

Iute Group reports unaudited results for 3M/2023

Quality over quantity for financial year 2023

Strategic Highlights

- Number of active customers reached 300 thousand (31 December 2022: 293 thousand) and the revenue per customer 360 EUR (12M/2022: 346 EUR).
- Total number of customers increased by 1,5% to 942 thousand (31 December 2022: 928 thousand).
- Group consolidated balance sheet up 2,0% to 328,8 million EUR and equity up 7,2% to 60,1 million EUR as of 31 March 2023.
- Increasing use of Mylute app – 530 thousand downloads (31 December 2022: 477 thousand).
- Continued development of New Core IT platform with additional features to increase payout ratio as well as after-sale features to retain customers.

Operational Highlights

- Loan payouts increased by 19,9% 63,3 million EUR (3M/2022: 52,8 million EUR)
- Number of loans signed down y-o-y 12,8% to 84 thousand (3M/2022: 96 thousand).
- Gross loan portfolio up 3,5% to 233,1 million EUR (31 December 2022: 215,5 million EUR) of which principal amount of loans increased 3,0% to 204,0 million EUR (31 December 2022: 198,1 million EUR).
- Repayment discipline (Customer Performance Index, CPI30) down to 88,1% (Q4/2022: 90,1%).
- Net loan portfolio up 2,7% to 199,1 million EUR (31 December 2022: 193,9 million EUR).
- 66 cardless ATMs operational (31 December 2022: 71 ATMs).

Financial Highlights

- Interest and commission fee income up 46,3% to 22,9 million EUR (3M/2022: 15,7 million EUR) driven by Iute Non-Bank loan portfolio. Interest income from Energbank portfolio remained at the prior-year level considering consolidation as of February 2022.
- Net interest and commission fee income up 49,5% to 16,7 million EUR (3M/2022: 11,2 million EUR) driven by Iute Non-Bank loan portfolio.
- Total revenue up 38,3% to 25,5 million EUR (3M/2022: 18,4 million EUR).
- Cost to revenue ratio at 43,6% (3M/2022: 44,0%) slight improvement that is not considered sufficient by management.
- Adjusted cost to revenue ratio at 37,5%.
- EBITDA adjusted for FX and integration expenses related to Energbank up 51,6% to 11,8 million EUR (3M/2022: 7,6 million EUR).
- Net profit at 2,8 million EUR compared 12,2 million EUR in the prior-year period in particular from accounting gains (10,5 million EUR) related to the acquisition of Energbank.
- Strong capitalization and profitability – Eurobond covenants exceeded.

Statement of the Management

The lute Group continued to grow moderately in Q1 2023, focusing on quality rather than quantity. We expect the focus on quality to continue throughout 2023. The decisive factor for the further course is the persistently high inflation: Household purchasing power is falling, while the cost of capital in the form of interest rates is rising for both banks and non-bank financial institutions, such as lute. It was all the more surprising to see how much the interest rate risk had been underestimated by both many bond investors as well as central banks, given the previously low-interest rates. In our view, a normalization of inflation and thus of interest rates is unlikely in the short term. However, as we have seen just recently, a situation can also reverse in the other direction in a flash. Consequently, particularly for small multinationals such as lute Group, it is a matter of keeping an eye on a potentially fast-changing road and adapting quickly when necessary. For us, this means that in the short term, the focus must be less on growth and more on how we can become more efficient so that we can continue to play out our strengths in the future.

Quality over quantity has been executed through the following actions, for example:

- Refinancing of 40 million EUR of the EUR 2019/2023 bond in the difficult capital market environment in March 2023 at lower volume but also at lower cost, without contraction of the loan book;
- Beginning of data analytics on a dedicated level to extract the maximum value of data of nearly 1 million lute customers, where both performing and non-performing customers provide valuable data points – ultimately providing better service to selected customers, better risk-reward ratio, higher revenues, and improved profit margin;
- Shifting business and revenue streams more towards easy-to-use online customer journeys that reduce operator intervention and costs for lute Group;
- Unwinding Bosnia and Herzegovina given the barriers to the growth of digital business models sprawling bureaucracy, unnecessary manual processes, and a regulatory approach to financial business. We focus valuable team efforts on countries where lute Group can profitably deliver customers extraordinary experience;
- Continued efforts to accomplish the turnaround of Energbank by 2024;
- Launching lutePay Albania as a provider of wallet services in Albania
- Train the management team and improve management systems across the Group.

As the Group's current run rate shows, our efforts are bearing fruit. We are confident of achieving our targets for the year. The Group's consolidated balance sheet and loan portfolio both grew by 6 million EUR, which means faster than liabilities. The year-end balance sheet target remains at 350 million EUR. At the same time, revenues in Q1, the seasonally weakest period of the year, were slightly above expectations, while net profit at 2,8 million EUR was achieved as expected. We are thus sticking to our annual revenue target of more than 100 million EUR and an annual net profit target of more than 10 million EUR.

For the lute Group, growing the performing customer pool is increasingly becoming a major challenge given its mere size. In other words, the skill and capacity to acquire and retain customers with individualized service becomes more and more important and remains lute's focus point. Quality over Quantity, profitably.

