foreign currency positions.

The principal rates of exchange (EUR to 1 foreign currency unit) set by the European Central Bank, the National Bank of Moldova, the Bank of Albania, and the National Bank of the Republic of Macedonia, used in the preparation of the Group's annual report were as follows:

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Reporting date	MDL	USD	ALL	MKD	BGN	BAM
31 December 2024	19.3106	1.0389	98.15	61.495	1.9558	1.9558
31 December 2023	19.3574	1.105	103.88	61.495	1.9558	1.9558

Average period	MDL	USD	ALL	MKD	BGN	BAM
2024	19.2550	1.0824	100.72	61.5325	1.9558	1.9558
2023	19.6455	1.0773	108.80	61.5581	1.9558	1.9558

Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position comprise balances with less than three months' maturity of the assets at acquisition dates including: cash, non-restricted balances with National Bank of Moldova (NBM), amounts due from other banks, current accounts and deposits with banks and amounts due from quick payment systems.

Corporate income tax and deferred income tax

Deferred income tax is fully calculated, using the liability method, based on temporary differences that arise between the tax base of assets and liabilities, and their book value presented in the financial statements. Deferred income tax is determined using tax rates (and laws) which have been in force or partially in force at the balance sheet date and are expected to be applied when the deferred income tax asset is realized or when the deferred income tax liability is paid off.

The main temporary differences arise from depreciation of fixed assets, provisions for loans and advances to customers and other assets and liabilities. The rates in force or partially in force at the balance sheet date are used to determine deferred income tax. However, deferred income tax is not recognized if it arises from the initial recognition of an asset or liability in a transaction other than a business order, which at the time of the transaction affects neither the accounting profit nor the tax gain or loss.

The Group's deferred income tax liability arises in relation to the companies in the countries where the profit for the financial year is taxable.

The Group's deferred income tax liability also arises on investments in Estonian subsidiaries except where the timing of the reversal of taxable temporary differences can be controlled by the Group and it is probable that the temporary differences will not reverse in the foreseeable future. The examples of the reversal of taxable temporary differences are payment of dividends, sale or liquidation of an investment, and other transactions.

Due to the nature of the taxation system, neither deferred income assets nor liabilities arise for the companies registered in Estonia, other than the contingent income tax liability on their investments in subsidiaries. Since the Group controls the dividend policy of its subsidiaries, it is also able to control the timing of the reversal of temporary differences related to this investment. When the parent company has made a decision not to distribute the subsidiary's profit in the foreseeable future, it shall not recognise the deferred income tax liability. If the parent company expects to pay out dividends in the foreseeable future, the deferred income tax liability shall be measured to the extent of the planned dividend payment under the assumption that as of the reporting date there will be sufficient funds and equity available for the payment of dividends from which to distribute profits in the foreseeable future.

Deferred tax assets are recognized where it is probable that future taxable profit will be available, against which the temporary differences can be utilised.

Tax variances

In Estonia, the corporate income tax arising from the payment of dividends is recognised as income tax expense in the income statement of the period in which dividends are declared, regardless of the period for which the dividends are declared or the actual payment date.

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In the following table are given the tax rates on corporate income by countries considering also individual decisions made by local Tax Authorities where appropriate:

Corporate Income Tax rate	2024		2023	
Subject to taxation	Corporate income tax rate paid on annual profits earned	Corporate income tax paid additionally on retained earnings distributed	Corporate income tax rate paid on annual profits earned	Corporate income tax paid additionally on retained earnings distributed
Moldova	12%	6%	12%	6%
Albania	15%	5%	15%	5%
Macedonia	10%	10%	10%	10%
Bosnia	10%	5%	10%	5%
Bulgaria	10%	0%	10%	0%
Luxembourg	0%	10%	0%	10%
Estonia*	0%	20%	0%	20%

* Income tax rate on dividends and other retained earnings distribution was till 31 December 2024 20% (tax payable is calculated as 20/80 of the amount distributed as net dividend). Starting from 01 January 2025, the income tax rate on dividends is 22% (tax payable is calculated as 22/78 of the amount ditributed as net dividend). The maximum income tax liability which would accompany the distribution of Company's retained earnings is disclosed in Note 9 to the consolidated financial statements.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries (ICS OMF IuteCredit SRL, IuteCredit Albania SHA, IutePay S.H.P.K, IuteCredit Macedonia DOOEL–Skopje, Iute Safe AD Skopje, MKD IuteCredit BH d.o.o. Sarajevo, IutePay Bulgaria EOOD, IuteCredit Bulgaria EOOD, IuteCredit Romania IFNSA IuteCredit Finance S.a.r.l. and BC Energbank S.A. See also Note 21.

The subsidiaries are consolidated from the date when control commences until the date when control ceases. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to impact its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Assets, liabilities, income, and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses, and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

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If the Group loses control over a subsidiary and do not remain any investment in that subsidiary, the Group derecognizes the related assets (including goodwill), liabilities, non-controlling interest, and other components of equity, while any resultant gain or loss is recognized in profit or loss.

If the Group loses control of a subsidiary but remains investment in that subsidiary, the Group derecognizes the assets and liabilities of the former subsidiary from the consolidated statement of financial position, recognizes any investment retained in the former subsidiary at its fair value when control is lost and subsequently accounts for it and for any amounts owed by or to the former subsidiary in accordance with relevant IFRSs. That fair value shall be regarded as the fair value on initial recognition of a financial asset in accordance with IFRS 9 or the cost on initial recognition of an investment in an associate or joint venture.

The accounting principles are applied consistently when consolidating ownership interests in subsidiaries and are based on the same reporting periods as those used for the parent company. When preparing the consolidated financial statements, intra-group transactions and balances, along with unrealized gains and losses on transactions between group entities, are eliminated.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. The non-controlling interests in the acquiree is measured at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses all assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances, and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is more than the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all the assets acquired, and all the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

Goodwill acquired in a business combination is not subject to amortisation. Instead, for the purpose of impairment testing, goodwill is allocated to cash-generating units and impairment test is performed at the end of each reporting period. The allocation is made to those cash-generating units that are expected to benefit from the synergies of the business combination in which the goodwill arose.

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) and as adopted in the EU.

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We believe a great customer experience is built on the foundation of the professional employees. That's why, at Iute, we constantly invest in training and education of our employees, and we recognize the accomplishments in everything they do.

Investment in subsidiaries

Investments in subsidiaries in the parent's unconsolidated primary financial statements (Note 21) have been accounted by using the equity method. Under the equity method, the investment is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the investor's share of net assets of the subsidiary since acquisition date.

Fair value measurement

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Fair values of financial assets or liabilities, including derivative financial instruments, in active markets are based on quoted market prices.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Fair value hierarchy for financial instruments is disclosed in Note 22.

Recognition of interest income

Interest and similar income

The Group calculates interest income by applying the effective interest rate to the gross carrying amount of financial assets other than credit-impaired assets and purchased or originated credit impaired (POCI) financial assets. Financial asset becomes credit-impaired and is, therefore, regarded as 'Stage 3' (NPL), the Group calculates interest income by applying the effective interest rate to the net amortized cost of the financial asset. If the financial assets cures and is no longer credit-impaired, the Group reverts to calculating interest income on a gross basis. For POCI financial assets, the Group calculates interest income by calculating the credit adjusted EIR and applying that rate to the amortized cost of the financial asset. The credit adjusted EIR is the interest rate that, at initial recognition, discounts the estimated future cash flows (including credit losses) to the amortized cost of the POCI financial asset.

The effective interest rate (EIR) method

Under IFRS 9 interest income is recorded using the effective interest rate (EIR) method for all financial instruments measured at amortized cost. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

The EIR (and therefore, the amortised cost of the asset) is calculated by taking into account any discount or premium on acquisition, fees and costs that are an integral part of the EIR. The Group recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loan. Hence, it recognises the effect of potentially different interest rates charged at various stages, and other characteristics of the product life cycle.

Recognition of other fees

Other fee income

The core principle of IFRS 15 is that an entity will recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This core principle is delivered in a five-step model framework:

i. Identify the contract(s) with a customer
ii. Identify the performance obligations in the contract
iii. Determine the transaction price
iv. Allocate the transaction price to the performance obligations in the contract
v. Recognize revenue when (or as) the entity satisfies a performance obligation.

Terms and conditions related to the loan contracts set each party's rights and obligations in the credit relation and are approved by both parties; this includes also after-sales services provided by the Group.

Other fees are recognised at a point in time when the Group satisfies its performance obligation, usually upon the execution of the underlying transaction.

Financial instruments

Initial recognition

Financial assets and liabilities, with the exception of loans and advances to customers and balances due to customers, are initially recognized on the trade date, i.e., the date that the Group becomes a party to the contractual provisions of the instrument. Loans and advances to customers are recognized when funds are transferred to the customers' accounts. The Group recognizes balances due to investors when funds are transferred to the Group.

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value (as defined in Note 22), except in the case of financial assets and financial liabilities recorded at FVTPL, transaction costs are added to, or subtracted from, this amount.

Group classifies all its financial assets based on the asset's contractual terms, the Group's business model and SPPI assessments - measured at either:

- Amortized cost
- FVTPL
- FVOCI

Financial liabilities, other than loan commitments and financial guarantees, are measured at amortized cost or at FVTPL when they are held for trading and derivative instruments, or the fair value designation is applied.

Financial assets

The Group only measures Loans to customers and other financial investments at amortized cost if both of the following conditions are met:

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

The Group does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Group acquires, disposes of, or terminates a business line.

A financial asset is derecognised when the rights to receive cash flows from the financial asset have expired. The Group also derecognises the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

The Group has transferred the financial asset if, and only if, either:

- The Group has transferred its contractual rights to receive cash flows from the financial asset or
- It retains the rights to the cash flows but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass–through' arrangement.

Financial liabilities

Financial liabilities are initially recognized on the balance sheet at their acquisition cost. After initial measurement, debt issued, and other borrowed funds are subsequently measured at amortized cost. Amortized cost is calculated by taking into account any discount or premium on issued funds, and costs that are an integral part of EIR.

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or repaid. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognized in profit or loss.

We enable instant Loan, Wallet, Insurance, and Investment transactions inside our ecosystem.

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Impairment of financial assets

Overview of the ECL principles

The Group has been recording the allowance for expected credit losses for all loans and other debt instruments not held at FVTPL, in this section all referred to as financial instruments.

The Expected Credit Loss (ECL) is measured on either a 12-month (12M) or Lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. The Group's policies for determining if there has been a significant increase in credit risk are set out in Note 2.

The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Both LTECLs and 12mECLs are calculated on collective basis except for pledged/has collateral loans which are credit impaired, as described below in this section.

The Group has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Based on the above process, the Group groups its loans into Stage 1, Stage 2, Stage 3 and POCI, as described below:

- **Stage 1**: When loans are first recognized, the Group recognizes an allowance based on 12mECLs. Stage 1 loans also include facilities where the credit risk has improved, and the loan has been reclassified from Stage 2
- **Stage 2**: When a loan has shown a significant increase in credit risk since origination, the Group records an allowance for the LTECLs. Stage 2 loans also include facilities, where the credit risk has improved, and the loan has been reclassified from Stage 3.
- **Stage 3**: Loans considered credit impaired. The Group records an allowance for the LTECLs.
- **POCI**: Purchased or originated credit impaired (POCI) assets are financial assets that are credit impaired on initial recognition. POCI assets are recorded at fair value at original recognition and interest income is subsequently recognised based on a credit adjusted EIR. The ECL allowance is only recognised or released to the extent that there is a subsequent change in the expected credit losses.

For financial assets for which the Group has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a (partial) derecognition of the financial asset.

Impairment losses and releases are accounted for as an adjustment of the financial asset's gross carrying value.

The main parameters the Group uses in assessing credit risk are the probability of default (PD), loss given default (LGD) and exposure at default (EAD). The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

- **PD**

  The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period if the facility has not been previously derecognised and is still in the portfolio. The probability of default reflects how high is the probability that the loan customer will experience a settlement default of more than 50 days during the 12th month after the assessment.

- **EAD**

  The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.

- **LGD**

  The Loss given default reflects the economic loss that may occur in the event of default of more than 50 days based on country specific loss rates identified using 5-years historical loss statistics. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realization of any collateral or credit enhancements that are integral to the loan and not required to be recognised separately. It is usually expressed as a percentage of the EAD.

Under IFRS 9, LGD rates are estimated for the Stage 1, Stage 2, Stage 3 and POCI receivables.

The mechanics of the ECL method are summarized below:

- **Stage 1**: The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

  These expected 12-month default probabilities are applied to a forecast EAD (Note 1) and multiplied by the expected LGD and discounted by an approximation to the original EIR.

- **Stage 2**: When a loan has shown a significant increase in credit risk since origination, the Group records an allowance for the LTECLs. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.

- **Stage 3**: For loans considered credit-impaired, the Group recognizes the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%.
- **POCI**: Purchased or originated credit impaired (POCI) assets are financial assets that are credit impaired on initial recognition.

In the individually impaired loans category, the Group include loans, which are included in Stage 3 and are pledged/has collateral. On a regular basis, at least once every six months, the Group evaluates pledged items that secure individually amortized loans, including:

- the updated market value of the pledged/mortgaged items;
- the estimated period of time for the sale of the pledged items at the market value, taking into account the previous practice of sale. The estimated period of time (number of years) for the sale of the pledged items is determined depending on the customer status.

Forward looking information

In its ECL models, the Group relies on the following forward-looking information as economic input (Note 1):

- Unemployment rate

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

Time horizon

Generally, time horizon used to analyse the information from the past is considered at least 12 months. 12-month-horizon is also used the other way for forward-looking estimates.

Write-offs

Financial assets are derecognized after 365 days past due (DPD), when collection is no longer considered probable. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to credit loss expense.

Impairment of other financial assets

For investment accounts with foreign banks, the impairment is calculated according to the rating of the bank's counterparties and the likelihood of default of corporate clients, according to the information provided by the rating agency. The Group uses ratings assessed by rating agencies Standard & Poor's, Moody's and Fitch (the weakest rating takes precedence). Counterparties not individually assessed by any of the rating agencies mentioned above, shall be assigned with a PD corresponding to the rating of the country of residence of the counterparty.

Placements in government securities with a maturity of up to 90 days are considered liquid instruments, as they are cash equivalents. The Group does not make any deductions for impairment losses related to them.

The Group uses a simplified approach to measure the deduction for losses equal to the lifetime expected credit losses for trade receivables or contractual assets arising from transactions that are subject to IFRS 15.

Fixed assets

Property, plant, and equipment

A tangible asset, excluding buildings, is initially recognised at its cost, which consists of the purchase price (incl. customs duties and other non-refundable taxes) and any directly attributable expenditure on bringing the asset to its operating condition and location. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to operating expenses during the reporting period in which they are incurred.

Buildings are stated at revalued amounts, being its fair value at the date of revaluation, less accumulated depreciation.

Revaluation of assets stated at revalued amounts is carried out by the management of the Group with sufficient frequency to ensure that the carrying amount of a revalued assets does not differ materially from their fair value.

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A revaluation surplus is recognised in other comprehensive income and accumulated in Revaluation reserves in equity. However, to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, the increase is recognised in profit and loss. A revaluation decrease is recognised in the statement of profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve. When an asset is revalued, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount is adjusted to the revalued amount of the asset. When an asset is sold or reclassified, any revaluation reserve relating to the asset is transferred to retained earnings. The revaluation reserve is used only when the asset is derecognised.

Land is not depreciated.