Tarmo Sild
CEO of lute Group

Consolidated key financial figures

	31 Mar 2023	31 Dec 2022	Δ in %
Capitalization			
Gross loan portfolio (in thousand EUR)	223.077	215.491	3,5%
<i>lute Non-Bank</i>	169.162	163.106	3,7%
<i>Energbank</i>	53.915	52.384	2,9%
Net loan portfolio (in thousand EUR)	199.084	193.897	2,7%
<i>lute Non-Bank</i>	148.844	145.354	2,4%
<i>Energbank</i>	50.240	48.544	3,5%
Assets (in thousand EUR)	328.810	322.335	2,0%
Equity (in thousand EUR)	60.124	56.096	7,2%
Equity to assets ratio	18,3%	17,4%	0,9%
Capitalization ratio	30,2%	28,9%	1,3%
	3M/2023	3M/2022	Δ in %
Profitability			
Interest income	22.945	15.679	46,3%
<i>lute Non-Bank</i>	18.383	13.058	40,8%
<i>Energbank</i>	4.562	2.621	74,1%
Net interest margin	9,3%	9,4%	-0,2%
<i>lute Non-Bank</i>	8,7%	9,3%	-0,6%
Adjusted cost to income ratio	37,5%	44,0%	-6,5%
<i>lute Non-Bank</i>	41,0%	44,2%	-3,2%
<i>Energbank</i>	55,3%	58,2%	-2,9%
Post-allowances operating profit margin	6,5%	7,1%	-0,6%
<i>lute Non-Bank</i>	6,2%	7,4%	-1,2%
Adjusted EBITDA	11.755	7.754	51,6%
<i>lute Non-Bank</i>	7.747	6.177	25,4%
<i>Energbank</i>	2.463	1.353	82,0%
Interest coverage ratio	1,85	1,8	2,8%
Profit margin before tax	16,7%	78,9%	-62,19%
Net profit	2.846	12.183	-76,6%
Return on assets	2,4%	5,2%	-2,8%
Return on equity	13,5%	32,2%	-18,7%
	31 Mar 2023	31 Dec 2022	Δ in %
Asset quality			
Cost of risk	9,7%	11,4%	-1,7%
<i>lute Non-Bank</i>	12,0%	12,9%	-0,9%
<i>Energbank</i>	2,7%	1,6%	1,1%
Impairment coverage ratio	71,3%	70,9%	0,4%
<i>lute Non-Bank</i>	68,4%	68,1%	0,3%
<i>Energbank</i>	92,4%	88,0%	4,4%
Gross NPL ratio	15,1%	14,1%	1,0%
<i>lute Non-Bank</i>	17,6%	16,0%	1,6%
<i>Energbank</i>	7,4%	8,3%	-0,9%
Net NPL ratio	8,0%	7,7%	0,3%
<i>lute Non-Bank</i>	10,0%	9,4%	0,6%
<i>Energbank</i>	2,3%	2,5%	-0,2%

Contact:

Iute Group
Kristel Kurvits, Group Chief Financial Officer (CFO)
Email: investor@iutecredit.com
Phone: +372 622 9177

About Iute Group:

Iute Group is a fintech company established in 2008 in Estonia. The Group specializes in consumer finance, payment services, banking, and insurance products. It serves customers in Albania, Bosnia and Herzegovina, Bulgaria, Moldova, and North Macedonia. Iute Group finances its loan portfolios with equity, deposits, and secured bonds on the Regulated Market of the Frankfurt Stock Exchange and the Nasdaq Baltic Main List.

www.iutecredit.com

MANAGEMENT REPORT

Group Corporate and Organizational Overview

lute Group AS (formerly luteCredit Europe) is a holding company that provides services via its subsidiaries in local markets (**Subsidiaries**). As of 31 March 2023, ICE had nine operating subsidiaries: O.C.N. lute Credit SRL (**ICM**) and B.C. Energbank S.A. (**EB**) in Moldova, luteCredit Albania SHA (**ICA**), luteCredit Macedonia DOOEL-Skopje (**ICMK**) in North Macedonia, lutePay Bulgaria EOOD (**lutePay Bulgaria**) and luteCredit Bulgaria EOOD (**ICBG**), MKD luteCredit BH d.o.o. Sarajevo (**ICBH**) in Bosnia and Herzegovina as well as luteCredit Finance S.a.r.l. (**ICF**) in Luxembourg and lutePay Sh.p.k. (**IPA**) (formerly VeloxPay Sh.P.K ,Velox) in Albania. lute Group AS and its subsidiaries form the **lute Group** or **lute** on a consolidated level.

Operationally active companies of the lending business are collectively shown as **lute Non-Bank (INB)**, while the banking business of the lute Group consists of **Energbank (EB)**. All subsidiaries are 100% owned by lute Group AS, except Energbank where lute Group AS holds a 95% stake. lute Group AS plans to acquire the largest possible stake in the bank by purchasing shares at market conditions. Once the new members of the Bank's governing bodies seconded by lute Group AS are elected and approved by the National Bank of Moldova, lute Group AS will be able to exercise full operational control over the Bank.

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

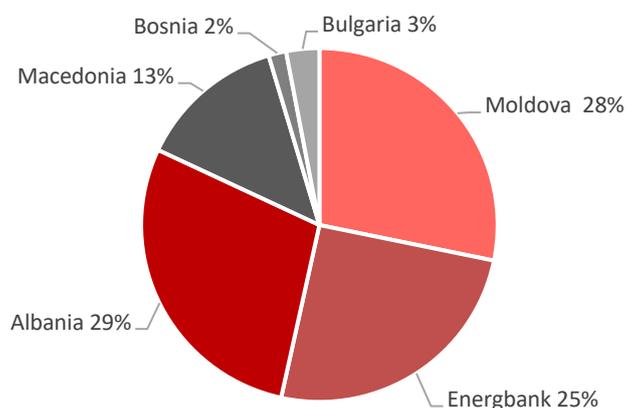
- Strategic targeting
- Scalability of business
- Business capabilities design, including organizations design, process design, and technology design
- Technology development and integration
- Composition of management teams at subsidiaries
- Human resource and customer experience framework rules and 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

Each subsidiary is autonomously managed by the respective country's local management within the boundaries and targets set by the HQ and by the country's regulatory framework.

Business Model

The Group's core loan products are unsecured installment loans and buy-now-pay-later loans with maturities between 3 months and 48 months and pledge-secured loans with maturities of up to 72 months. The median loan amount is over 500 EUR, while loan amounts range from 100 EUR to 10 thousand EUR. The weighted average annual percentage rate (APR) is 50% and the effective interest rate (EIR) is 75% depending on the loan amount, maturity, and customer status (new or recurring customer with good payment history).

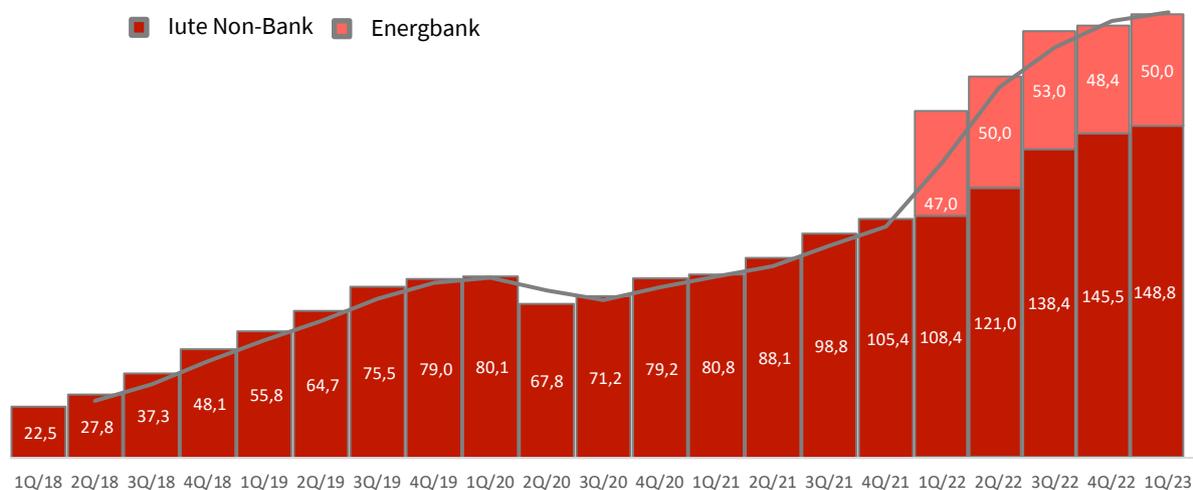
Breakdown of portfolio diversification as of 31/03/2023



lute Group aims to serve only clients 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 60% 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 lute branches (retail offices). By the end of March 2023, lute Group had 40 lute branches and 2.066 active points of sale, and 38 Energbank branches. Traditionally, lute Non-Bank handles money only via bank accounts or over the counter through its agents. With the introduction of lute ATMs, the operating country subsidiaries are increasingly carrying out cash transactions.

Breakdown of net portfolio development in EUR (million)



Consolidated earnings, financial and asset position

Consolidated statement of profit and loss (condensed)

(In thousand EUR)	3M/2023	3M/2022	Δ in %
Interest and similar income	22.945	15.679	46,3%
Interest and similar expense	-6.174	-4.463	38,3%
Net interest and commission fee income	16.771	11.216	49,5%
Loan administration fees and penalties	1.559	1.996	-21,9%
Total loan administration fees and penalties	1.559	1.996	-21,9%
Other income	988	756	30,7%
Allowances for loan impairment	-5.077	-3.635	39,7%
Net operating income	14.241	10.333	37,8%
Personnel expenses	-5.393	-3.466	55,6%
Depreciation/amortization charge	-905	-1.074	-15,7%
Other operating expenses	-4.812	-3.800	26,6%
Total operating expenses	-11.110	-8.340	33,2%
Net gains/losses from financial assets measured at fair value	0	10.561	n/a
Foreign exchange gains/losses	695	-188	n/a
Net financial result	695	10.373	-93,3%
Profit before tax	3.827	12.366	-69,1%
Income tax expense	-981	-183	436,3%
Net profit for the period	2.846	12.183	-76,6%

lute Group's **lending business** at lute 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.

lute 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.

Total income

Total income before expenses increased by 38,3% to 25.492 thousand EUR (3M/2022: 18.431 thousand EUR).

Breakdown of consolidated total income

(In thousand EUR)	3M/2023	3M/2022	Δ in %
Interest and similar income	22.945	15.679	46,3%
<i>lute Non-Bank</i>	18.383	13.058	40,8%
<i>Energbank</i>	4.562	2.621	74,1%
Penalties and similar income	1.559	1.996	-21,9%
<i>lute Non-Bank</i>	1.544	1.984	-22,2%
<i>Energbank</i>	15	12	25,0%
Other income	988	756	30,7%
<i>lute Non-Bank</i>	1.012	892	13,5%
<i>Energbank</i>	-24	-136	-82,4%
Total income	25.492	18.431	38,3%

Other income

Other income in 3M/2023 of 988 thousand EUR included, primarily, extraordinary income from debt collectors of 714 thousand EUR and income of 44 thousand EUR from sales of defaulted loan portfolio. Particularly noteworthy is the increase in revenues from insurance brokerage 172 thousand EUR (3M/2022: 38 thousand EUR). Defaulted loan portfolio sale depends on the offered price and lute Group's own expectations of the collection. In case the collection results promise better cash flow than portfolio sales, the defaulted loans are not sold.

Interest income

Interest income for the period increased by 46,3% to 22.945 thousand EUR (3M/2022: 15.679 thousand EUR), driven in particular by steadily increasing payouts at lute Non-Bank compared to the 39,1% increase in the average net loan portfolio.

Breakdown of interest income

(In thousand EUR)	3M/2023	3M/2022	Δ in %
Total value of loan principal issued	63.296	52.813	19,8%
<i>lute Non-Bank</i>	51.869	41.731	24,3%
<i>Energbank</i>	11.427	11.082	3,1%
Average net loan portfolio	196.491	141.299	39,1%
<i>lute Non-Bank</i>	147.099	94.615	55,5%
<i>Energbank</i>	49.392	46.684	5,8%
Principal	204.024	157.657	29,4%
<i>lute Non-Bank</i>	150.960	108.529	39,1%
<i>Energbank</i>	53.063	49.128	8,0%
Accrued interest	19.053	15.014	26,9%
<i>lute Non-Bank</i>	18.202	14.339	26,9%
<i>Energbank</i>	851	675	26,1%
Average annualized interest rate on net portfolio	48,1%	56,3%	-14,6%
<i>lute Non-Bank</i>	48,1%	49,0%	-1,8%
<i>Energbank</i>	19,9%	11,4%	74,2%
Interest income	22.945	15.679	46,3%
<i>lute Non-Bank</i>	18.382	13.058	40,8%
<i>Energbank</i>	4.562	2.621	74,1%

Breakdown of interest income by countries

	3M/2023	Total share in %	3M/2022	Total share in %	Δ in %
Moldova	6.049	26,4%	4.644	29,6%	30,3%
Energbank*	4.562	19,9%	2.200	14,0%	107,4%
Albania	7.170	31,3%	5.531	35,3%	29,6%
Macedonia	3.995	17,4%	2.680	17,1%	49,1%
Bosnia	304	1,3%	452	2,9%	-32,7%
Bulgaria	864	3,8%	173	1,1%	399,4%
Total	22.945	100,0%	15.679	100,0%	46,3%

* with consolidation as of February 2022

Interest expense

Interest expense increased by 38,3% to 6.174 thousand EUR (3M/2022: 4.463 thousand EUR) through borrowing in line with business growth.