Other property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Depreciation is calculated using the straight-line method to expense the cost of each asset to their residual value over the estimated useful life of the asset. The following depreciation rates are applied:

Category	Annual rate
Buildings	1,3%-4%
Furniture and equipment	5%-50%

The appropriateness of the assets´ residual values, depreciation methods used, and useful lives are reviewed, and adjusted if that has become appropriate, at each balance sheet date. The effect of changes in estimates is recognised in the current and subsequent periods.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Research costs are expensed as incurred. Development expenditures on an individual project are recognized as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale.
- Its intention to complete and its ability and intention to use or sell the asset.
- How the asset will generate future economic benefits
- The availability of resources to complete the asset.
- The ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete, and the asset is available for use. Amortization is calculated on a straight-line basis over 3-5 years.

The Group's loan management system and other IT systems internal development includes capitalized salary expenses of IT personnel which are based on employee time sheets and personnel involved in development dedicate up to 100% of their time on developing new functionality.

Acquired computer software licenses are recognized as intangible assets based on the costs incurred to acquire and implement the software. Amortization of software is calculated based on straight-line method, considering their useful life according to their description/benefits. Amortization is calculated on a straight-line basis over 3-10 years.

Impairment and derecognition of non-financial assets

Fixed assets are derecognized upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

The Group assesses at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

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. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

An item of property, plant and equipment and intangible assets are written down to their recoverable amount if the recoverable amount of the asset is less than its carrying amount. An asset impairment test is performed to determine whether an asset may be impaired, and the recoverable amount of the asset is determined. Test is performed at least once a year at balance sheet date when signs of a possible changes in value occur. Impairment of assets is recognized as an expense in the reporting period.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit or loss on the same line item where the impairment loss was previously recognized.

"Iute Group received a silver-level recognition of "Supporter of defenders of the state" from the Ministry of Defence. The recognition is intended for Estonian companies, employers, and organizations that have made a significant contribution to national defence and support the participation of reservists in training assemblies.

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Leases

Group as a lessee

IFRS 16 sets out the principles for the recognition, measurement, presentation, and disclosure of leases for both parties to a contract, i.e., the customer ('lessee') and the supplier ('lessor').

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities (present value of all lease payments) recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, the depreciation rates ranging from 14%-50% per annum.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. At the end of each reporting period, an entity is required to assess whether there is any indication that an asset may be impaired (i.e., its carrying amount may be higher than its recoverable amount). If there is an indication that an asset may be impaired, then the asset's recoverable amount must be calculated. If fair value less costs of disposal or value in use is more than carrying amount, it is not necessary to calculate the other amount. If fair value less costs of disposal cannot be determined, then recoverable amount is value in use. For assets to be disposed of, recoverable amount is fair value less costs of disposal. The impairment loss is recognized as an expense (unless it relates to a revalued asset where the impairment loss is treated as a revaluation decrease).

Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Group's lease liabilities are disclosed as part of the Right-of-use assets and lease liabilities (see Note 15, but also included in Financial liabilities (see Note 17).

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Low value assets are assets which contract value does not exceed 5 thousand EUR. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Group as a lessor

As a lessor, the Group determines at lease inception whether the lease is a finance lease or an operating lease. If the Group determines that the lease transfers substantially all the risks and rewards of ownership of the underlying asset, the lease is a finance lease. Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Legal reserve

In case of a public limited company, the size of the statutory legal reserve shall not be less than 1/10 of the share capital in Estonia. Legal reserve is formed from annual net profit allocations, as well as from other provisions, which are transferred to the legal reserve based on law or the articles of association. At least 1/20 of net profit must be transferred to the reserve capital each year till the moment of the reserve capital will be 1/10 of the share capital.

Related parties

For the purposes of the Group's annual report, related parties include:

- Owners (parent company and owners of the parent company)
- Executive and senior management
- Close family members of the aforementioned persons and companies connected with them.

Our international team spans 13 nationalities across six countries, promoting cultural diversity, creativity, and innovation.

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Iute is a profitable company with a solid balance sheet.

Notes to consolidated financial statements

1 Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the accompanying disclosures, as well as the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. In the process of applying the Group's accounting policies, management has made the following judgements and assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Existing circumstances and assumptions about future developments may change due to circumstances beyond the Group's control and are reflected in the assumptions if and when they occur. Items with the most significant effect on the amounts recognized in the consolidated financial statements with substantial management judgement and/or estimates are collated below with respect to judgements/estimates involved.

Impairment losses on financial assets

The expected credit loss model follows a "three-stage" approach based on changes in the credit quality of the financial instruments since their initial recognition.

The Group continuously monitors all assets subject to ECL. In order to determine whether an instrument or a portfolio of instruments is subject to 12mECL or LTECL, the Group assesses whether there has been a significant increase in credit risk since initial recognition. The Group considers an exposure to have significantly increased in credit risk when the IFRS 9 lifetime PD has doubled since initial recognition.

The Group also applies a secondary qualitative method for triggering a significant increase in credit risk for an asset, such as moving a customer/facility to the watch list, or the account becoming forborne. In certain cases, the Group may also consider that events are a significant increase in credit risk as opposed to a default. Regardless of the change in credit grades, if contractual payments are more than 30 days past due, the credit risk is deemed to have increased significantly since initial recognition.

When estimating ECLs on a collective basis for a group of similar assets, the Group applies the same principles for assessing whether there has been a significant increase in credit risk since initial recognition.

Group has used the following classification into stages:

- **Stage 1** – all non-defaulted loans with DPD<=30 (DPD - Days Past Due)
- **Stage 2** – all non-defaulted loans with 30<DPD<=50
- **Stage 3** – all defaulted loans (DPD>50)
- **POCI**: Purchased or originated credit impaired (POCI) assets

The inputs and models used for calculating ECL may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are material.

The forward-looking adjustment is performed in a simplified way, by comparing the forecasted unemployment change for one year from reporting date, with the information available. The sensitivity of the forward-looking adjustments is presented in Note 8.

The Group reviews its models in the context of actual loss experience on a regular basis.

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Provisions and other contingent liabilities

The Group operates in a regulatory and legal environment that, by nature, has a heightened element of litigation risk inherent to its operations. As a result, it is involved in various litigation, arbitration and regulatory investigations and proceedings both in Estonia and in other jurisdictions, arising in the ordinary course of the Group's business.

When the Group can reliably measure the outflow of economic benefits in relation to a specific case and considers such outflows to be probable, the Group recognises a provision. Where the probability of outflow is considered to be remote, or probable, but a reliable estimate cannot be made, a contingent liability is disclosed. However, when the Group is of the opinion that disclosing these estimates on a case-by-case basis would prejudice their outcome, then the Group does not include detailed, case-specific disclosers in its financial statements.

Given the subjectivity and uncertainty of determining the probability and amount of losses, the Group takes into account a number of factors including legal advice, the stage of the matter and historical evidence from similar incidents. Significant judgement is required to conclude on these estimates.

Capitalization of intangible asset

For capitalization of expenses in process of developing Group's new core system and other IT systems, which supports and enables the Group`s economic growth and participates in expansion of services provided to existing and potential new customers, certain assumptions are used. Capitalization of salary expenses of IT personnel in the development phase is based on employee time sheets and personnel involved in development dedicate up to 100% of their time on developing new functionality. Therefore, up to 100% of salary expenses of involved personnel are capitalized under intangible assets. External partners services used for developing new software or IT functionality are reviewed and evaluated regularly for applicability to be recognized as an intangible asset. When an asset is ready for its intended use, its useful life is determined and considered whether the asset is impaired (as certain assets will be abandoned soon). In the last case, the value of the asset is reduced accordingly through the impairment of the asset in the statement of comprehensive income.

113,1 EURm

Total Revenue

In 2024, Iute was recognized in the European Long-Term Growth Champions list, compiled by Financial Times in collaboration with Statista. The list highlights the 300 fastest-growing companies in Europe over the past decade.

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Iute Group was assigned a B- (Stable Outlook) Long-Term Issuer Default Rating (IDR) and a B- Senior Secured Debt Rating for its Corporate Bond 2021/2026 (XS2378483494) from Fitch Ratings (Fitch).

2 Financial risk management

- Risk is defined as a potential negative deviation from the expected financial results. The Group encounters several risks in its day-to-day operations from which the main risks are credit risk, market risk, liquidity risk and operational risk.
- The risk appetite established by Supervisory Board of the Group defines acceptable risks, their levels and nature and ensures that these risks are consistent with Group`s business model and strategic goals.
- The objective of risk management in the Group is to recognise these risks, to measure them appropriately and to manage them. More broadly, the aim of risk management is to optimize Group`s risk/return trade-off and to increase the value of the Group through minimisation of losses and reducing of the volatility of results.
- The first principle of Group`s risk management framework is based on a solid risk culture and built on the principles of the three lines of defence. According to this principle, all employees in the Group are responsible for risk management, but each of employee has his certain role and responsibility.
- The functions are divided into three lines of defence as follows:
- The first line of defence - the business units are responsible for taking risk and for day-to-day risk management.
- The second line of defence – risk controlling unit is responsible for the ownership continuous review, and implementation of a robust risk management framework
- The third line of defence - the internal audit, exercises independent supervision over the entire Group, including supervision over risk controlling unit.
- In the Group, the risk management decisions are made on the following main levels:

1) Supervisory Board
1) Management Board
2) Credit Committee

- The second principle of Group`s risk management framework is based on managing risks in a centralised and cohesive structure on the basis of risk management system, which accounts for the possibility of correlation between different business lines and risks.
- The Group reviews the risk identification and management policies and procedures according to the change of Group's activities and financial situation, several times a year. The usual review period is once a month, but extraordinary events (such as sharp exchange rate fluctuations or competition situation on the market) trigger immediate responses.

Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Within credit risk the Group identifies as sub risks concentration risk and country e.g. geographical location risk.

Credit risk arises from cash and cash equivalents, investments into government bonds and securities, but mainly from credit exposures to customers, including outstanding loans, issued guarantees, other receivables, and commitments.

The Group`s maximum exposure to credit risk before collateral held is as follows:

in thousands EUR	31/12/2024	31/12/2023
Cash and cash equivalents	53,656	71,660
Debt securities at FVOCI	8,603	0
Loans to customers	297,631	232,171
Other assets	9,185	8,138
Other financial investments*	20,132	41,105
SUBTOTAL	**389,207**	**353,074**
Off-balance sheet items	11,036	12,243
TOTAL	**400,243**	**365,317**

* Other financial investments do not include investments to other shares.

See also Notes 10, 11, 12 and 13.

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Credit risk measurement and distribution

Cash and cash equivalents

Management estimates that the credit risk exposure from cash and cash equivalents, held at the central bank and other correspondent banks is inherently low. Therefore, no expected credit loss is accounted for these financial instruments. The Group uses ratings assessed by rating agencies Standard & Poor's, Moody's and Fitch (the weakest rating takes precedence) for counterparties where the Group hold its cash and cash equivalents.

The Group`s cash and cash equivalents held in counterparties are divided per ratings as follows:

in thousands EUR	**31/12/2024**	**31/12/2023**
Rating AAA to A	5,425	4,485
Rating BBB to B	47,760	67,165
Without Rating	470	10
TOTAL	**53,656**	**71,660**

Loans to customers

Group`s loan products are:

- unsecured consumer loans with maturities between 3 months and 60 months and pledge secured loans with maturities of up to 300 months. Median loan amount is above 2 thousand EUR, whereas loan amounts range between 100 EUR and 10 thousand EUR. Weighted average annual percentage rate (APR) is 37,3% depending on the loan amount, maturity, and status of customer;
- unsecured corporate loans with maturities between 3 months and 48 months and pledge secured corporate loans with maturities between 3 month and 36 months. Median loan amount is above 7 thousand EUR, whereas loan amounts range between 2 thousand EUR and 500 thousand EUR. Weighted average annual percentage rate (APR) is 11,5% depending on the loan amount, maturity, and status of customer.

Credit risk related to loans granted to customers is the highest risk for the Group. For mitigating the risk, the Group:

- aims to serve only individual customers with a permanent workplace and stable income. Loans are based on personal identification and personal credit rating. For a new applicant, the credit rating depends on automated comparison of the applicant's relevant parameters with respective parameters of performing and poorly performing statistic customer groups and certain databases. For returning customers, Group applies personal credit rating which is based on individual performance data. The personal credit rating is reviewed periodically and adjusted based on individual customer payment behaviour;
- aims to serve corporate customers with high solvency. Credit rating for new applicant is determined based on detailed analysis of all relevant information which is provided by the applicant, and which is available in public databases and registers. The credit rating is reviewed at least annually based on valuation of customer`s solvency for which its` annual financial statements are used.

For pledge secured loans, the pledge is evaluated by the Group during loan origination process and in case of a need, the Group uses external appraisers for valuations. The main pledge types are: mortgage, commercial pledge, goods/products pledge, surety of private person or legal entity, credit insurance.

To manage the Group's credit policy and portfolio risks Group has Credit Committee (CreCO). Credit Committee defines which loans are issued and to which customer groups taking into consideration also economic situation, such as unemployment rate.

There are two levels of CreCO:

i. Group Credit Committee and
ii. Subsidiary Credit Committee.

Group Credit Committee (Group CreCO) has authority over following decisions:

i. to determine the competence of Subsidiary Credit Committee;
ii. to determine loan parameters;
iii. to determine loan application checking and approval procedure;
iv. to determine overdue procedure.

Group CreCO members are CEO - Chief Executive Officer, CCO – Chief Commercial Officer, CFO – Chief Financial Officer, COO- Chief Operations Officer and CRO – Chief Rick Officer. The main responsibility to organize, record and communicate Group CreCO's work and decisions carry Group CRO. Group CreCO makes decisions at request of local subsidiary's management or on its own if necessary. Subsidiary CreCO consists of local management team or other relevant positions.

The Group consider a financial asset in default when:

a) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising collateral (if any is held);
b) the borrower is more than 50 days past due on any material credit obligation to the Group;
c) it is becoming probable that the borrower will restructure the asset as a result of financial difficulties due to the borrower`s inability to pay its credit obligations.

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Subsequently, the Group classifies its customers to following credit risk stages:

- Stage 1 – all non-defaulted loans with DPD<=30 (DPD - Days Past Due), credit risk has not significantly increased
- Stage 2 – all non-defaulted loans with 30<DPD<=50, credit risk has increased
- Stage 3 – all defaulted loans (DPD>50), credit risk has significantly increased.

The main indicator for credit risk stage determination is the number of days in default (quantitative criteria). Additional qualitative criteria which may cause customer classification to higher group are

- there are indications, of unlikeliness to pay which show that the customer is in significant financial difficulty and the Group will need to realize the collateral (if any is held);
- due to financial difficulties of the customer, the loan is restructured;
- agreement has been terminated.

Customer reclassification from higher credit risk stage to lower credit risk group is performed in the Group according to following principles:

- Customer contractual payments are done on time within last three months – customer is reclassified from Stage 2 to Stage 1.
- Customer contractual payments are done on time within last three months – customer is reclassified from Stage 3 to Stage 2.