Breakdown of interest expense

(In thousand EUR)	3M/2023	3M/2022	Δ in %
Interest on amounts due to creditors	-1.471	-319	360,7%
Interest on financial lease liabilities	-62	-44	40,5%
Interest on bonds	-3.925	-3.916	0,2%
Interests on deposits	-715	-184	289,68%
Total	-6.174	-4.463	38,3%

Loan administration fees and penalties

Income from other fees and penalties decreased by 21,9% to 1.559 thousand EUR (3M/2022: 1.996 thousand EUR) reflecting penalties and delay interests, resigns, deduction by dealer bonuses, and other secondary fees.

Breakdown of administration fees and penalties

(In thousand EUR)	3M/2023	3M/2022	Δ in %
Penalties under loans and delay interests	1.683	2.068	-18,6%
<i>lute Non-Bank</i>	1.668	2.056	-18,9%
<i>Energbank</i>	15	12	25,0%
Resigns under customer loans	125	175	-28,5%
Dealer bonuses	-280	-257	9,1%
Other fees from additional services	31	10	205,8%
Total	1.559	1.996	-21,9%

Allowances for loan impairment

Change in allowances for consolidated loan impairment increased by 39,7% to 5.139 thousand EUR (3M/2022: 3.679 thousand EUR). Allowances at Energbank are determined at the end of June and December only, accordingly, allowances at Energbank decreased by 22,0% to 44 thousand EUR (3M/2022: 59 thousand EUR). Changes in allowances for loan impairment at lute Non-Bank increased by 44,0% to 5.305 thousand EUR (3M/2022: 3.684 thousand EUR).

Breakdown of allowances for loan impairment

(In thousand EUR)	3M/2023	3M/2022	Δ in %
At the beginning of period	-21.593	-14.993	44,0%
Addition from business combination	0	-2.871	n/a
Allowances for loan impairment	-5.139	-3.679	39,7%
Utilized	2.677	4.285	-37,5%
Exchange differences	62	44	40,9%
At the end of the period	-23.993	-17.215	39,4%
(In thousand EUR)	3M/2023	3M/2022	Δ in %
Impairment charges on loans	-5.077	-3.635	39,7%
Net impairment charges	-5.077	-3.635	39,7%

The amount utilized is split between the sale of defaulted loan and monthly write-offs.

Overall net impairment losses represented 22,1% of interest income (3M/2022: 23,2 %). The cost of risk, expressed as net impairment charges to average gross loan portfolio, decreased to 9,7% (31 December 2022: 10,8%).

Operating expenses

Operating expenses for the period increased by 40,5% to 10.205 thousand EUR (3M/2022: 7.266 thousand EUR) related to the expansion of business activity at Iute Non-Bank. Advertising expenses accounted for 8,6% (3M/2022: 13,3%) of operating expenses while expenses on IT accounted for 7,6% (3M/2022: 8,1%). Adjusted for one-off expenses, the cost-to-income ratio in particular with the concluded Kosovo case decreased by 37,5% (3M/2022: 44,0%).

Breakdown of operating expenses

(In thousand EUR)	3M/2023	3M/2022	Δ in %
Personnel	-5.393	-3.466	55,6%
Advertising expenses	-876	-969	-9,6%
IT	-777	-589	31,9%
Debt collection	-211	-192	9,8%
Legal and consulting	-1.069	-175	510,7%
Rent and utilities	-187	-124	50,8%
Taxes	-244	-111	119,9%
Travel	-134	-110	21,5%
Other	-1.315	-1.530	-14,1%
Total	-10.205	-7.266	40,5%
<i>Iute Non-Bank</i>	<i>-7.886</i>	<i>-6.087</i>	<i>29,6%</i>
<i>Energbank</i>	<i>-2.319</i>	<i>-1.179</i>	<i>96,7%</i>

The increase in IT costs reflects the development of technological solutions at full speed to build up future revenue streams. Here, the market launch of IutePay in Albania, planned for June 2023, made itself felt. In legal and consulting expenses, the rise is attributable in particular to the integration of Energbank. Advertising expenses showed a decline, mainly reflecting downsized operations in Bosnia and Herzegovina. Excluding personnel expenses, operating expenses increased by 26,6% to 4.812 thousand EUR (3M/2022: 3.800 thousand EUR).

Personnel expenses

Personnel expenses, mainly salaries and bonuses, and social security expenses increased by 55,6% to 5.393 thousand EUR (3M/2022: 3.466 thousand EUR). Compared to the first-time consolidation of Energbank from 1 February 2022, related personnel costs were incurred for the entire 3M/23 period, while bonus payments were also made to employees in 3M/23 for the successful implementation of the New Core IT platform. The average staff number in full-time with 994 employees remained at the previous year's level (3M/2022: 1007 employees).

Breakdown of personnel expenses

(In thousand EUR)	3M/2023	3M/2022	Δ in %
Salaries and bonuses	-4.376	-2.807	55,9%
Social security expenses	-758	-451	68,3%
Medical insurance expenses	-50	-47	6,7%
Other expenses	-209	-162	29,2%
Total	-5.393	-3.466	55,6%
<i>Iute Non-Bank</i>	-3.525	-2.553	38,1%
<i>Energbank</i>	-1.868	-913	104,6%
Number of employees adjusted to full-time	994	1.007	-1,3%
<i>Iute Non-Bank</i>	484	480	0,8%
<i>Energbank</i>	510	527	-3,2%

Foreign exchange gains/losses

Foreign exchange movements resulted in a gain of 695 thousand EUR (3M/2022: loss of 188 thousand EUR) reflecting, in particular, EUR/MDL and EUR/ALL conversion rates.