The following table present a split of Group`s loans to customers per field of activity and credit risk stage (net)

in thousands EUR	Stage 1	Stage 2	Stage 3	Allowances for loan impairment	Total
31/12/2024					
Loans to individuals	245,797	3,894	26,292	-17,704	**258,279**
Loans to legal entities, incl:	39,255	0	2,360	-2,263	**39,352**
Manufacturing and trade	*10,345*	*0*	*2,111*	*-779*	***11,677***
Agriculture and food industry	*2,769*	*0*	*1*	*-106*	***2,664***
Financial non- banking sector	*9,776*	*0*	*0*	*-374*	***9,402***
Construction and land improvements	*9,800*	*0*	*155*	*-752*	***9,203***
Loans to the energy industry	*2,969*	*0*	*0*	*-114*	***2,855***
Loans to service fields	*3,596*	*0*	*18*	*-138*	***3,476***
Other	*0*	*0*	*75*	*0*	***75***
TOTAL GROSS	**285,052**	**3,894**	**28,652**	**-19,967**	**297,631**
Allowances for loan impairment	-4,212	-771	-14,984		
TOTAL NET	**280,840**	**3,123**	**13,668**		
31/12/2023					
Loans to individuals	187,401	3,210	27,617	-17,397	**200,831**
Loans to legal entities, incl:	31,247	0	2,475	-2,382	**31,340**
Manufacturing and trade	*11,885*	*0*	*1,655*	*-1,629*	***11,911***
Agriculture and food industry	*2,235*	*0*	*265*	*-216*	***2,284***
Financial non- banking sector	*1,780*	*0*	*0*	*-8*	***1,772***
Construction and land improvements	*11,695*	*0*	*77*	*-91*	***11,681***
Loans to the energy industry	*1,050*	*0*	*0*	*-19*	***1,031***
Loans to service fields	*2,602*	*0*	*407*	*-402*	***2,607***
Other	*0*	*0*	*71*	*-17*	***54***
TOTAL GROSS	**218,648**	**3,210**	**30,092**	**-19,779**	**232,171**
Allowances for loan impairment	-5,279	-560	-13,940		
TOTAL NET	**213,369**	**2,650**	**16,152**		

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The following table present a movement of Group`s loans to customers (gross) between credit risk stages

in thousands EUR		Stage 1	Stage 2	Stage 3
	01/01/2024			
Transfer from stage 1 to stage 2		-112,534	112,534	0
Transfer from stage 1 to stage 3		-524	0	524
Transfer from stage 2 to stage 1		59,135	-59,135	0
Transfer from stage 2 to stage 3		0	-36,392	36,392
Transfer from stage 3 to stage 2		0	0	0
Transfer from stage 3 to stage 1		0	0	0
	31/12/2024	**-53,923**	**17,007**	**36,916**
	01/01/2023			
Transfer from stage 1 to stage 2		-71,522	71,522	0
Transfer from stage 1 to stage 3		-4	0	4
Transfer from stage 2 to stage 1		16,403	-16,403	0
Transfer from stage 2 to stage 3		0	-26,077	26,077
Transfer from stage 3 to stage 2		0	0	0
Transfer from stage 3 to stage 1		0	0	0
	31/12/2023	**-55,123**	**29,042**	**26,081**

After a dedicated 1.5-year effort, Iute successfully finalized the rebranding and implementation of the new brand identity across all its operations. The project included changing appearance of physical points of sales' exterior and ATMs, rebranding promotional materials, designing web pages as well as giving the MyIute app a fresh look.

The following table present a split of Group`s loans to customers per pledge (net)

in thousands EUR	Real estate pledge	Commercial pledge	Pledge of goods	Guarantee from individual or legal entity	Loans with pledge total	Loans without pledge	TOTAL
31/12/2024							
Loans to individuals	764	168	98	3,163	**4,193**	254,086	**258,279**
Loans to legal entities, incl.:	16,921	6,212	4,085	12,082	**39,300**	52	**39,352**
Manufacturing and trade	*4,104*	*2,444*	*3,515*	*1,614*	***11,677***	*0*	***11,677***
Agriculture and food industry	*1,160*	*286*	*65*	*1,152*	***2,664***	*0*	***2,664***
Financial non- banking sector	*0*	*1,327*	*0*	*8,075*	***9,402***	*0*	***9,402***
Construction and land improvements	*8,779*	*15*	*371*	*38*	***9,203***	*0*	***9,203***
Loans to the energy industry	*721*	*1,912*	*0*	*222*	***2,855***	*0*	***2,855***
Loans to service fields	*2,156*	*228*	*134*	*958*	***3,476***	*0*	***3,476***
Other	*0*	*0*	*0*	*23*	***23***	*52*	***76***
TOTAL	**17,684**	**6,380**	**4,183**	**15,245**	**43,492**	**254,138**	**297,631**
31/12/2023							
Loans to individuals	10,689	1,657	0	2,642	**14,988**	185,842	**200,830**
Loans to legal entities, incl.:	6,077	7,792	2,117	3,291	**19,277**	12,064	**31,341**
Manufacturing and trade	*4,035*	*3,425*	*2,097*	*1,953*	***11,509***	*402*	***11,911***
Agriculture and food industry	*727*	*1,351*	*0*	*206*	***2,284***	*0*	***2,284***
Financial non- banking sector	*46*	*1,120*	*0*	*606*	***1,772***	*0*	***1,772***
Construction and land improvements	*0*	*0*	*0*	*93*	***93***	*11,588*	***11,681***
Loans to the energy industry	*0*	*1,031*	*0*	*0*	***1,031***	*0*	***1,031***
Loans to service fields	*1,269*	*865*	*20*	*433*	***2,587***	*20*	***2,607***
Other	*0*	*0*	*0*	*0*	*-*	*54*	***54***
TOTAL	**16,766**	**9,449**	**2,117**	**5,933**	**34,265**	**197,906**	**232,171**

The following table present quality and value of the pledges of Group`s loans to customers

in thousands EUR	Loans to customers (gross)	Allowances for loan impairment	Loans to customers (net)	Nominal value of the pledge
31/12/2024				
Loans to individuals	5,315	-1,123	4,193	1,755
Loans to legal entities, incl.:	41,563	-2,263	39,300	69,996
Manufacturing and trade	*12,456*	*-779*	*11,677*	*28,368*
Agriculture and food industry	*2,770*	*-106*	*2,664*	*3,948*
Financial non- banking sector	*9,776*	*-374*	*9,402*	*2,014*
Construction and land improvements	*9,955*	*-752*	*9,203*	*26,626*
Loans to the energy industry	*2,969*	*-114*	*2,855*	*4,106*
Loans to service fields	*3,614*	*-138*	*3,476*	*4,935*
Other	*23*	*0*	*23*	*0*
TOTAL	**46,878**	**-3,386**	**43,492**	**71,751**
31/12/2023				
Loans to individuals	16,048	-1,059	14,989	16,827
Loans to legal entities, incl.:	21,550	-2,274	19,276	36,603
Manufacturing and trade	*11,714*	*-206*	*11,509*	*22,493*
Agriculture and food industry	*3,923*	*-1,639*	*2,284*	*5,678*
Financial non- banking sector	*1,781*	*-9*	*1,772*	*2,150*
Construction and land improvements	*94*	*-1*	*93*	*171*
Loans to the energy industry	*1,049*	*-18*	*1,031*	*1,895*
Loans to service fields	*2,989*	*-402*	*2,587*	*4,216*
Other	*0*	*0*	*0*	*0*
TOTAL	**37,598**	**-3,333**	**34,265**	**53,430**

In section "General information and summary of material accounting policies" under subsection "Impairment of financial assets" is described in more detail how the impairment analysis is performed and how impairment of financial assets is recognized by the Group.

To ensure an impartial estimation of expected credit losses, three scenarios are used: the baseline scenario, the adverse scenario and the mild scenario. The baseline scenario reflects the most probable outcome. In its expected credit losses models calculation, the Group relies on unemployment rate as economic input for forward looking expected credit loss component calculation.

	2024	2023
Unemployment rate (%) Group weighted average		
Base scenario	6.92	7.32
Negative scenario	9.42	9.82
Positive scenario	4.42	4.82

The Group performs stress tests on annual basis and results are presented to Group`s Supervisory and Management Boards.

The impact of the described stress test to allowance is aggregated in the table below The table includes loans, which have collective allowance.

in thousands EUR	2024	2023
LGD 1% increase	477	386
PD 1% increase	272	171

Loans to customers write-off policy

The Group writes off financial assets, fully after 365 days past due (DPD), when collection is no longer considered probable. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to credit loss expense.

Restructured loans to customers due to customer financial difficulties.

Restructured loans are such loans, which contractual terms have been changed due to customer financial difficulties to repay the loan. The purpose of the restructuring measure is to enable the customer to make full payments again or to maximize the repayment of outstanding loans. Changes in contractual terms include various forms of concessions such as amortization suspensions, reductions in interest rates to below market rates, forgiveness of all or part of the loan, or issuance of new loans to pay overdue amounts. Depending on when the restructure measures are taken and the severity of the financial difficulties of the customer, the restructured loan could either be treated as a performing restructured loan or a non-performing restructured loan.

The following table present Group`s restructured loans to customers (gross) per credit risk stages

in thousands EUR	31/12/2024	31/12/2023
Stage 1	0	0
Stage 2	73	72
Stage 3	0	0
TOTAL	**73**	**72**

Other financial investments

Other financial investments, recognized at amortized cost, of the Group are:

- short- and medium-term state securities issued by the Ministry of Finance of the Republic of Moldova;
- certificates issued by the National Bank of Moldova with an initial maturity of 14 days and
- prepayments made by the Group.

Expected credit loss of financial assets is determined based on the same principles as for loans to customers.

The following table present quality and value of the Group`s other financial investments (excluding investments to other shares)

in thousands EUR	31/12/2024	31/12/2023
State securities of Republic of Moldova	17,482	35,782
incl. maturity within 1 year	14,051	31,015
incl. maturity within 1 to 5 years	3,432	4,767
Expected credit loss of state securities of Republic of Moldova	-118	-329
Certificates issued by National Bank of Moldova	2,318	5,683
Expected credit loss of state certificates issued by National Bank of Moldova	-247	-230
Investment in debt securities	8,764	0
Expected credit loss of investment in debt securities	-161	0
Deposits	127	200
At the end of the year	**28,165**	**41,105**

During a Global Entrepreneurship Week in Tirana, Iute Albania representatives shared their fintech expertise on "iutech" discussion platform.

Other assets

The Group accounts as other assets receivables from collection companies, deposits paid, and services provided to other counterparties which are not related to ordinary course of business. The expected credit loss is based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate. The expected credit loss from other assets is considered to be immaterial and no allowance has been recognized for these assets in the statement of financial position as at 31 December 2024.

Credit risk position related to off-balance sheet items

Group`s subsidiary EB in the usual course of business, issues guarantees and letters of credit on behalf of its customers. The credit risk of guarantees is identical to that from lending. In the case of a claim against EB because of a customer's default on a guarantee these instruments also present a certain degree of liquidity risk to EB. Guarantees are initially recognised at their fair value, which is normally evidenced by the amount of fees received. This amount is amortised on a straight-line basis over the life of the financial guarantee. At the end of each reporting period, the financial guarantees are measured at the higher of (i) the amount of the loss allowance for the guaranteed exposure determined based on the expected credit loss model and (ii) the remaining unamortised balance of the amount at initial recognition.

Financing commitments represent EB commitments to grant loans and advances to customers. Financing commitments do not necessarily imply a future cash outflow since many of these commitments will expire or terminate without being funded. Such commitments are initially recognised at their fair value, which is normally evidenced by the amount of fees received. At the end of each reporting period, the commitments are measured at (i) the remaining unamortised balance of the amount at initial recognition, plus (ii) the amount of the loss allowance determined based on the expected credit loss model.

Concentration risk

Concentration risk, as an integral part of credit risk, arises from large exposures to individual counterparty which might result from inadequate diversification of the credit exposures. This risk is managed by actively measuring, reporting, and monitoring on a regular and ongoing basis, risk concentration levels against reasonable thresholds for counterparties and products.

In its everyday business activities, the Group`s concentrations of risk are managed by customer/counterparty and by industry sector. In 2024, the Group had only small and medium loans to individuals.

The loans granted to 20 major customers of the Group as at 31 December 2024 amounted to 27,457 thousand EUR (31 December 2023: 13,440 thousand EUR) representing 9,8% (31 December 2023: 5,3%) of Group's gross loan portfolio.

These are analysed by industries as follows:

in thousands EUR	**31/12/2024**	**31/12/2023**
Manufacturing and trade	10,904	5,831
Agriculture	2,792	3,083
Financial non- banking sector	8,722	1,874
Service field	1,711	1,559
Loans to the energy industry	2,966	739
Other	361	354
At the end of the year	**27,457**	**13,440**

Geographical location risk

The Group`s major part of operations are carried out in Moldova which is neighbouring country with Ukraine against which Russia started military invasion on 24th of February 2022.

The invasion has not had any significant negative impact on Group`s business operations. The Group`s management has assessed the possible negative impact on the loan portfolio outstanding as at 31 December 2024 which may occur due to the ongoing situation. The possible negative impact may occur in relation to loans granted to businesses which are related or dependant on economical situations and decisions made in countries involved in war. Based on Group`s management assessment, the impact will not be significant on Group`s operations.

The Group`s geographical allocation of assets and liabilities is set out below:

	Total assets	**Total liabilities**
in thousands EUR	**31/12/2024**	**31/12/2024**
Moldova	223,774	149,864
Albania	97,249	34,952
North-Macedonia	40,824	12,125
Bosnia & Herzegovina	235	287
EU member countries	49,949	143,503
USA	3,244	134
Other countries	426	371
TOTAL	**415,701**	**341,235**

	Total assets	**Total liabilities**
in thousands EUR	**31/12/2023**	**31/12/2023**
Moldova	223,213	143,064
Albania	79,380	31,881
North-Macedonia	34,187	12,325
Bosnia & Herzegovina	1,565	330
EU member countries	35,134	123,931
USA	1,905	64
Other countries	415	386
TOTAL	**375,799**	**311,981**

Liquidity risk

Liquidity risk is the risk that the Group will be unable to fulfil its obligations in a timely manner or to the full extent without incurring significant costs.

The level of risk acceptable for achieving the strategic goals of the Group (risk appetite) is decided by the Supervisory Board of the Group, while the Management Board of the Group is responsible for the implementation of the risk policy and risk appetite established by the Council. The Group`s finance department has the overall responsibility to centrally manage the Group's liquidity. The main goal of the Group is to ensure sufficient and stable financing of core business activities with the help of own equity sources and raised funds.

Liquidity risk is measured both at the Group level and at the Group's subsidiaries level, using several methods and metrics both in normal market conditions and in the event of a liquidity crisis. One of the main goals of liquidity risk measurement is to find out the possible liquidity deficit in terms of different maturity dates. At the level of the Group's subsidiaries, a cash flow forecast covering the following 30-day period is prepared weekly to ensure that the subsidiary has sufficient assets to cover its liabilities for the following 30 days. At the Group level, liquidity risk is measured at least once a quarter for the following 12-month period, to identify possible periods when the Group's liabilities may exceed the Group's assets and whether the Group needs additional external financing to cover its liabilities.

Due to stricter regulation applicable to the Group`s subsidiary EB, the liquidity risk management is focused on maintaining an optimal ratio between effective liquidity and profitability, while complying with prudential requirements for minimum reserves and regulated liquidity ratios. The liquidity risk management process is geared to anticipate crisis situations and managing them. EB monitors daily the liquidity risk indicators, analyses the liquidity risk profile on a monthly basis and assesses quarterly the impact of some crisis scenarios related to its liquidity

“

The Group’s major part of operations are carried out in Moldova.

The following table present Group`s financial assets and liabilities by contractual maturities undiscounted

in thousands EUR		Up to 1 year	1 to 5 years	over 5 years	Total	Carrying amount
Cash and cash equivalents, maturity *	31/12/24	43,626	0	0	**43,626**	**43,626**
	31/12/23	59,251	0	0	**59,251**	**59,251**
Loans to customers, maturity	31/12/24	207,941	194,757	22,713	**425,411**	**297,631**
	31/12/23	136,666	116,596	9,013	**262,275**	**232,171**
Other financial investments, maturity	31/12/24	20,113	6,835	4,857	**31,805**	**28,734**
	31/12/23	40,010	3,189	0	**43,199**	**41,993**
Other assets, maturity**	31/12/24	9,185	0	0	**9,185**	**9,185**
	31/12/23	6,653	0	0	**6,653**	**6,653**
Loans and bonds from investors, maturity	31/12/24	45,217	224,864	505	**270,586**	**210,162**
	31/12/23	23,591	207,338	239	**231,168**	**180,091**
Deposits from customers, maturity	31/12/24	92,916	20,480	835	**114,231**	**111,165**
	31/12/23	100,411	8,284	5,466	**114,161**	**107,260**
Other liabilities, maturity***	31/12/24	12,837	0	0	**12,837**	**12,837**
	31/12/23	18,800	0	0	**18,800**	**18,800**
Lease liabilities, maturity	31/12/24	994	1,538	0	**2,532**	**2,532**
	31/12/23	776	911	0	**1,687**	**1,687**
Guarantees, maturity	31/12/24	2,315	3,451	0	**5,766**	**0**
	31/12/23	2,090	2,103	0	**4,193**	**0**
Financing commitments, maturity	31/12/24	2,382	2,798	88	**5,268**	**0**
	31/12/23	3,050	4,941	59	**8,050**	**0**
Liquidity gap	**31/12/24**	**124,312**	**-51,647**	**26,142**	**98,807**	
	31/12/23	**93,862**	**-103,792**	**3,249**	**-6,681**	

* Cash and cash equivalents do not include the liquidity and statutory reserves of the subsidiary EB.

** Other assets do not include prepayments and deferred tax assets.

*** Deferred income tax liabilities are not included in other liabilities.

In the case of assets and liabilities with a floating interest rate, the interest rate on the reporting date is taken into account, and the cash flows calculated for them may change in the future because the floating interest rate changes. The group's management estimates that the change in the floating interest rate does not require a significantly earlier term of cash flows than that reflected in the table above. Also, changes in the interest rate do not cause a violation of the financial conditions set for the bonds issued by the Group, which could cause an earlier deadline for the redemption of the bonds.

The management of the Group considers the risk of realization of negative liquidity in period 1 to 5 years to be low. The Group monitors own liquidity on ongoing basis and with the focus on maintaining short-term positive liquidity.

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Market risk

Market risk is the risk of loss resulting from unfavourable changes, correlations or volatility in market prices and rates (including changes in interest rates, foreign exchange rates and changes in products prices). Within market risk the Group has identified currency risk (foreign exchange risk) and interest rate risk.

Currency risk

Currency risk is defined as a risk arising from the differences in the currency structure of the Group's assets and liabilities. Changes in currency exchange rates cause changes in the value of assets and liabilities, as well as the amount of income and expenses measured in the functional currency.

Exchange rate volatility poses significant risks of loss, because all subsidiaries loan products are nominated, issued, and repaid according to domestic laws in the national currency (MDL, ALL, MKD), whereas the Group's major liabilities before investors are assumed in euros.

In order to measure and evaluate the currency risk, the Group uses monitoring of the open net foreign currency position and sensitivity analysis, which evaluates the impact of changes in exchange rates. The tested scenario is a simultaneous 10% adverse change in all major currencies in which the foreign currency position is open.

In 2024 and 2023, the group has not used hedging instruments to hedge currency risk.

Open currency exposures

The following table present the risks arising from open currency exposures. Assets and liabilities denominated in foreign currencies have been presented in euro equivalent in respective columns, according to the exchange rate prevailing at the end of the reporting period. Open currency exposure and the volume of financial assets and liabilities of the Group at the end of the reporting period do not significantly differ from the average exposure during the year.

31/12/2024 *in thousands EUR*	Notes	EUR	MDL	ALL	MKD	BGN	BAM	USD	Other	Total
Assets bearing currency risk										
Cash and cash equivalents	10	15,275	20,443	6,682	1,957	1,513	201	7,163	421	53,656
Loans to customers	8,11	4,696	150,815	87,546	36,641	16,223	0	1,709	0	297,631
Prepayments	12	247	1,498	368	1	740	2	0	2	2,856
Other assets	12	6,462	204	841	1,622	0	0	56	0	9,185
Other financial investments	13	5,776	19,575	76	49	0	0	3,256	1	28,735
Total assets bearing currency risk		**32,456**	**192,535**	**95,513**	**40,271**	**18,477**	**203**	**12,184**	**424**	**392,064**
Liabilities bearing currency risk										
Loans and bonds from investors	17	141,212	32,568	30,353	9,988	0	0	0	0	214,122
Deposits from customers	17	22,881	77,508	0	0	0	0	10,711	156	111,256
Lease liabilities	17	359	686	840	432	217	0	0	0	2,533
Current income tax liabilities	18	0	115	203	190	0	0	0	0	508
Other tax liabilities	18	323	330	230	28	70	33	0	25	1,037
Other liabilities	18	1,147	4,232	3,483	1,814	483	255	326	40	11,779
Total liabilities bearing currency risk		**165,922**	**115,439**	**35,108**	**12,451**	**770**	**287**	**11,036**	**221**	**341,235**
Open foreign currency position		-133,465	77,096	60,404	27,820	17,707	-84	1,148	203	50,829

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in thousands EUR	Notes	EUR	MDL	ALL	MKD	BGN	BAM	USD	Other	Total
Assets bearing currency risk										
Cash and cash equivalents	10	22,356	35,552	2,927	2,880	473	546	6,738	188	71,660
Loans to customers	8,11	4,750	112,743	72,489	30,187	9,006	824	2,172	0	232,171
Prepayments	12	322	668	110	0	727	7	0	0	1,835
Other assets	12	4,542	1,069	1,244	942	1	0	72	268	8,138
Other financial investments	13	624	40,905	72	0	0	128	0	0	41,730
Total assets bearing currency risk		**32,594**	**190,938**	**76,843**	**34,009**	**10,208**	**1,505**	**8,982**	**455**	**355,534**
Liabilities bearing currency risk										
Loans and bonds from investors	17	119,074	29,177	24,408	11,246	0	0	0	0	183,906
Deposits from customers	17	21,962	77,019	0	0	0	0	8,157	122	107,260
Lease liabilities	17	64	461	849	67	242	5	0	0	1,687
Current income tax liabilities	18	0	51	629	0	0	0	0	0	679
Other tax liabilities	18	249	427	237	12	47	51	0	0	1,022
Other liabilities	18	4,709	6,270	4,382	1,001	415	275	0	267	17,318
Total liabilities bearing currency risk		**146,058**	**113,406**	**30,504**	**12,325**	**703**	**330**	**8,157**	**388**	**311,872**
Open foreign currency position		-113,464	77,532	46,339	21,684	9,505	1 174	825	67	43,662

Exchange rate volatility

The following table demonstrates the sensitivity to a reasonably possible change in the USD and EUR, MDL and EUR, ALL and EUR and MKD and EUR exchange rates with all other variables held constant. The effect on profit before tax is reflecting the proportion of untaxed profit considering exchange rate unfavorable changes by -5% during reporting period. The current sensitivity analysis does not include the effect of the exchange rates of BGN and BAM, as for these currencies, the exchange rate for 1 EUR in 2024 and 2023 has been fixed, i.e. 1EUR =1,95583 BGN/BAM.

	31/12/2024	31/12/2023
MDL exchange rate		
Open position (in thousands EUR)	77,096	77,532
Change in foreign currency rate	-5%	-5%
Effect on profit before tax (in thousands EUR)	-3,855	-3,876
USD exchange rate		
Open position (in thousands EUR)	1,148	825
Change in foreign currency rate	-5%	-5%
Effect on profit before tax (in thousands EUR)	69	-41
ALL exchange rate		
Open position (in thousands EUR)	60,404	46,339
Change in foreign currency rate	-5%	-5%
Effect on profit before tax (in thousands EUR)	-3,020	-2,317
MKD exchange rate		
Open position (in thousands EUR)	27,820	21,684
Change in foreign currency rate	-5%	-5%
Effect on profit before tax (in thousands EUR)	-1,391	-1,084

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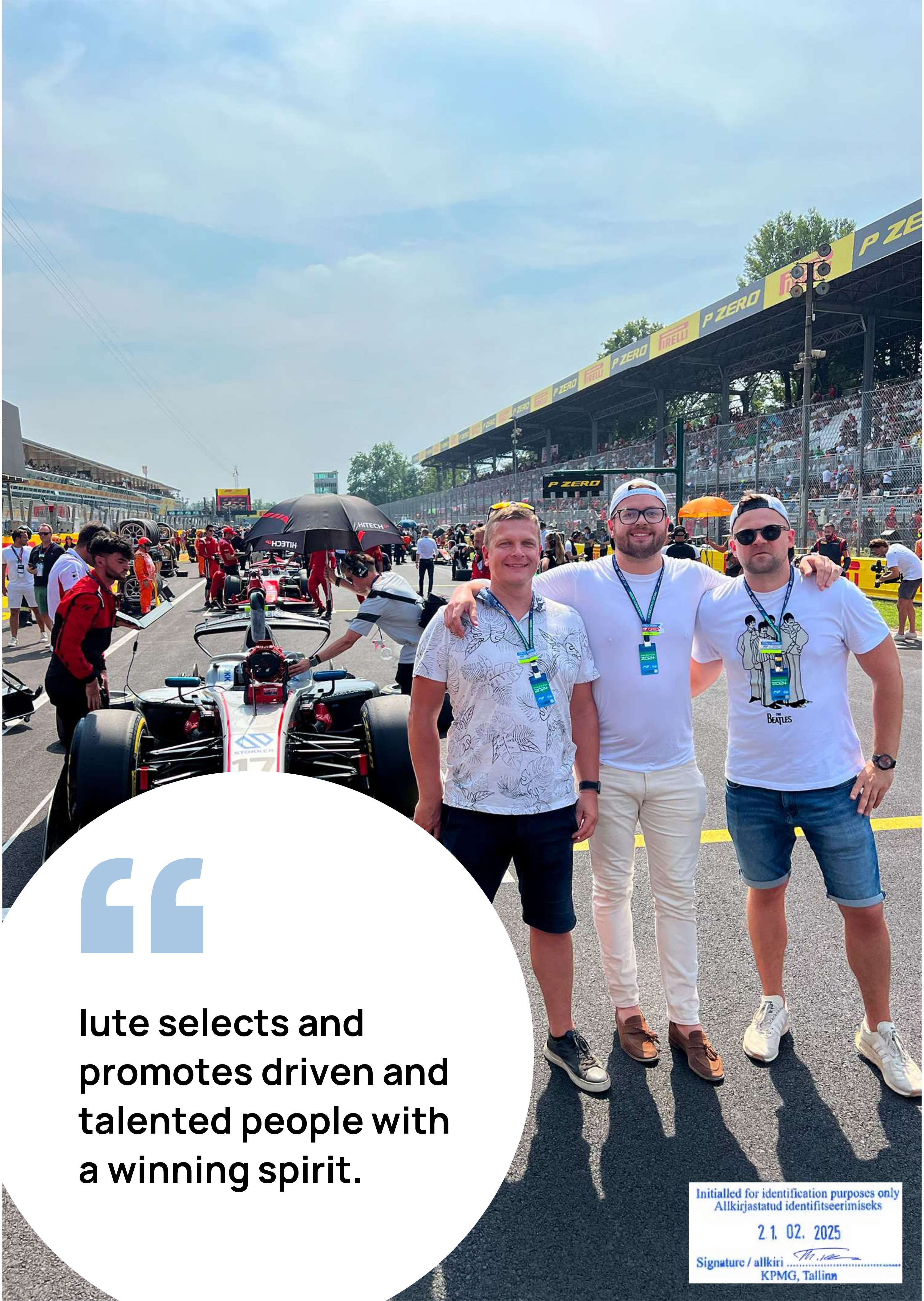

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lute selects and promotes driven and talented people with a winning spirit.

Interest rate risk

Interest rate risk is the current or future risk that an unfavourable change in the interest rates of the Group's assets and liabilities may have a negative impact on the Group's profit and equity.

To ensure low interest rate risk, the Group limits and matches the structure and maturities of interest-sensitive assets and liabilities. Interest income from issued loans significantly exceeds the interest expense paid for deposits and borrowings, which allows to offset the potential adverse effect of interest rate risk to the Group.

The Group calculates and monitors interest rate risk positions on a monthly basis to ensure the lowest possible interest rate gap between assets with a floating interest rate and liabilities with a floating interest rate. The group has not used hedging instruments in 2024 and 2023 to hedge the interest rate risk.

The table below summarize the Group's exposure to interest rate risks. In the table are included the Group`s financial assets and liabilities at carrying amounts categorized by maturity.

31/12/2024 *in thousands EUR*	**Total**	**Maturity within 1 year**	**Maturity 1-5 years**	**Maturity over 5 years**	**Interest accrued**	**Provisions**
Assets bearing fixed interest rate risk						
Cash and cash equivalents	0	0	0	0	0	0
Loans to customer	203,089	120,183	82,905	0	20,502	-16,478
Other financial investments	25,219	24,588	631	0	101	-118
Assets bearing fixed interest rate risk total	**228,308**	**144,771**	**83,537**	**0**	**20,604**	**-16,597**
Liabilities bearing fixed interest rate risk						
Loans and bonds from investors	204,324	18,142	186,182	0	3,980	0
Deposits from customers	0	0	0	0	0	0
Lease liabilities	2,533	993	1,540	0	0	0
Liabilities bearing fixed interest rate risk, total	**206,857**	**19,135**	**187,722**	**0**	**3,980**	**0**
Interest gap	**21,451**	**125,636**	**-104,185**	**0**		
Assets bearing floating interest rate risk						
Cash and cash equivalents	27,643	27,643	0	0	32	-5
Loans to customer	93,309	93,309	0	0	699	-3,489
Other financial investments	3,516	3,516	0	0	30	0
Assets bearing floating interest rate risk total	**124,467**	**124,467**	**0**	**0**	**761**	**-3,494**
Liabilities bearing floating interest rate risk						
Loans and bonds from investors	5,839	5,334	0	505	72	0
Deposits from customers	71,022	71,022	0	0	92	0
Lease liabilities	0	0	0	0	0	0
Liabilities bearing floating interest rate risk, total	**76,861**	**76,356**	**0**	**505**	**164**	**0**
Interest gap	**47,606**	**48,111**		**-505**		

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31/12/2023 *in thousands EUR*	Total	Maturity within 1 year	Maturity 1-5 years	Maturity over 5 years	Interest accrued	Provisions
Assets bearing fixed interest rate risk						
Cash and cash equivalents	0	0	0	0	0	0
Loans to customer	186,238	96,484	87,045	2,709	18,947	-16,776
Other financial investments	36,898	36,898	0	0	0	-197
Assets bearing fixed interest rate risk total	**223,136**	**133,382**	**87,045**	**2,709**	**18,947**	**-16,973**
Liabilities bearing fixed interest rate risk						
Loans and bonds from investors	176,381	15,965	159,779	637	3 ,776	0
Deposits from customers	0	0	0	0	0	0
Lease liabilities	1,687	776	911	0	0	0
Liabilities bearing fixed interest rate risk, total	**178,068**	**16,741**	**160,690**	**637**	**3,776**	**0**
Interest gap	**45,068**	**116,640**	**-73,645**	**2 073**		
Assets bearing floating interest rate risk						
Cash and cash equivalents	42,295	42,295	0	0	70	-37
Loans to customer	43,534	43,534	0	0	216	-453
Other financial investments	5,128	5,128	0	0	95	-33
Assets bearing floating interest rate risk total	**90,957**	**90,957**	**0**	**0**	**380**	**-522**
Liabilities bearing floating interest rate risk						
Loans and bonds from investors	3,710	3,710	0	0	52	0
Deposits from customers	65,237	65,237	0	0	96	0
Lease liabilities	0	0	0	0	0	0
Liabilities bearing floating interest rate risk, total	**68,947**	**68,947**	**0**	**0**	**148**	**0**
Interest gap	**22,010**	**22,010**				

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings. With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings as follows:

		Loans to customers		Loans from creditors	
	Changes in base interest rate	**Effect on profit before tax in 2024**	**Effect on profit before tax in 2023**	**Effect on profit before tax in 2024**	**Effect on profit before tax in 2023**
Currency	in bps	in thousand EUR	in thousand EUR	in thousand EUR	in thousand EUR
EUR	+/- 100	+/-214	+/-166	+/-175	+/-160
EUR	+/- 300	+/-642	+/-498	+/-524	+/-479
EUR	+/- 500	+/-1,071	+/-829	+/-873	+/-799
USD	+/- 100	+/-65	+/-71	+/-56	+/-47
USD	+/- 300	+/-196	+/-213	+/-168	+/-149
USD	+/- 500	+/-326	+/-354	+/-280	+/-237
MDL	+/- 100	+/-960	+/-672	+/-522	+/-482
MDL	+/- 300	+/-2,881	+/-2,016	+/-1,566	+/-1,447
MDL	+/- 500	+/-4,801	+/-3,360	+/-2,610	+/-2,411
Total effect on profit before tax +/-100		+/-1,239	+/-909	+/-753	+/-689
Total effect on profit before tax +/-300		+/-3,719	+/-2,727	*/-2,258	+/-2,075
Total effect on profit before tax +/-500		+/-6,198	+/-4,543	+/-3,763	+/-3,447

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Capital management

The capital management objectives are to ensure that the Group has an optimal structure of assets and liabilities and adequate capital to cover, at all times, all identified material risks and risk-related activities (capital adequacy) and that the Group complies with all capital adequacy requirements.