Profit before tax

Consolidated profit before tax decreased to 3.827 thousand EUR (3M/2022: 12.366 thousand EUR). The profit margin before tax equaled 16,7% (3M/2022: 78,9%). The prior-year period included in particular accounting gains from the acquisition and the first-time consolidation of Energbank.

Income tax expense

Income tax expense increased to 981 thousand EUR (3M/2022: 183 thousand EUR), in particular, as a result of different taxation regulations in home markets, i.e., differences between provisions accounting in national GAAP and IFRS.

Breakdown of income tax

(In thousand EUR)	3M/2023	3M/2022	Δ in %
Consolidated profit before tax	3.827	12.366	-69,1%
Current income tax expense	-981	-183	436,3%
Net profit for the period	2.846	12.183	-76,6%

Profit for the period

Net profit for the period decreased to 2.846 thousand EUR (3M/2022: 12.138 thousand EUR). The prior-year period included in particular accounting gains from the acquisition and first-time consolidation of Energbank.

Transition statement of non-IFRS measures EBITDA and Adjusted EBITDA

Breakdown of transition to adjusted EBITDA

(In thousand EUR)	3M/2023	3M/2022	Δ in %
Profit for the period	2.846	12.183	-76,6%
Provision for corporate income tax	981	183	436,3%
Interest expense	6.174	4.463	38,3%
Depreciation and amortization	905	1.074	-15,7%
EBITDA	10.905	17.903	-39,1%
Adjustments	850	-10.149	n/a
Adjusted EBITDA	11.755	7.754	51,6%

Breakdown of adjustments to EBITDA

(In thousand EUR)	3M/2023	3M/2022	Δ in %
Net gains/losses from financial assets measured at fair value	0	-10.561	n/a
Foreign exchange gains/losses	-695	188	n/a
One-time expenses not attributable to operations	1.545	224	589,4%
Adjustments	850	-10.149	n/a

Note: One-off expenses not attributable to the operating business comprise the acquisition of Energbank as well as related IT, risk and customer experience environment analyses for the integration of Energbank.

Condensed statement of financial position

(In thousand EUR)	31 Mar 2023	31 Dec 2022	Δ in %
ASSETS			
Cash and cash equivalents	66.057	65.647	0,6%
<i>lute Non-Bank</i>	22.682	16.846	34,6%
<i>Energbank</i>	43.375	48.802	-11,1%
Loans to customers	199.084	193.897	2,7%
<i>lute Non-Bank</i>	148.844	145.354	2,4%
<i>Energbank</i>	50.240	53.068	-5,3%
Prepayments	2.183	1.896	15,1%
Other assets	5.161	4.273	20,8%
Other financial investments	38.082	38.650	-1,5%
Property, plant, and equipment	6.925	6.985	-0,9%
Right-of-use assets	2.042	2.075	-1,6%
Intangible assets	9.276	8.912	4,1%
Total assets	328.810	322.335	2,0%
LIABILITIES AND EQUITY			
Liabilities			
Loans and bonds from investors	253.383	251.204	0,9%
Lease liabilities	2.149	2.177	-1,3%
Trade and other payables	1.733	1.536	12,8%
Current income tax liabilities	172	172	0,3%
Deferred tax liabilities	742	747	-0,7%
Other liabilities	10.507	10.402	1,0%
Total liabilities	268.686	266.239	0,9%
Equity			
Minority share	4.510	4.468	0,9%
Share capital	10.000	10.000	n/a
Legal reserve	1.000	1.000	n/a
Revaluation reserve	797	783	1,8%
Unrealized foreign exchange differences	795	-374	n/a
Retained earnings	43.022	40.218	7,0%
Total equity	60.124	56.096	7,2%
Total equity and liabilities	328.810	322.335	2,0%

Assets

Total assets increased by 2,0 % to 328.810 thousand EUR as of 31 March 2023 (31 December 2022: 322.335 thousand EUR).

Loan portfolio

The net loan portfolio increased by 2,7% to 199.084 thousand EUR as of 31 March 2023 (31 December 2022: 193.897 thousand EUR).

Breakdown of net portfolio

(In thousand EUR)	31 Mar 2023	Total in %	31 Dec 2022	Total in %	Δ in %
Moldova	56.237	28,2%	52.266	27,0%	7,6%
Energbank	50.240	25,2%	48.544	25,0%	3,5%
Albania	56.834	28,5%	56.552	29,2%	0,5%
Macedonia	26.730	13,4%	27.552	14,2%	-3,0%
Bosnia	3.121	1,6%	4.317	2,2%	-27,7%
Bulgaria	5.921	3,0%	4.668	2,4%	26,8%
Total net loan portfolio	199.084	100,0%	193.897	100,0%	2,7%

Breakdown of loan applications

in pcs	3M/2023			3M/2022			Δ in %		
	Processed	Paid out	Approval rate in %	Processed	Paid out	Approval rate in %	Processed	Paid out	Approval rate in %
Moldova	52.766	33.387	67,0%	49.168	28.957	62,1%	7,3%	15,3%	7,8%
Energbank	2.445	1.727	73,6%	1.791	1.606	96,8%	36,5%	7,5%	-23,9%
Albania	39.699	30.972	70,4%	40.805	31.007	72,2%	-2,7%	-0,1%	-2,5%
Macedonia	17.409	11.305	61,8%	18.466	10.123	60,5%	-5,7%	11,7%	2,2%
Bosnia	0	0	n/a	3.701	1.701	47,0%	n/a	n/a	n/a
Bulgaria	32.932	6.600	20,1%	18.640	2.199	12,5%	76,7%	200,1%	60,8%
In total	145.251	83.991	59,7%	132.571	75.593	57,5%	9,6%	11,1%	3,9%

The recognition of loan applications according to Lute Non-Bank principles has not yet been implemented in Energbank's processes.