The Group's objectives when managing capital are the following:

- Maintain a strong capital base by keeping it above 15%, supporting business development and to meet the Eurobond covenants. This objective was accomplished in 2024. See also Note 17.
- Secure investors' claims in accordance with agreed terms. This objective was met in 2024.

To be compliant with the capital requirements set by regulators as applicable, including the Banking market in which subsidiary EB operates. According to requirements of National Bank of Moldova, each bank must hold the minimum level of regulatory capital of at least 15,5% which consists of total capital adequacy requirement of 10%, the capital conservation buffer of 2,5% and countercyclical buffer of 3%. The information about regulatory capital is filed on regular basis.

Capital adequacy is monitored at the Group level by the Group's finance department on a quarterly basis. In the Group's subsidiaries, the financial departments are responsible for ensuring that the company's equity meets all regulatory requirements and that the Group's capital management objectives are ensured.

The following table present the fulfilment of the Group`s capital management objectives

	31/12/2024	31/12/2023
Cash and cash equivalents as shown in the consolidated statement of financial position except mandatory reserve (in thousands EUR)	43,621	59,251
Total assets as reported in the consolidated statement of financial position (in thousands EUR)	415,701	375,799
Share of free cash in the group's total assets (%)	10%	16%
Equity as shown in the consolidated statement of financial position (in thousands EUR)	74,466	63,818
Loans and advances to customers as shown in the consolidated statement of financial position (in thousands EUR)	297,631	232,171
Capitalization rate (%)	25.0%	27.5%

Equity holders base any decisions regarding the distribution of dividends or increasing or decreasing the share capital on the financial position of the Group.

Operational risk

Operational risk is the risk of loss caused by inadequate or failed internal processes or systems, people or external events.

The Group's operational risk is divided into the following sub-risks:

External risk	Internal risk
Damage to physical assets or data	Internal user fraud or incapability
Customer fraud or incapability	System design errors
Anti money laundering (AML) and countering terrorist financing (CTF)	Workplace safety and efficiency
The macroeconomic and legal situation of the Group's countries of operation	

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External risks

Damage to physical assets or data

The Group's work process includes data processing. Loss of data or damage to physical assets that support the work process must be mitigated to the effect that the Group is able to continue its work process without significant interruption.

All the Group`s work process data processed in loan engine system (LES) is stored at a cloud server with daily backup. Backup is maintained separately and available for system restart within a day.

All the Group`s work processes are supported by LES in such a manner that a team member can perform its tasks from any computer that has basic software and internet connection, independently of physical location. Therefore, loss of a computer or even computers can be mitigated within the same day; and loss of an office can be mitigated within two workdays at the latest (relocation of workplaces to a temporary rental office).

Main physical assets are also insured at their replacement value.

Customer fraud or incapability

A customer with original fraud intention, or inability to repay is the second biggest possible source of financial loss.

Measures to mitigate that risk belong to the Group`s knowhow and are not disclosed in the notes to the annual report.

Group uses personal identification, personal contact verification, employment verification, cross verification of public databases, social links, and statistical analysis of performing/nonperforming customers (a scorecard) to make the credit approval/rejection decision.

Approximately 1/3 of new loan applications are rejected by the Group. Customer incapability or non-performance risk is mitigated by regulating loan product parameters (maximum loan amount, maximum loan duration and maximum monthly repayment in relation to the customer's salary) that particular customer qualifies for. Majority of new customers can get loans for up to a year, with a higher APR (annualized percentage rate) to cover the increased risk of loss. Returning customers' range of parameter limits is expanded, depending on their individual performance. The APR is reduced, and the maturity can also be lengthened in comparison with new customers.

Anti money laundering (AML) and countering terrorist financing (CTF)

The Group manages and supervises the activity of its subsidiaries across different locations to ensure that the Group in its entirety is committed to comply the applicable laws and regulations for prevention of criminal and terrorist activity, upholding the integrity of the financial system in all locations of its activity and internationally.

We acknowledge that money laundering and terrorist financing threats are dynamic and criminals are constantly seeking new techniques and try to exploit the easiest targets in the financial services sector. To mitigate the risk of being used for financial crime, the Group is systematically assessing and monitoring the risks its exposed to.

Our overall strategy in fighting financial crime is driven by a risk based approach, where the areas of greatest vulnerability are identified and we are able to focus on those areas the most. The risk based approach gives the Group the:

- Flexibility, as money laundering and terrorist financing risks vary across jurisdictions, counterparties, products and delivery channels, and over time;
- Effectiveness, as companies are better equipped than legislators to effectively assess and mitigate the particular money laundering and terrorist financing risks they face;
- Proportionality, because a risk-based approach promotes a common sense and intelligent approach to fighting money laundering and terrorist financing as opposed to "check the box" approach.

The Group has set the general rules in fighting money laundering and countering terrorist financing with its Group Financial Security Policy, which is applicable to the extent permissible under applicable laws governing the rights and obligations of the subsidiary. Each subsidiary has also their own, more specific policy, whereas should there be contradictions between the mentioned Group policy and the policy drafted based on the local regulations, the local policy and regulations prevail.

The governance of AML/CTF is built on the three lines of defense principle, where the first line of defense relies on the business operations, the second on the risk, compliance and other control functions, and the third on the advisory role, which includes both internal audit as well as the regulatory oversight.

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Macroeconomic and legal situation in Moldova, Albania, Macedonia, Bosnia, and Bulgaria

The economic sustainability of these countries is the key to the Group's sustainability and profitability. The Group observes on a daily basis the media, exchange rates and developments related to important macroeconomic aspect in its domestic markets, such as:

i. GDP and GDP per capita;

ii. quarterly export volumes;

iii. quarterly internal consumption volumes;

iv. quarterly volume of money transfers home by Moldovans, Albanians, Macedonians, Bosnians, and Bulgarians working abroad;

v. monthly unemployment and average salary rates;

vi. quarterly data on banks' loan and deposits portfolios; and

vii. changes in legislation or in the government.

viii. But, as it turned out, regular monitoring does not save us from unexpected events like what happened in Kosovo where the licence of ICKO was revoked by the regulator in 2019. Fortunately, our retained earnings were at this time and are strong to cope with such unexpected events.

ix. The Group is an active member of the Moldovan American Chamber of Commerce, which is one of the few private sector lobby organizations which is heard by the government in the issues of future economic policy or change in laws that govern finance sector, consumer finance, consumer protection laws or legal enforcement. Also, the Group's major competitors participate in AmCham.

x. Changes in macroeconomic situation affect the Group's lending policy. Due to overall macroeconomic instability in the Balkans and Southern Europe region, the Group has limited the maximum maturity of its loan products.

Internal risks

Internal user fraud or incapability

An internal user with authority to execute loan agreements, payments out or enter false data into system is the first possible source of financial loss.

Measures to prevent internal fraud are manifold and constantly under development:

- Selection of employees. The characteristics required include honesty and punctuality. Whereas honesty is a subjective criterion (until a fraud may be discovered), punctuality and correctness of individual performance are observed by LES.
- Individual responsibility and traceability. All important work operations at the Group (entering new loan application, application data checking, application approval, loan agreement execution, loan issue, accounting the loan repayments and debt collection process) are individually traceable by name, date, time, and content.
- System design. Several important operations are double-checked by LES and the user cannot proceed to the next operation unless the prior operation has been completed up to the parameters required by LES.
- Task diversification in loan issue process. Normally, it will take the input of at least three different employees to issue a loan. A single internal user cannot pursue fraudulent objectives.
- Task diversification in management. The Group's finances are managed by different persons, local CFO, CEO and also the Group`s CFO, under direct supervision of shareholders.

System design errors

The Group`s loan implementation system automatically generates tasks and other outputs for its users. A mistake in the system`s source code or configuration can cause system malfunction, misreporting, slow or increased cost work process.

System design errors are discovered and corrected only by implementing any changes via testing before putting them into production.

General system design and performance is also counterchecked against randomly selected individual work processes and randomly selected system reports.

Workplace safety and efficiency

A safe workplace with enough space, controlled temperature and climate mitigates the risks related to loss of attention or concentration and deteriorating health or overall dissatisfaction thereafter.

Countermeasures have been, and will be, investments into ventilation and heating systems, function furniture, and optimization of work processes.

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3 Interest and similar income

Interest and similar income

in thousands EUR	2024	2023
Interest, commission and administration fees on loans to customers	93,221	91,396
TOTAL	**93,221**	**91,396**

4 Interest expense

Interest expense

in thousands EUR	2024	2023
Interest on amounts due to creditors	-9,438	-8,466
Interest on amounts due to lease liabilities	-250	-214
Interest on bonds	-16,631	-16,846
Interest on amounts from deposits	-2,074	-2,668
TOTAL	**-28,394**	**-28,194**

5 Other fees and penalties and other income

Other fees and penalties

in thousands EUR	2024	2023
Penalties under loans and delay interests	7,729	7,288
Dealer bonuses	-904	-1,350
Resigns under customer loans	402	446
TOTAL	**7,227**	**6,384**

Income from penalties under loans and delay interests are accounted on cash basis.

Other income

in thousands EUR	2024	2023
Extraordinary income from debt collectors	4,143	3,209
Income from sale of defaulted loan portfolio	3,534	1,650
Income from insurance brokerage	3,373	1,748
Other	1,622	1,913
TOTAL	**12,673**	**8,520**

The other income includes also income from related parties. See also Note 23.

6 Personnel expenses

Personnel expenses

in thousands EUR	2024	2023
Salaries and bonuses	-18,770	-18,423
Social security expenses	-3,040	-3,048
Medical insurance expenses	-163	-145
Other expenses	-553	-519
TOTAL	**-22,526**	**-22,136**
Annual average number of employees adjusted to full-time	922	979

On the row "Other expenses" are among other expenses recognized changes in vacation reserves. No other binding agreements for the Group with its employees, other than employment agreements, existed as at 31 December 2024 and 31 December 2023.

7 Other operating expenses

Other operating expenses

in thousands EUR	2024	2023
Advertising expenses	-5,167	-3,780
Office lease expenses	-146	-42
Outsource services	-5,890	-5,033
Repair, maintenance of property and equipment	-529	-526
Utilities	-515	-591
Telecommunication and IT	-3,281	-3,503
Small items of equipment	-230	-200
Transportation	-609	-679
Withheld taxes	-928	-893
Regulatory tax expense	-1,504	-3,478
Other operating expenses	-2,371	-2,515
TOTAL	**-21,170**	**-21,239**

The other operating expenses includes also purchases from related parties. See Note 23.

8 Allowance for impairment of loans to customers

Allowance for impairment of loans to customers

in thousands EUR	2024	2023
At the beginning of the year	**-19,779**	**-21,593**
Arising during the year	-25,632	-22,308
Write-off	25,829	23,980
Exchange differences	-386	143
At the end of the year	**-19,967**	**-19,779**

The Group has collected from written-off loans in 2024 4,143 thousand EUR (2023: 3,209 thousand EUR) and received income from sold written – off loans in 2024 3,534 thousand EUR (2023: 1,650 thousand EUR). The respective amounts are recognized as other income. See Note 5.

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Table below demonstrates the sensitivity to a reasonably possible change in forward-looking input (unemployment rate) by +/-2.5% on that portion of loan portfolio and expected credit loss in response:

	in thousands EUR			Favourable changes			Unfavourable changes		
12/31/2024	Gross portfolio in total	Sum of ECL in total	Sum of NLP in total	Gross portfolio in total	Sum of ECL in total	Sum of NLP in total	Gross portfolio in total	Sum of ECL in total	Sum of NLP in total
Albania	**96,109**	**8,553**	**87,557**	**96,109**	**8,848**	**87,262**	**96,109**	**8,258**	**87,852**
stage 1	83,137	1,768	81,368	83,137	2,008	81,129	83,137	1,529	81,608
stage 2	1,703	406	1,297	1,703	461	1,242	1,703	351	1,352
stage 3	11,270	6,378	4,891	11,270	6,378	4,891	11,270	6,378	4,891
Bosnia	**357**	**357**	**0**	**357**	**363**	**-6**	**357**	**351**	**6**
stage 1	219	219	0	219	224	-5	219	213	5
stage 2	18	18	0	18	18	0	18	17	0
stage 3	121	121	0	121	121	0	121	121	0
Macedonia	**38,787**	**2,145**	**36,641**	**38,787**	**2,206**	**36,581**	**38,787**	**2,085**	**36,702**
stage 1	34,043	432	33,611	34,043	485	33,559	34,043	379	33,664
stage 2	505	64	441	505	72	433	505	56	449
stage 3	4,238	1,649	2,589	4,238	1,649	2,589	4,238	1,649	2,589
Moldova	**162,247**	**5,037**	**157,210**	**162,247**	**5,096**	**157,151**	**162,247**	**4,978**	**157,269**
stage 1	153,257	923	152,334	153,257	975	152,282	153,257	870	152,386
stage 2	1,095	114	981	1,095	120	974	1,095	107	988
stage 3	7,896	4,001	3,895	7,896	4,001	3,895	7,896	4,001	3,895
Bulgaria	**20,099**	**3,875**	**16,223**	**20,099**	**4,143**	**15,956**	**20,099**	**3,607**	**16,491**
stage 1	14,396	801	13,596	14,396	1,019	13,377	14,396	582	13,814
stage 2	574	181	393	574	230	343	574	132	442
stage 3	5,128	2,894	2,235	5,128	2,894	2,235	5,128	2,894	2,235
Total change (+/-)	**317,599**	**19,967**	**297,631**	**317,599**	**20,656**	**296,943**	**317,599**	**19,279**	**298,319**
Total impact of change in thousands EUR					688	-688		-688	688

See also Note 11.