Breakdown of issued loans APR on country level

(In %)	3M/2023	3M/2022	Δ in %	12M/2022	12M/2021	Δ in %	9M/2022	9M/2021	Δ in %	6M/2022	6M/2021	Δ in %
Moldova	42,1%	46,2%	-8,9%	42,7%	54,3%	-21,3%	43,9%	56,2%	-21,9%	45,4%	58,7%	-22,7%
Albania	54,8%	56,5%	-3,0%	54,3%	58,6%	-7,4%	53,8%	59,8%	-10,0%	55,1%	60,8%	-9,4%
Macedonia	52,9%	39,3%	34,6%	42,6%	41,9%	1,6%	41,3%	42,3%	-2,4%	39,2%	43,5%	-9,8%
Bosnia	0,0%	46,1%	-100,0%	42,0%	55,5%	-24,3%	42,0%	56,7%	-25,9%	43,0%	59,7%	-28,0%
Bulgaria	42,4%	39,6%	7,1%	39,6%	40,2%	-1,4%	39,2%	41,0%	-4,4%	39,4%	40,9%	-3,7%
Iute Group WAVG	48,1%	49,0%	-1,8%	46,9%	53,7%	-12,8%	46,8%	54,6%	-14,3%	47,7%	56,3%	-15,3%
Energbank	19,9%	11,1%	78,9%	14,5%	0,0%	n/a	14,4%	0,0%	n/a	17,2%	0,0%	n/a

IFRS UNAUDITED CONSOLIDATED 3M/2023 REPORT

The decrease in average annual percentage rates (APR) at group level in 3M/2023 relates to intensified competition across operating countries as well as to the shift to longer loan maturities and the increasing share of repeating customers. In Moldova and Albania, tighter APR caps became effective.

Breakdown of customer performance index (CPI30)

The following table sets out the ratio of actual loan repayments compared to expected repayments according to loan repayment schedules, plus 30 days tolerance, i.e., Customer Performance Index (CPI30).

(In %)	3M/2023	3M/2022	Δ in %	12M/2022	12M/2021	Δ in %	9M/2022	9M/2021	Δ in %	6M/2022	6M/2021	Δ in %
Moldova	91,0%	90,3%	0,8%	91,0%	86,3%	5,4%	90,8%	86,1%	5,5%	90,4%	85,9%	5,2%
Albania	87,1%	92,7%	-6,0%	91,9%	89,3%	2,9%	92,3%	89,1%	3,6%	92,5%	89,8%	3,0%
Macedonia	87,1%	92,3%	-5,6%	89,1%	86,5%	3,0%	89,2%	86,4%	3,2%	93,1%	86,5%	7,6%
Bosnia	0,0%	78,0%	-100,0%	80,3%	70,0%	14,7%	79,5%	70,5%	12,8%	78,4%	70,2%	11,7%
Bulgaria	80,2%	70,2%	14,2%	75,5%	59,6%	26,7%	73,3%	0,0%	n/a	72,0%	0,0%	n/a
Iute Group WAVG	88,1%	91,0%	-3,2%	90,4%	86,7%	4,3%	90,5%	86,7%	4,4%	91,1%	86,9%	4,8%

CPI30 is a proprietary Iute Non-Bank metric that has not yet been implemented in Energbank processes.

Breakdown of portfolio classification

The following tables set out the classification of the Group's net loan portfolio in terms of overdue buckets as well as the total impairment coverage ratio. Non-performing loans are recorded according to DPD+50.

(In thousand EUR)	31 Mar 2023				31 Dec 2022			
	Gross amount	Provisions	Net amount	% of net portfolio	Gross amount	Provisions	Net amount	% of net portfolio
Performing	189.407	-6.347	183.060	92,0%	185.044	-5.980	179.064	92,4%
Iute Non-Bank	139.469	-5.517	133.951	90,0%	137.022	-5.281	131.742	90,6%
Energbank	49.938	-830	49.109	97,7%	48.021	-700	47.322	97,5%
Non-Performing	33.670	-17.646	16.024	8,0%	30.447	-15.613	14.834	7,7%
Iute Non-Bank	29.693	-14.800	14.893	10,0%	26.084	-12.472	13.612	9,4%
Energbank	3.977	-2.845	1.131	2,3%	4.363	-3.141	1.222	2,5%
Total portfolio	223.077	-23.993	199.084	100,0%	215.491	-21.593	193.897	100,0%
Iute Non-Bank	169.162	-20.318	148.844	74,8%	163.106	-17.753	145.354	75,0%
Energbank	53.915	-3.675	50.240	25,2%	52.384	-3.841	48.544	25,0%

IFRS UNAUDITED CONSOLIDATED 3M/2023 REPORT

(In thousand EUR)	31 Mar 2023	Total share in %	31 Dec 2022	Total share in %
Stage 1	179.614	90,2%	91.353	47,1%
<i>lute Non-Bank</i>	130.720	65,7%	129.420	66,7%
<i>Energbank</i>	48.893	24,6%	47.234	24,4%
Stage 2	3.446	1,7%	2.401	1,2%
<i>lute Non-Bank</i>	3.231	1,6%	2.322	1,2%
<i>Energbank</i>	215	0,1%	79	0,0%
Stage 3	16.024	8,0%	14.834	7,7%
<i>lute Non-Bank</i>	14.893	7,5%	13.612	7,0%
<i>Energbank</i>	1.131	0,6%	1.222	0,6%
Total net portfolio	199.084	100,0%	193.897	100,0%
<i>lute Non-Bank</i>	148.845	74,8%	145.354	75,0%
<i>Energbank</i>	50.240	25,2%	48.544	25,0%
Gross NPL ratio	15,1%		14,1%	
<i>lute Non-Bank</i>	17,6%		16,0%	
<i>Energbank</i>	7,4%		8,3%	
Impairment coverage ratio	71,3%		70,9%	
<i>lute Non-Bank</i>	68,4%		68,1%	
<i>Energbank</i>	92,4%		88,0%	

Distribution principles between stages

	31 Mar 2023	31 Dec 2022
Stage 1	DPD <=30	DPD <=30
Stage 2	30 < DPD <=50	30 < DPD <=50
Stage 3	DPD > 50	DPD > 50

Other assets and prepayments

Breakdown of other assets and prepayments

(In thousand EUR)	31 Mar 2023	31 Dec 2022	Δ in %
Deferred tax assets	539	535	0,8%
Prepayments of rent	94	99	-5,2%
Prepayment of taxes	772	772	-0,1%
Prepayments to suppliers and deferred expenses	778	489	59,0%
Prepayments in total	2.183	1.896	15,1%
Receivables from collection companies	694	1.032	-32,7%
Other receivables	2.637	687	283,9%
Deposit receivables from partners	1.829	2.554	-28,4%
Trade and other receivables in total	5.161	4.273	20,8%
TOTAL	7.344	6.168	19,1%

Liabilities

As of 31 March 2023, total liabilities at 268.686 thousand EUR remained at the previous year's level (31 December 2022: 266.239 thousand EUR).