Credit loss expense 2024	stage 1	stage 2	stage 3	Net impairment charges
Loans to customers	-4,212	-771	-14,984	-19,967
Total	**-4,212**	**-771**	**-14,984**	**-19,967**

Credit loss expense 2023	stage 1	stage 2	stage 3	Net impairment charges
Loans to customers	-5,279	-560	-13,940	-19,779
Total	**-5,279**	**-560**	**-13,940**	**-19,779**

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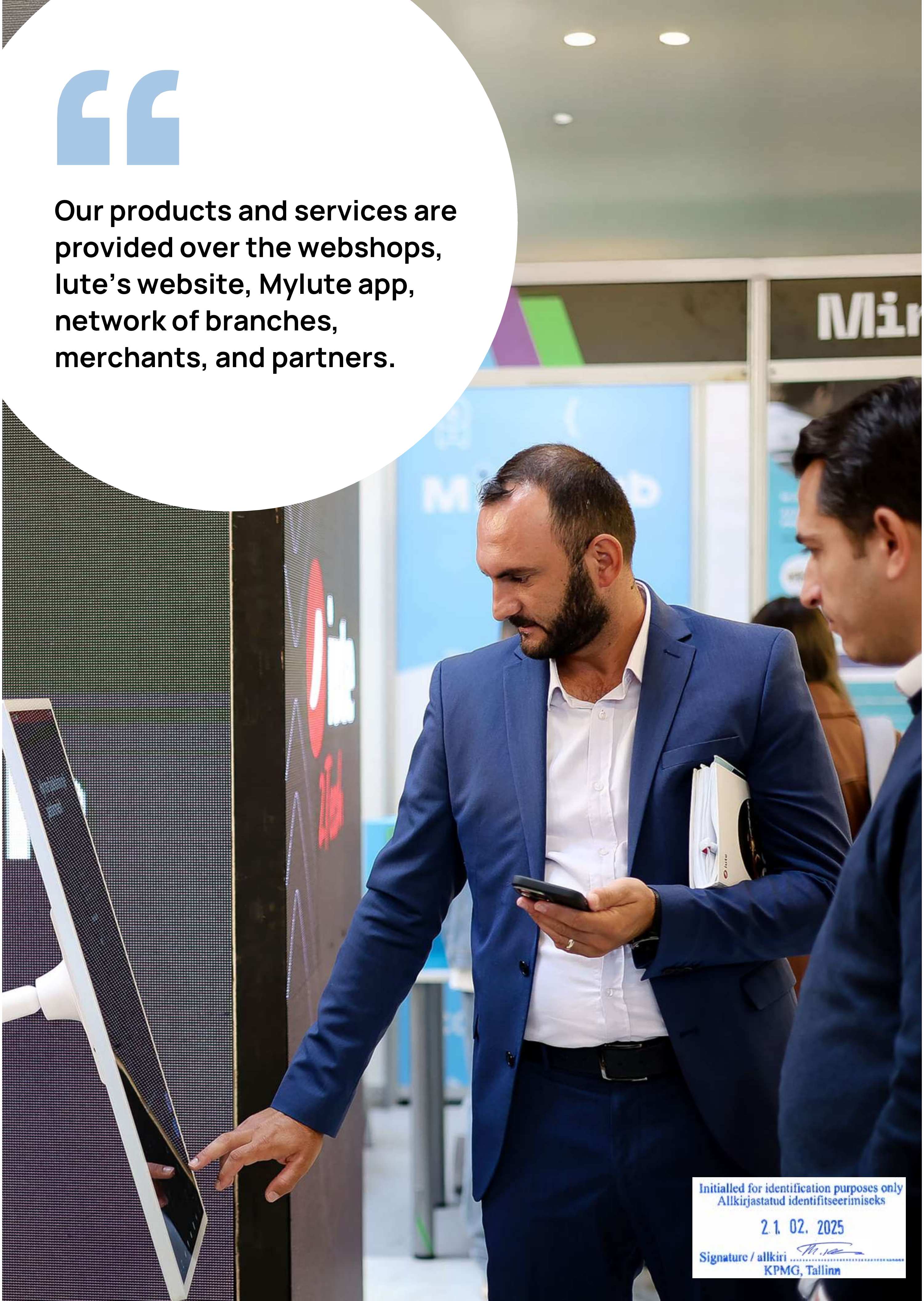

9 Income tax expense

Income tax expense

in thousands EUR	**2024**	**2023**
Consolidated profit before tax	11,598	12,849
Current income tax expense from foreign jurisdictions	-2,512	-2,815
Change in deferred income tax	-51	222
Income tax expense reported in statement of comprehensive income	**-2,563**	**-2,593**

Deferred income tax asset

in thousands EUR	**2024**	**2023**
At the beginning of the period	**739**	**535**
including on PPE and other tax base differences	0	-2
On tax loss carry-forwards	739	537
Change in deferred income tax asset	117	204
including on PPE and other tax base differences	-121	-48
On tax loss carry-forwards	238	252
At the end of the period	**856**	**739**

Deferred income tax liability

in thousands EUR	**2024**	**2023**
At the beginning of the period	**219**	**155**
Change on deferred income tax liability	-120	64
At the end of the period	**98**	**219**

The deferred income tax asset arising from PPE and other tax differences is recognized in subsidiary EB on the temporary differences arising from depreciation of fixed assets, provisions for loans and advances to customers and other assets and liabilities. Deferred income tax is determined by using tax rate 12%.

The deferred income tax asset arising from tax loss carry-forwards is recognized in subsidiaries ICBG and IutePay Bulgaria in respect of losses that can be carried forward against future taxable income to the extent that realisation of the related tax benefit through the future profits is probable. The deferred income tax asset can be used for unlimited period in Bulgaria to cover 70% of the year tax profit. Deferred income tax is determined by using tax rate 10%.

In 2024, shareholders declared dividends in amount of 0 thousand EUR (2023: 8,000 thousand EUR) and paid dividends in the amount of 4,001 thousand EUR (2023: 3,999 thousand EUR). As at 31 December 2024 0 thousand EUR (31.12.2023: 4,001 thousand EUR) remained unpaid.

As at 31 December 2024, the Group's retained earnings amounted to 49,819 thousand EUR (31.12.2023: 40,621 thousand EUR). The distribution of these retained earnings as dividends would be subject to income tax at the maximum rate of 22/78 on the net distribution.

As at the reporting date, the Group has received pre-taxed dividends and the balance of the dividends under tax exemption in amount of 4,659 thousand EUR (31.12.2023: 903 thousand EUR). When calculating the maximum income tax liability that may arise if all retained earnings were distributed, the Group considers that retained earnings must cover the net dividends distributed and arising income tax expense. Therefore, it is possible to distribute 35,224 thousand EUR (31.12.2023: 32,469 thousand EUR) of the retained earnings as at the balance sheet date as net dividends.

The corporate income tax on the payment of dividends would amount to 9,935 thousand EUR (31.12.2023: 8,117 thousand EUR).

See also Note 12 and Note 18.

10 Cash & cash equivalents

Cash and cash equivalents

in thousands EUR	**31/12/2024**	**31/12/2023**
Cash on hand*	5,484	11,550
Bank accounts*	33,022	43,673
Overnight deposits*	5,115	4,029
Liquidity and mandatory reserve	10,035	12,408
TOTAL	**53,656**	**71,659**
*cash and cash equivalents in the statement of cash flows	**43,621**	**59,252**
Due from banks and cash by ECL charges		
Stage 1	53,656	71,659
Stage 2	0	0
Stage 3	0	0

As at 31 December 2024, bank accounts include:

- cash in ATMs in the amount of total 2,741 thousand EUR (31 December 2023: 2,573 thousand EUR);
- in subsidiary EB liquidity and mandatory reserve in the amount of 10,035 thousand EUR (31 December 2023: 12,408 thousand EUR) as required by The National Bank of Moldova (NBM). NBM requires commercial banks to maintain for liquidity purposes a minimum reserves calculated as a certain percentage of the average funds attracted by banks in the previous month (between the 16th of the current month and the 15th of the following), including all customer deposits.

As at 31 December 2024 the rate for calculation of the minimum compulsory reserve in MDL was 25.0% (31 December 2023: 33.0%) in US Dollars (USD) and EURO (EUR) was 34.0% (31 December 2023: 43.0%).

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As at 31 December 2024 the balance reserved in the current account held with the NBM amounted to 16,480 thousand EUR (31 December 2023: 24,457 thousand EUR). This balance included mandatory reserve on funds attracted in Moldovan Lei and non-convertible currencies. The balance reserved on USD and EUR compulsory reserve accounts amounted to 3,321 thousand USD and 6,857 thousand EUR (31 December 2023: 4,010 thousand USD and 8,802 thousand EUR) respectively.

The interest paid by NBM on the compulsory reserves during 2024 varied between 2,52% and 3,34% annually for reserves in foreign currency and 1,60% - 2,75%) for reserves in MDL (2023: 0,01% and 3,34% for reserves in foreign currency and 2,75%-18% annually for reserves in MDL). The compulsory reserves on funds attracted in USD and EUR are placed in Nostro accounts of NBM at correspondent banks incorporated in OECD countries.

The obligatory reserves held in the current account at NBM are available for use in EB day to day operations.

As at 31 December 2024 and 31 December 2023 overnight deposits balances are denominated in USD with Bank of New York. During 2024 the interest rate on overnight deposits varied around 1,60%-2,75% (2023: 0,1%-1,3%).

11 Loans to customers

Table below the credit quality and the maximum exposure to credit risk based on the Group's internal credit rating system and year end stage classification. The amounts presented are gross of impairment allowances.

31/12/2024

in thousands EUR	Stage 1	Stage 2	Stage 3	Total
According to IFRS 9				
Gross loans to customers	268,172	3,376	24,849	**296,398**
Accrued interest from loans	16,880	518	3,803	**21,201**
Allowances for loan impairment	-4,212	-771	-14,984	**-19,967**
TOTAL	**280,840**	**3,123**	**13,668**	**297,631**
Total share in	94%	1%	5%	100%
Gross NPL ratio			9%	
Impairment coverage ratio			70%	

31/12/2023

in thousands EUR	Stage 1	Stage 2	Stage 3	Total
According to IFRS 9				
Gross loans to customers	203,450	2,775	26,104	**232,329**
Accrued interest from loans	15,199	435	3,988	**19,621**
Allowances for loan impairment	-5,279	-560	-13,940	**-19,779**
TOTAL	**213,369**	**2,650**	**16,152**	**232,171**
Total share in loans to customers	92%	1%	7%	100%
Gross NPL ratio			12%	
Impairment coverage ratio			66%	

Additional information regarding allowances for loan impairment has been disclosed in Note 8.

Gross NPL ratio - non-performing loan portfolio (including accrued interest) with a delay of over 50 days (stage 3) / total gross loan portfolio (including accrued interest). Impairment coverage ratio – Total impairment (see Note 8) / Gross NPL (stage 3). See also note 2.

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12 Prepayments and other assets

in thousands EUR	31/12/2024	31/12/2023
Deferred tax assets	856	739
Prepayments of rent	80	88
Prepayment of taxes	389	518
Prepayments to suppliers and deferred expenses	1,531	490
Prepayments in total	**2,856**	**1,835**
Receivables from collection companies	757	775
Other receivables	5,017	4,906
Deposit receivables from partners	3,411	2,458
Other assets in total	**9,185**	**8,138**
TOTAL	**12,042**	**9,973**

Additional information about deferred tax assets movement is disclosed in Note 9.
See also note 23.

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13 Other financial investments

in thousands EUR	31/12/2024	31/12/2023
Other shares and securities at FVTPL	570	624
Deposit account	127	200
State securities and certificates at amortised cost	19,435	40,905
Financial assets at FVOCI	8,603	0
TOTAL	**28,735**	**41,730**

As at 31 December 2024 and 31 December 2023 on the row "Other shares and securities" are recognized investments into unlisted shares in companies IuteCredit Kosovo JSC and Birou de Credit Srl. The fair value of the investments is determined by using discounted cash flow method. See also Note 2.

As at 31 December 2024 a deposit amount 127 thousand EUR (31.12.2023: 200 thousand EUR) is set on long-term purposes by the regulatory demand.

State securities as at 31 December 2024 represent short- and medium-term securities issued by the Ministry of Finance of the Republic of Moldova with interest rate ranging from 4,16% to 13,0% annually (2023: 5,79%-16,64% annually). Certificates issued by the National Bank of Moldova as at 31 December 2024 are with an initial maturity of 14 days with an interest rate 3,60% annually (2023: 4,75% annually). As at 31 December 2024 the Group did not hold any state securities as mortgage.

As at 31 December 2024 financial assets at FVOCI represents Group`s investment into debt securities of the Govermnet of Romania, issued by the Ministry of Finance, foreign banks and other foreign entities with the initial maturity of 2028-2053 and open ended maturity. Interest rate varies between 5,5%-10%.

Changes in the fair value of financial assets neasured at FVOCI:

in thousands EUR	31/12/2024	31/12/2023
Opening balance	0	0
Cash flow items:		
Acquisition of new financial instruments	9,195	0
Redemption of financial instruments	-481	0
Non - cash flow items:		
Accrued interest	75	0
Expected credit losses	-79	0
Changes in fair value	-107	0
TOTAL	**8,603**	**0**

See also Note 22.

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14 Property, plant, and equipment

Buildings

in thousands EUR	2024	2023
Acquisition cost		
At the beginning of the year	**5,384**	**4,975**
Additions	0	10
Revaluation	-273	834
Disposals and write-offs	-844	-300
Exchange differences	13	-134
At the end of the year	**4,280**	**5,384**
Amortisation and impairment		
At the beginning of the year	**-9**	**-250**
Amortisation charge for the year	-96	-91
Disposals and write-offs	23	363
Exchange differences	0	-30
At the end of the year	**-82**	**-9**
Net book value at 31.12.	**4,198**	**5,376**

In 2024, the Group has sold 6 buildings in the revalued value of total 1 117 thousand EUR.

In 2023, additions represent value increase in building value in amount of 834 thousand EUR due to revaluation. The Group`s management used external appraiser for buildings valuation. External appraiser determined the market value for buildings by using comparison method.

The book value of the buildings as at 31.12.2024 would be, if they would be accounted at cost less accumulated depreciation 3,696 thousand EUR (31.12.2023: 4,592 thousand EUR).

Land

in thousands EUR	2024	2023
Acquisition cost		
At the beginning of the year	**436**	**421**
Disposals and write-offs	0	-8
Exchange differences	-7	22
At the end of the year	**429**	**436**

Furniture and equipment

in thousands EUR	2024	2023
Acquisition cost		
At the beginning of the year	**3,647**	**3,364**
Additions	1,142	338
Disposals and write-offs	-555	-218
Exchange differences	77	162
At the end of the year	**4,311**	**3,647**
Depreciation and impairment		
At the beginning of the year	**-2,128**	**-1,525**
Depreciation charge for the year	-522	-643
Disposals and write-offs	291	191
Exchange differences	-39	-151
At the end of the year	**-2,398**	**-2,128**
Net book value at 31.12.	**1,913**	**1,519**

15 Right-of-use-assets and lease liabilities

Right-of-use assets (offices)

in thousands EUR	2024	2023
Acquisition cost		
At the beginning of the year	**4,190**	**4,757**
Additions	2,177	869
Disposals and write-offs	-2,269	-1,211
Exchange rate differences	105	-226
At the end of the year	**4,204**	**4,190**
Depreciation		
At the beginning of the year	**-2,608**	**-2,682**
Depreciation charge for the year	-1,038	-1,116
Disposals and write-offs	1,968	827
Exchange rate differences	-44	363
At the end of the year	**-1,722**	**-2,608**
Net book value 01.01.	**1,582**	**2,075**
Net book value 31.12.	**2,482**	**1,582**

Lease liabilities (office rent)

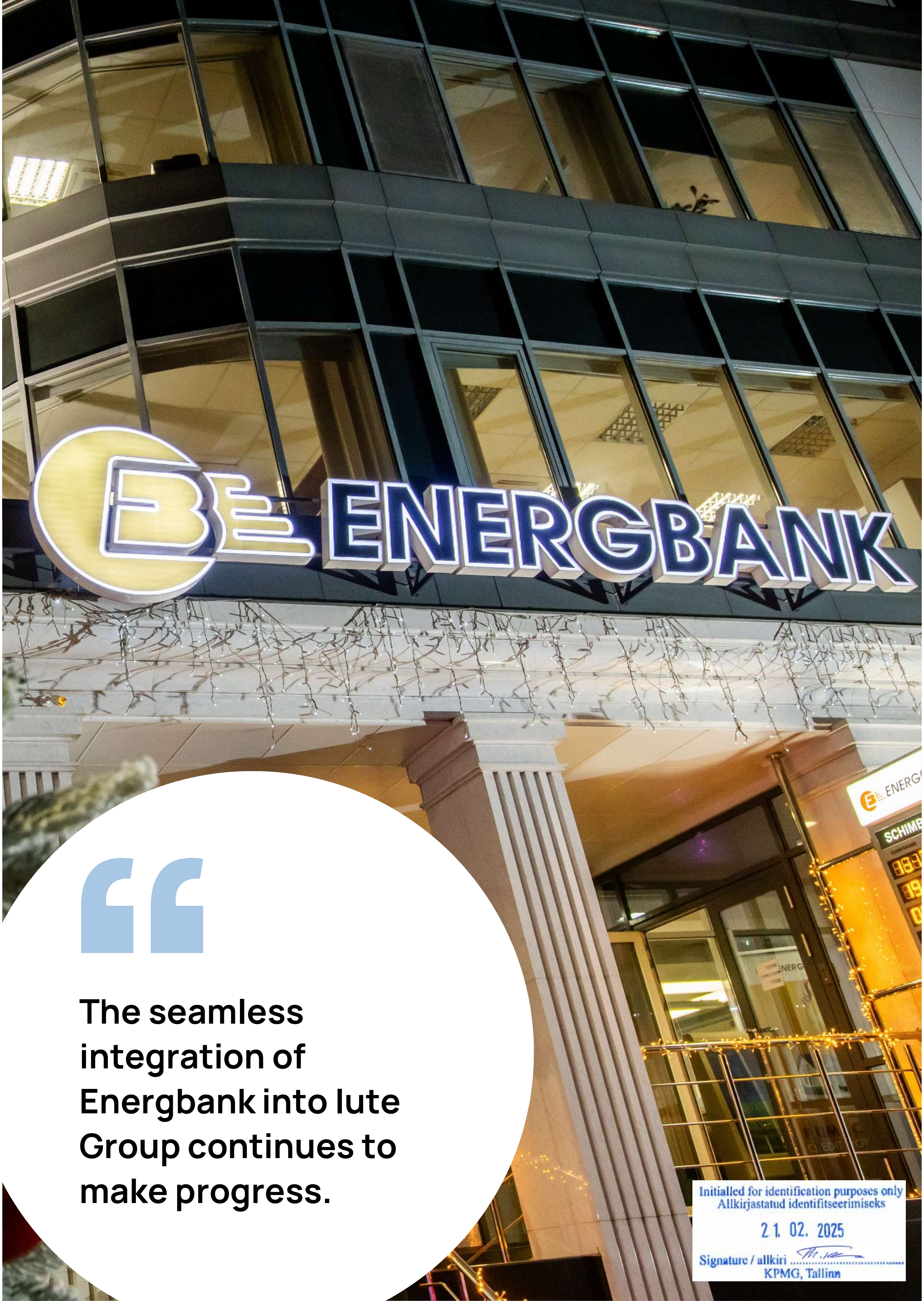
in thousands EUR	2024	2023
Short-term		
At the beginning of the year	**1,007**	**908**
Additions	1,319	870
Accretion of interest	250	214
Repayments	-1,277	-1,337
Reclassifications and periodization	-305	353
At the end of the year	**994**	**1,007**
Long-term		
At the beginning of the year	**680**	**1,269**
Addition from new agreements	2,177	517
Reclassifications and periodization	-1,319	-1,106
At the end of the year	**1,538**	**680**
Lease liabilities in total 01.01.	**1,687**	**2,177**
Lease liabilities in total 31.12.	**2,533**	**1,687**

Recognised in profit or loss

in thousands EUR	2024	2023
Depreciation expense of right-of-use assets	-1,038	-1,116
Interest expense on lease liabilities	-250	-214
Expense relating to leases of short-term leases	-146	-42
Total amount recognised in profit or loss	**-1,434**	**-1,372**

Discount rates used for to a portfolio of leases varies between 8%-14,5% (average 11,25%), portfolios segregated on country-basis.

The maturity analysis is provided in Note 2. Maximum lease term is estimated as 60 months.



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The seamless integration of Energbank into Iute Group continues to make progress.

16 Intangible assets

Computer software		
in thousands EUR	**2024**	**2023**
Acquisition cost		
At the beginning of the year	**14,141**	**10,168**
Additions	973	139
Additions-internally developed	2,666	4,054
Work in progress	5,188	3,968
Reclassification from work in progress to additions internally developed	-2,666	-4,054
Disposals and write-offs	0	-2
Exchange differences	49	-132
At the end of the year	**20,350**	**14,141**
Amortisation and impairment		
At the beginning of the year	**-3,219**	**-1,256**
Amortisation charge for the year	-205	-198
Amortisation charge for the year of internally developed asset	-2,374	-1,633
Disposals and write-offs	0	11
Exchange differences	-366	-144
At the end of the year	**-6,165**	**-3,219**
Net book value at 31.12.	**14,184**	**10,921**

The total net book value of internally developed intangible asset is 9,486 thousand EUR as at 31 December 2024 (31.12.2023: 9,204 thousand EUR).

In 2024, the Group continued with investing into new software and software solutions which will support increasing business operations of the Group and expansion of services provided to existing and potential new customers. In 2024, the third stage of development works was finalized and as a result, the development costs in the amount 2,666 thousand EUR (2023: 4,054 thousand EUR) were recognized as intangible assets. In 2024, the total development costs amounted to 5,188 thousand EUR (31.12.2023: 3,968 thousand EUR). As at 31 December 2024, work in progress amount to 3,565 thousand EUR (31.12.2023:1,043 thousand EUR). The next stage of development works is planned to be finalized in financial year 2025.

17 Financial liabilities

in thousands EUR	**31/12/2024**	**Up to 1 year**	**Maturity 1 to 5 years**	**over 5 years**	**Currency**	**Interest**
Loans from investors and banks	**90,237**	27,717	62,521	0	EUR, MDL, USD, ALL, MKD	1-20%
Loans from government	**5,839**	108	5,226	505	EUR, MDL, USD	0,6%-4,85%
Deposits from customers	**111,165**	72,777	37,553	835	EUR, MDL, USD, RON, RUB,GBP, CAD	0,1%-5,5%
Lease liabilities (IFRS 16)	**2,533**	994	1,538	0	EUR, MLD, ALL, MKD, BAM, BGN	8%-12%
Eurobonds	**114,085**	0	114,085	0	EUR	11%
Accrued interest	**4,052**	4,052	0	0	EUR, MDL, USD, ALL, MKD	
TOTAL	**327,912**	**105,647**	**220,924**	**1,340**		

in thousands EUR	**31/12/2023**	**Up to 1 year**	**Maturity 1 to 5 years**	**over 5 years**	**Currency**	**Interest**
Loans from investors and banks	**64,929**	17,993	46,936	0	EUR, MDL, USD, ALL, MKD	1-20%
Loans from government	**3,710**	61	3,012	637	EUR, MDL, USD	0,6%-13,6%
Deposits from customers	**107,260**	79,133	28,127	0	EUR, MDL, USD, RON, RUB,GBP, CAD	0,1%-5,5%
Overdraft	**1,621**	1,621	0	0	MDL	3-14%
Lease liabilities (IFRS 16)	**1,687**	776	911	0	EUR, MLD, ALL, MKD, BAM	8%-12%
Eurobonds	**109,831**	0	109,831	0	EUR	11%
Accrued interest	**3,924**	3,924	0	0	EUR, MDL, USD, ALL, MKD	
TOTAL	**292,962**	**103,507**	**188,817**	**637**		

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As at 31 December 2023 the overdraft balance included the credit line opened in Moldova which was closed in 2024.

As at 31 December 2024 the loans from investors and banks are secured with pledges by the Group in amount 102.965 thousand EUR (31 December 2023: 79,059 thousand EUR). The pledges consist of the Group`s subsidiaries ICM, ICA, ICMK and ICBG liquid assets.

Deposits from customers includes current accounts of the customers and term deposits accounts from the customers.

As at 31 December 2024, the Group`s subsidiary ICF has issued bonds in total in amount of 125,000 thousand EUR (31.12.2023: 125,000 thousand EUR).

The obligations of the issuer are guaranteed and pledged on a senior secured basis by Iute Group AS, the holding company of the group, and its subsidiaries taking into consideration all present and future receivables and bank accounts. See also Note 22.

Due to the bond issue the Group's activity is a subject to the financial covenants on quarterly basis upon submission of the annual audited consolidated reports and interim unaudited quarterly consolidated reports: interest coverage ratio should not be less than 1.5 and capitalization ratio should not be less than 15%.

Eurobond covenant ratios:

	31/12/2024	31/12/2023
Capitalization		
Equity/Net finance loans and advances to customers	25.0%	27.5%

	2024	2023
Profitability		
Interest coverage ratio (ICR) - EBITDA/interest expenses	1.7	1.7

*The metric "Adjusted EBITDA" is used in the in unaudited financial reports presented to investors and it is identified as EBIDTA adjusted with foreign exchange gains and losses, with net gains and losses from financial investments and with one-time expenses occurred during period reported.

As at 31 December 2024 and 31 December 2023, the financial covenants related to bonds are met by the Group.

The dividends and similar distributions are not allowed to be made to shareholders, unless they do not exceed 25% of the distributable profit, the interest coverage ratio for the period ending on the last day of the period covered by the most recent financial report is not less than 1.65 and the capitalization ratio of the Group on a consolidated basis is not less than 20%, determined on a pro forma-basis (including a pro forma-application of the net proceeds there from).

The table on next page shows a reconciliation of movements of financial liabilities to cash flows arising from financing activities.

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in thousands EUR	Loans from investors and banks	Loans from government	Over-draft	Lease liabilities	Convertible bonds	Euro-bonds	Share capital/ premium	Retained earnings	Total
Balance 01/01/2024	**64,929**	**3,710**	**1,621**	**1,687**	**0**	**109,831**	**11,041**	**40,621**	**233,436**
Changes from financing cash flows									
Loans received from investors	70,739	2,109	0	0	0	16,294	0	0	89,142
Repaid loans to investors	-50,326	0	0	0	0	-13,380	0	0	-63,706
Principal payments of lease contracts	0	0	0	-1,277	0	0	0	0	-1,277
Dividends paid	0	0	0	0	0	0	0	-4,001	-4,001
Total changes from financing cash flows	**20,413**	**2,109**	**0**	**-1,277**	**0**	**2,914**	**0**	**-4,001**	**20,158**
Other changes									
Liability-related									
Overdraft received	0	0	0	0	0	0	0	0	0
Overdraft repaid	0	0	-1,621	0	0	0	0	0	-1,621
New leases	0	0	0	2,108	0	0	0	0	2,108
Interest expenses	11,159	228	126	250	0	16,631	0	0	28,394
Change in EIR	0	0	0	0	0	1,258	0	0	1,258
Paid interests	-9,033	-208	-126	-235	0	-13,750	0	0	-23,353
Total liability related other changes	**2,126**	**20**	**-1,621**	**2,123**	**0**	**4,139**	**0**	**0**	**6,786**
Other equity related changes	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**12,576**	**12,576**
Balance 31/12/2024	**87,468**	**5,839**	**0**	**2,533**	**0**	**116,884**	**11,041**	**49,196**	**272,956**

in thousands EUR	Loans from investors and banks	Loans from government	Over-draft	Lease liabilities	Convertible bonds	Euro-bonds	Share capital/ premium	Retained earnings	Total
Balance 01/01/2023	**31,216**	**2,341**	**519**	**2,177**	**29**	**123,601**	**10,000**	**41,002**	**210,884**
Changes from financing cash flows									
Loans received from investors	69,630	3,246	0	0	0	7,131	0	0	80,006
Repaid loans to investors	-35,130	-1,922	0	0	-29	-25,560	0	0	-62,642
Principal payments of lease contracts	0	0	0	-1,337	0	0	0	0	-1,337
Issue of ordinary shares	0	0	0	0	0	0	1,041	0	1,041
Dividends paid	0	0	0	0	0	0	0	-3,999	-3,999
Total changes from financing cash flows	**34,500**	**1,324**	**0**	**-1,337**	**-29**	**-18,429**	**1,041**	**-3,999**	**13,069**
Other changes									
Liability-related									
Overdraft received	0	0	1,985	0	0	0	0	0	1,985
Overdraft repaid	0	0	-883	0	0	0	0	0	-883
New leases	0	0	0	789	0	0	0	0	789
Interest expenses	8,093	240	134	214	0	16,846	0	0	25,527
Change in EIR	0	0	0	0	0	2,563	0	0	2,563
Paid interests	-8,880	-195	-134	-156	0	-14,750	0	0	-24,116
Total liability related other changes	**-787**	**45**	**1,102**	**847**	**0**	**4,659**	**0**	**0**	**5,865**
Other equity related changes	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**3,618**	**3,618**
Balance 31/12/2023	**64,929**	**3,710**	**1,621**	**1,687**	**0**	**109,831**	**11,041**	**40,621**	**233,436**

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18 Other liabilities and tax liabilities

in thousands EUR	**31/12/2024**	**31/12/2023**
Trade payables	1,868	1,855
Payables to employees	718	942
Current Income Tax payables	508	679
Other Tax payables	1,037	1,022
Unpaid dividends	0	4,001
Allocations and other provisions	1,267	4,351
Deferred revenue	5,134	3,005
Other liabilities	2,791	3,165
TOTAL	**13,324**	**19,020**

“Allocations and other provisions” consist of liabilities in front of the customers and settlements with business partners.

“Other liabilities” consist of payment transactions in transit, customer over-/wrong payments, liabilities related to dealer loans and loans not paid out to customers.

"Other tax payables” includes as at 31 December 2024 also deferred tax liabilities in the amount of 98 thousand EUR (31 December 2023: 219 thousand EUR). See also Note 9.

19 Guarantees and other financial commitments

The aggregate amounts of outstanding guarantees, commitments, and other off-balance sheet items of the Group are:

Guarantees and other financial commitments

In thousands EUR	**31/12/2024**	**31/12/2023**
Guarantees	5,766	4,193
Financing commitments and other	5,268	8,050

Group`s subsidiary EB, in the usual course of business, issues guarantees and letters of credit on behalf of its customers. The credit risk of guarantees is identical to that from lending. In the case of a claim against the Bank because of a customer's default on a guarantee these instruments also present a certain degree of liquidity risk to EB.

Financing commitments represent EB commitments to grant loans and advances to customers.

Financing commitments do not necessarily imply a future cash outflow since many of these commitments will expire or terminate without being funded.

As at 31 December 2024 and 31 December 2023 the Group does not have any material ongoing disputes outstanding. Also no material raised claims against the Group existed which would have material impact on Group`s financial position and business operations.

20 Share capital

in EUR	**31/12/2024**	**31/12/2023**
Share capital	10,346,100	10,346,100
Number of shares	10,346,100	10,346,100
Nominal value of share	1.00	1.00

All shares are fully paid as at 31 December 2024 and 31 December 2023. Each share carries one vote at meetings of the company, granting the holder the right to participate in the management of the company, the distribution of profits and the distribution of residual assets on the dissolution of the company.