Breakdown of loans and borrowings

Loans and borrowings at 255.532 thousand EUR remained at the previous year's level (31 December 2022: 253.382 thousand EUR), accounting for 95,1% of all liabilities (31 December 2022: 95,2%).

(In thousand EUR)	31 Mar 2023	31 Dec 2022	Δ in %
Loans from investors	125.358	122.247	2,5%
Due date during next 12 months	72.688	77.808	-6,6%
<i>lute Non-Bank</i>	14.413	13.258	8,7%
<i>Energbank customer deposits</i>	58.272	64.551	-9,7%
Due date after 12 months	52.671	44.439	18,5%
<i>lute Non-Bank</i>	30.932	23.175	33,5%
<i>Energbank customer deposits</i>	21.738	21.264	2,2%
 Bond liabilities	 122.148	 123.630	 -1,2%
Due date during next 12 months	48.551	48.631	-0,2%
Due date after 12 months	73.597	74.999	-1,9%
Lease liabilities	2.149	2.178	-1,3%
Due date during next 12 months	1.006	908	10,8%
Due date after 12 months	1.143	1.270	-9,9%
Accrued interest	5.877	5.327	10,3%
TOTAL	255.532	253.382	0,8%
<i>weighted average interest rate</i>	8,9%	8,2%	
<i>currency</i>	EUR, MDL, USD; ALL; MKD; RUB; GBP	EUR, MDL, USD; ALL; MKD; RUB; GBP	

Loans from investors increased to 125.358 thousand EUR (31 December 2022: 122.247 thousand EUR), of which 23.471 thousand EUR (31 December 2022: 14.699 thousand EUR) are accounted for by P2P loans from the Mintos platform and 80.010 thousand EUR (31 December 2022: 85.815) for customer deposits and current customer bank accounts.

luteCredit Finance S.a.r.l., wholly owned Luxembourg subsidiary of lute Group AS (formerly: luteCredit Europe AS), issued in August 2019 40 million EUR senior secured bonds (Eurobond), with a maturity of 4 years and a coupon of 13%, guaranteed by lute Group and its subsidiaries. In November 2020, a 10 million EUR tap at a price of 97% followed. After the tap issue, the total amount outstanding of lute Group's 13% corporate bonds 2019/2023 amounts to 50 million EUR. The bonds are listed on the Regulated Market Frankfurt of Stock Exchange. Maturing on 7 August 2023, the Company on 1 March 2023 started the offer to exchange the 2019/2023 EUR bond for the 2021/2026 EUR bond. As of the end of the exchange period on 29 March 2023, investors exchanged more than EUR 23.3 million nominally.

At the end of September 2021, luteCredit Finance S.a.r.l., wholly owned Luxembourg subsidiary of lute Group AS (formerly: luteCredit Europe AS), issued EUR 75 million senior secured corporate bonds with a maturity of 5 years and a coupon of 11% ISIN: XS2378483494). The bonds were subscribed by professional as well as retail investors and are listed on the Regulated Market of the Frankfurt Stock Exchange as well as on the Regulated Market of the Nasdaq Tallinn Stock Exchange. In March 2023, a 40 million EUR tap at a price of 96.5% followed, of which 23.3 million EUR related to the conversion of EUR 2019/2023 bonds and 16.7 million EUR to new subscriptions. After the tap issue, the total amount outstanding of lute Group's 11% corporate bonds 2021/2026 amounts to 115 million EUR.

In October 2022, lute Group AS (formerly: luteCredit Europe AS) concluded a credit facility of up to USD 10 million with a term of 3 years and an interest rate of 13% with a Singaporean financial services institution. A first tranche of USD 3 million was utilized in October 2022.

Eurobond covenant ratios

	31 Mar 2023	31 Dec 2022	Δ in %
Capitalization			
Capitalization ratio (Equity/net loan portfolio)	30,2%	28,9%	4,4%
Financial covenant at least	15%	15%	
	3M/2023	3M/2022	Δ in %
Profitability			
Interest coverage ratio (ICR), times (Adjusted EBITDA/interest expenses)	1,85	1,8	2,8%
Financial covenant at least	1,5	1,5	

Distribution of investor loan (Mintos)

(In thousand EUR)	Mintos loans			Net loan portfolio			
	31 Mar 2023	31 Dec 2022	Δ in %	31 Mar 2023	Total share in %	31 Dec 2022	Total share in %
Moldova	10.043	6.248	60,7%	56.237	17,9%	52.266	12,0%
Energbank	0	0	n/a	50.240	n/a	48.544	n/a
Albania	9.715	6.660	45,9%	56.834	17,1%	56.552	11,8%
Macedonia	3.713	1.790	107,4%	26.730	13,9%	27.552	6,5%
Bosnia	0	0	n/a	3.121	0,0%	4.317	n/a
Bulgaria	0	0	n/a	5.921	0,0%	4.668	n/a
Total	23.471	14.699	59,7%	199.084	16,8%	193.897	10,8%

Other liabilities

Breakdown of other liabilities

(In thousand EUR)	31 Mar 2023	31 Dec 2022	Δ in %
Trade payables	1.733	1.536	12,8%
Payables to employees	592	582	1,7%
Corporate income tax payables	172	172	0,3%
Other tax payables	742	902	-17,8%
Allocations and other provisions	3.522	2.234	57,6%
Deferred revenue	806	3.642	-77,9%
Other liabilities	5.587	3.788	47,5%
TOTAL	13.154	12.857	2,3%

Equity

As of 31 March 2023, equity increased by 7,2% to 60.124 thousand EUR (31 December 2022: 56.096 thousand EUR), representing an equity to assets ratio of 18,3% (31 December 2022: 17,4%). The equity to net loan portfolio ratio increased to 30,2% (31 December 2022: 28,9%), reflecting the Group's strong capitalization, and exceeds lute Group Eurobond covenants of at least 15% significantly.