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21 Investments in subsidiaries

Subsidiary	Country	Acquisition date	31/12/2024	31/12/2023
ICS OMF IuteCredit SRL	Moldova	28/11/2008	100%	100%
IuteCredit Albania SH.A	Albania	04/08/2014	100%	100%
IuteCredit Macedonia DOOEL	North Macedonia	24/07/2017	100%	100%
IutePay Bulgaria EOOD	Bulgaria	12/12/2017	100%	100%
Velox Pay S.H.P.K	Albania	09/10/2020	100%	100%
IuteCredit Bulgaria EOOD	Bulgaria	11/03/2019	100%	100%
MKD IuteCredit BH d.o.o. Sarajevo	Bosnia and Herzegovina	29/03/2019	100%	100%
IuteCredit Finance S.a.r.l.	Luxembourg	01/07/2019	100%	100%
BC Energbank S.A	Moldova	10/02/2022	96%	96%
IuteCredit Romania IFN SA	Romania	28/08/2023	100%	100%
Iute Safe AD Skopje	North Macedonia	15/09/2024	100%	0%


Bulgaria


Moldova


Albania


North Macedonia


Estonia

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Investments to subsidiaries in unconsolidated statements composed using equity method:

Investment in subsidiaries

in thousands EUR	31/12/2023	Dividends received	Contribution to share capital	Profit/loss using equity method	31/12/2024
ICM	28,825	-1,100	0	2,092	29,817
EB	39,279	-4,520	0	1,700	36,459
ICA	21,836	-2,050	0	6,083	25,869
IPA	1,268	-249	0	1,776	2,795
ICMK	3,653	0	500	2,111	6,264
IPBG	247	0	256	-159	344
ICBG	1,661	0	1,023	-1,153	1,531
ICBH	150	0	0	-150	0
ICF	0	0	0	1,487	1,487
ICRO	201	0	549	-508	242
ISMK	0	0	50	-23	27
Investments in subsidiaries	**97,121**	**-7,919**	**2,378**	**13,256**	**104,836**

Investment in subsidiaries

in thousands EUR	31/12/2022	Dividends received	Contribution to share capital	Profit/loss using equity method	31/12/2023
ICM	26,954	0	0	1,871	28,825
EB	35,835	0	0	3,444	39,279
ICA	15,127	-903	0	7,612	21,836
IPA	564	0	0	704	1,268
ICMK	3,864	0	450	-661	3,653
IPBG	0	0	205	42	247
ICBG	325	0	3,579	-2,243	1,661
ICBH	657	0	562	-1,069	150
ICF	8	0	0	-8	0
ICRO	0	0	202	-1	201
Investments in subsidiaries	**83,335**	**-902**	**4,999**	**9,692**	**97,121**

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22 Fair value measurement

The Group uses the following hierarchy for determining and presenting the fair value of financial instruments by valuation method:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities;

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The following table present the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Prepayments and other assets (Note 12), deposits (Note 12), trade payables and other liabilities (Note 18) are not included in the table below. Their carrying amount is reasonable approximation of fair value.

in thousands EUR	Date of valuation	Note	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total fair value	Total carrying value	Difference
Financial assets at fair value through profit or loss								
Other shares and securities	31/12/2024	13	0	0	570	**570**	570	0
Total financial assets at fair value through profit or loss			**0**	**0**	**570**	**570**	**570**	**0**
Financial assets at FVOCI								
Investments in debt securities	31/12/2024	13	7,661	0	0	**7,661**	8,603	-942
Total financial investments at FVOCI			**7,661**	**0**	**0**	**7,661**	**8,603**	**-942**
Financial assets at amortized cost								
Due from banks and credit institutions	31/12/2024	10	0	39,673	13,983	**53,656**	53,656	0
Loans and interest receivables to customers	31/12/2024	11	0	0	369,096	**369,096**	297,631	71,465
State securities and certificates	31/12/2024	13	19,810	0	0	**19,810**	19,876	-67
Total financial assets at amortized cost			**19,810**	**39,673**	**383,079**	**442,562**	**371,164**	**71,398**
Financial liabilities at amortized cost								
Loans from investors and banks	31/12/2024	17	0	5,499	105,601	**111,101**	96,363	14,737
Deposits from customers	31/12/2024	17	0	109,058	0	**109,058**	111,256	-2,199
Eurobonds	31/12/2024	17	0	0	131,651	**131,651**	120,291	11,360
Total financial liabilities at amortized cost			**0**	**114,557**	**237,253**	**351,810**	**327,911**	**23,899**

in thousands EUR	Date of valuation	Note	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total fair value	Total carrying value	Difference
Financial assets at fair value through profit or loss								
Other shares and securities	31/12/2023	13	0	0	624	**624**	624	0
Total financial assets at fair value through profit or loss			**0**	**0**	**624**	**624**	**624**	**0**
Financial assets at amortized cost								
Due from banks and credit institutions	31/12/2023	10	0	54,466	17,194	**71,660**	71,660	0
Loans and interest receivables to customers	31/12/2023	11	0	0	306,469	**306,469**	232,171	74,298
State securities and certificates	31/12/2023	13	41,818	0	0	**41,818**	40,905	913
Total financial assets at amortized cost			**41,818**	**54,466**	**323,663**	**419,948**	**344,736**	**75,212**
Financial liabilities at amortized cost								
Loans from investors and banks	31/12/2023	17	0	3,815	98,465	**102,280**	81,860	20,420
Deposits from customers	31/12/2023	17	0	106,805	0	**106,805**	107,356	-551
Eurobonds	31/12/2023	17	0	0	112,964	**112,964**	103,745	9,219
Total financial liabilities at amortized cost			**0**	**110,620**	**211,429**	**322,049**	**292,961**	**29,088**

The following tables present the valuation techniques used in Level 3 fair values for financial instruments measured in the statement of financial position, as well as the significant unobservable inputs used.

Lever 3 financial instrument	**Valuation technique**	**Significant unobservable inputs**	**Range of risk adjusted discount rate used**	**Inter-relationship between significant unobservable inputs and fair value measurement**
Loans and interest receivables to customers	Discounted cash flows: The valuation model considers the present value of expected payments, discounted using a risk-adjusted discount rate	Expected cash flows (31 December 2024: 425,412 thousands EUR)	2024:7,4%-15,18%	The estimated fair value would increase (decrease) if: the risk-adjusted discount rate were lower (higher)
Other financial investments	Discounted cash flows: The valuation model considers the present value of expected payments, discounted using a risk-adjusted discount rate	Expected cash flows (31 December 2024: 31,805 thousands EUR)	2024:7,4%-15,18%	The estimated fair value would increase (decrease) if: the expected cash flows were higher (lower); or the risk-adjusted discount rate were lower (higher)
Loans, bonds, deposits and accrued interest payables	Discounted cash flows: The valuation model considers the present value of expected payments, discounted using a risk-adjusted discount rate	Expected cash flows (31 December 2024: 384,904 thousands EUR)	2024:7,4%-15,18%	The estimated fair value would increase (decrease) if: the expected cash flows were higher (lower); or the risk-adjusted discount rate were lower (higher)

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The Group's payment services vary from country to country between full-range solutions provided as a bank, and partial solutions subject to the license issued in any given country.

23 Related parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. Related parties are defined as shareholders, members of the Supervisory Board and the Management Board, key management personnel, their close relatives, and companies in which they have a controlling interest as well as associated companies.

The main shareholder of Iute Group AS with 87,2% of shares is Alarmo Kapital OÜ, registered in Estonia. Other shares belong to minority shareholders owning no more than 3% of each.

The Group's management has not identified significant transfer pricing risks as the Group's main income and expenses are related to lending activities. The margin on investor loans can be declared at market price (see Note 18). The transactions made inside the Group are related to loan instalments in the ordinary course of business and are rated by market price. The effect of such transactions is eliminated from the consolidated financials. Management believes that there are no significant price and tax risks arising from transactions between the Group and related parties.

Transactions are entered into with related parties in the normal course of business. The volumes of related party transactions, outstanding balances at the year end and relating income and expense for the year are presented on next page:

in thousands EUR		Received loans	Repaid loans	Given loans	Given loans repaid	Receivables	Liabilities
Senior management and majority shareholders with significant influence over undertakings	2024	0	0	2,380	2,605	4,413	2,757
Close family members of the management with significant shareholdings and undertakings in their dominant or significant influence	2024	0	0	0	0	0	600
Senior management and majority shareholders with significant influence over undertakings	2023	0	0	4,070	2,000	4,531	2,761
Close family members of the management with significant shareholdings and undertakings in their dominant or significant influence	2023	0	7	0	0	0	602

in thousands EUR		Purchases	Provided services	Calculated interests from given loans	Interest received on given loans	Calculated interests from loans	Interest paid on loans
Senior management and majority shareholders with significant influence over undertakings	2024	741	350	241	484	296	296
Close family members of the management with significant shareholdings and undertakings in their dominant or significant influence	2024	0	0	0	0	64	64
Senior management and majority shareholders with significant influence over undertakings	2023	444	1,380	285	16	335	404
Close family members of the management with significant shareholdings and undertakings in their dominant or significant influence	2023	0	0	0	0	75	87

Remuneration of Group's Key Management Persons

in thousands EUR	**2024**	**2023**
Remuneration according to labor agreements	553	554
TOTAL	**553**	**554**

Group's Key Management Persons are considered to be Council Members, Board Members and Chief Financial Officer. See also Note 6.

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24 Unconsolidated financial statements of parent company as a separate company

The parent company´s unconsolidated financial statements have been prepared in accordance with the Accounting Act of the Republic of Estonia, and do not constitute parent company´s separate financial statements in the meaning of IAS 27 „Separate financial statements".

Statement of comprehensive income

in thousands EUR	2024	2023
Interest and similar income	18,223	15,559
Interest and similar expense	-18,822	-17,656
Interest income, net	**-599**	**-2,097**
Other income	7,922	9,809
Net operating income	**7,323**	**7,713**
Personnel expenses	-3,921	-4,564
Depreciation/amortization charge	-2,579	-1,842
Other operating expenses	-5,108	-5,460
Total operating expenses	**-11,608**	**-11,866**
Foreign exchange gains/losses	79	2,330
Net income from subsidiaries using equity method, net	13,256	9,691
Total finance income, net	**13,334**	**12,021**
Profit before tax	**9,049**	**7,867**
Income tax expense	0	-304
Profit for the reporting period	**9,049**	**7,563**
Other comprehensive income		
Other comprehensive income (classified profit or loss in subsequent period)	0	0
Exchange differences on translation of foreign operations	0	0
Other comprehensive income total	**0**	**0**
Profit attributable to:		
Equity holders	9,049	7,563
Total comprehensive income attributable to:		
Equity holders	9,049	7,563

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Statement of financial position

in thousands EUR	31/12/2024	31/12/2023
Assets		
Cash and cash equivalents	469	4,414
Loans and receivables	73,838	52,811
Prepayments	247	322
Other receivables	4,301	3,623
Other financial investments	429	529
Property, plant, and equipment	36	67
Right-of-use assets	346	49
Intangible assets	13,061	10,247
Investments in subsidiaries	104,836	97,121
Total assets	**197,563**	**169,184**
Liabilities and equity		
Liabilities		
Loans and bonds	140,527	117,228
Lease liabilities	359	64
Other liabilities	3,871	8,135
Total liabilities	**144,757**	**125,427**
Equity		
Share capital	10,346	10,346
Share premium	741	741
Legal reserve	1,035	1,000
Retained earnings	40,684	31,670
Total equity	**52,806**	**43,757**
Total liabilities and equity	**197,563**	**169,184**

Statement of changes in equity

in thousands EUR	Share capital	Share premium	Legal reserve	Retained earnings	Total
01/01/2023	**10,000**	**0**	**1,000**	**32,107**	**43,107**
Profit for the year	0	0	0	7,563	7,563
Other comprehensive income	0	0	0	0	0
Total comprehensive income	**0**	**0**	**0**	**7,563**	**7,563**
Issue of ordinary shares	346	741	0	0	1,087
Dividends	0	0	0	-8,000	-8,000
31/12/2023	**10,346**	**741**	**1,000**	**31,670**	**43,757**
01/01/2024	**10,346**	**741**	**1,000**	**31,670**	**43,757**
Profit for the year	0	0	0	9,049	9,049
Other comprehensive income	0	0	0	0	0
Total comprehensive income	**0**	**0**	**0**	**9,049**	**9,049**
Allocation to reserves	0	0	35	-35	0
31/12/2024	**10,346**	**741**	**1,035**	**40,684**	**52,806**

As the investments in subsidiaries are included in the unconsolidated financial statements of parent company using the equity method, no adjustments are made.

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Statement of cash flows

in thousands EUR	2024	2023
Paid prepayments	0	-2
Paid trade payables	-13,008	-13,750
Received debts from buyers and received other claims	18,535	20,720
Paid net salaries	-3,724	-3,476
Paid tax liabilties, excl. CIT	-1,184	-1,137
Corporate income tax paid	0	-304
Paid out to customers	-25,405	-10,038
Principal repayments from customers	6,538	35,634
Interest, commission, and other fees	5,236	7,390
Net cash flows from operating activities	**-13,012**	**35,036**
Purchase of fixed assets	-1,815	-2,457
Contributions to subsidiaries`share capital	-2,378	-4,999
Received dividends	7,919	903
Payments for other financial investments	-24	-13,464
Receipts from other financial investments	5,167	6,763
Net cash flows from investing activities	**8,869**	**-13,253**
Loans received from investors	18,228	13,614
Repaid loans to investors	-6,673	-17,365
Principal payments of lease contracts	-173	-170
Paid interests	-7,163	-15,529
Issue of ordinary shares	0	1,041
Paid dividends	-4,001	-3,999
Net cash flows from financing activities	**218**	**-22,408**
Change in cash and cash equivalents	**-3,925**	**-625**
Cash and cash equivalents at the beginning of the year	**4,414**	**5,040**
Change in cash and cash equivalents	-3,925	-625
Net foreign exchange difference	-20	0
Cash and cash equivalents at the end of the year	**469**	**4,414**

	31/12/2024	31/12/2023
Cash and cash equivalents comprise		
Cash on hand	0	0
Non-restricted current account	469	4,414

25 Subsequent events

On 28th of January 2025, Iute Group AS registered new company in North Macedonia - Iute Pay DOOEL Skopje which is planned to be an e-monetary institution in North Macedonia..

There have been no other events subsequently to reporting period till signing of the annual report which would cause corrections in reported financial information or which should be separately disclosed as subsequent event.

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Iute Group is committed to the highest standard of business ethics with a strong management board, clear management principles, and governance practices.

Profit allocation proposal

The Management Board of Iute Group AS makes a proposal to the shareholders to allocate profit to retained earnings as follows:

Company's retained earnings	***in thousands EUR***
Retained earnings as at 31.12.2024	49,819
Dividend distribution	-2,259
Balance of retained earnings after allocations	**47,560**

Signatures of the management board to 2024 annual report

The Company's Management Board has approved the management report and financial statements for 2024.

The annual report as compiled by the Management Board consists of the management report, financial statements, profit allocation proposal and independent auditor´s report. The Company's Supervisory Board has reviewed the annual report and has approved it for submission to the general meeting of shareholders.

21 of February 2025

Tarmo Sild
Member of the Management Board

> The Group is committed to attracting and retaining the best talent and supporting continuous professional development to maximize their potential.

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Independent Auditors' Report

(Translation of the Estonian original)

To the Shareholders of Iute Group AS

Opinion

We have audited the consolidated financial statements of Iute Group AS (the Group), which comprise the consolidated statement of financial position as at 31 December 2024, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the year then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the consolidated financial statements presented on pages 19 to 83, present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (Estonia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants (Estonia) (including Independence Standards) and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the Key Figures, General information and contacts, Abbreviations and keys, Management report and ESG at Iute, but does not include the consolidated financial statements and our auditors' report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. In addition, our responsibility is to state whether the information presented in the management report has been prepared in accordance with the applicable legal and regulatory requirements.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard and we state that the information presented in the management report is materially consistent with the consolidated financial statements and in accordance with the applicable legal and regulatory requirements.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as management 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, management 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 management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities 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 an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (Estonia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the 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 management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 auditors' report 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 auditors' report. 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 or 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.

KPMG Baltics OÜ
Licence No 17

Eero Kaup

Certified Public Accountant, Licence No 459

Tallinn, 21 February 2025


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