Off-balance sheet arrangements

Future receivable commission fees, guarantee fees, administration fees, collaterals of car loan credit, and penalties (penalties are also called: secondary receivables) are not accounted in the Group's balance sheet, although the customers have a legally binding, irreversible obligation to pay those receivables in full according to the terms of signed loan agreements.

Recent developments

After the end of the reporting period, on 6 April 2023, lute Group announced the settlement of the EUR 40 million tap of its EUR 2021/2026 bond. The tap increased the total volume of luteCredit's 2021/2026 bonds to EUR 115 million.

FINANCIAL STATEMENTS

Consolidated statement of comprehensive income

(In thousand EUR)	3M/2023	3M/2022	Δ in %
Interest and similar income	22.945	15.679	46,3%
Interest and similar expense	-6.174	-4.463	38,3%
Net interest and commission fee income	16.771	11.216	49,5%
Loan administration fees and penalties	1.559	1.996	-21,9%
Loan administration fees and penalties in total	1.559	1.996	-21,9%
Other income	988	756	30,7%
Allowances for loan impairment	-5.077	-3.635	39,7%
Net operating income	14.241	10.333	37,8%
Personnel expenses	-5.393	-3.466	55,6%
Depreciation/amortization charge	-905	-1.074	-15,7%
Other operating expenses	-4.812	-3.800	26,6%
Total operating expenses	-11.110	-8.340	33,2%
Net gains/losses from financial assets measured at fair value	0	10.561	n/a
Foreign exchange gains/losses	695	-188	n/a
Net financial result	695	10.373	-93,3%
Profit before tax	3.827	12.366	-69,1%
Income tax expense	-981	-183	435,1%
Profit for the reporting period	2.846	12.183	-76,6%
Other comprehensive income			
Other comprehensive income to be classified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations	14	0	
Other comprehensive income total	4.029	11.460	-64,8%
Profit attributable to:			
Equity holders of the parent	2.804	11.913	-76,5%
Equity holders of minority	42	270	-84,4%
Total comprehensive income attributable to:			
Equity holders of the parent	3.987	11.190	-64,4%
Equity holders of minority	42	270	-84,4%

Iute Non-Bank statement of comprehensive income

(In thousand EUR)	3M/2023	3M/2022	Δ in %
Interest and similar income	18.335	13.058	40,4%
Interest and similar expense	-5.377	-4.253	26,4%
Net interest and commission fee income	12.958	8.804	47,2%
Loan administration fees and penalties	1.544	1.996	-22,7%
Loan administration fees and penalties in total	1.544	1.996	-22,7%
Other income	1.059	892	18,8%
Allowances for loan impairment	-5.305	-3.682	44,1%
Net operating income	10.256	8.011	28,0%
Personnel expenses	-3.525	-2.553	38,1%
Depreciation/amortization charge	-704	-955	-26,2%
Other operating expenses	-4.361	-3.535	23,4%
Total operating expenses	-8.591	-7.042	22,0%
Net income from subsidiaries using equity method	0	10.561	n/a
Foreign exchange gains/losses	769	-243	-416,9%
Net financial result	769	10.319	-92,5%
Profit before tax	2.434	11.287	-78,4%
Income tax expense	-782	-121	546,4%
Profit for the reporting period	1.652	11.166	-85,2%
Other comprehensive income			
Other comprehensive income to be classified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations	373	-591	n/a
Other comprehensive income total	2.025	10.576	-80,9%
Profit attributable to:			
Equity holders	2.025	10.576	-80,9%
Total comprehensive income attributable to:			
Equity holders	2.025	10.576	-80,9%

Energbank statement of comprehensive income

(In thousand EUR)	3M/2023	3M/2022	Δ in %
Interest and similar income	4.577	3.761	21,0%
Interest and similar expense	-796	-312	155,1%
Net interest and commission fee income	3.766	3.449	9,2%
Loan administration fees and penalties	15	0	n/a
Loan administration fees and penalties in total	15	0	n/a
Other income	-24	-146	-83,6%
Allowances for loan impairment	46	59	-22,0%
Net operating income	3.803	3.362	13,1%
Personnel expenses	-1.868	-1.418	31,7%
Depreciation/amortization charge	-200	-159	25,8%
Other operating expenses	-451	-464	-2,8%
Total operating expenses	-2.519	-2.041	23,4%
Foreign exchange gains/losses	-73	21	n/a
Net financial result	-73	21	n/a
Profit before tax	1.211	1.342	-9,8%
Income tax expense	-199	-91	118,7%
Profit for the reporting period	1.012	1.251	-19,1%

Consolidated statement of financial position

(In thousand EUR)	31 Mar 2023	31 Dec 2022	Δ in %
ASSETS			
Cash and cash equivalents	66.057	65.647	0,6%
Loans to customers	199.084	193.897	2,7%
Prepayments	2.183	1.896	15,1%
Other assets	5.161	4.273	20,8%
Other financial investments	38.082	38.650	-1,5%
Property, plant, and equipment	6.925	6.985	-0,9%
Right-of-use assets	2.042	2.075	-1,6%
Intangible assets	9.276	8.912	4,1%
Total assets	328.810	322.335	2,0%
LIABILITIES AND EQUITY			
Liabilities			
Loans and bonds from investors	253.383	251.204	0,9%
Lease liabilities	2.149	2.177	-1,3%
Trade and other payables	1.733	1.536	12,8%
Current income tax liabilities	172	172	0,3%
Deferred tax liabilities	742	747	-0,7%
Other liabilities	10.507	10.402	1,0%
Total liabilities	268.686	266.239	0,9%
Equity			
Minority share	4.510	4.468	0,9%
Share capital	10.000	10.000	0,0%
Legal reserve	1.000	1.000	0,0%
Revaluation reserve	797	783	1,8%
Unrealized foreign exchange differences	795	-374	n/a
Retained earnings	43.022	40.218	7,0%
Total equity	60.124	56.096	7,2%
Total equity and liabilities	328.810	322.335	2,0%

Iute Non-Bank statement of financial position

(In thousand EUR)	31 Mar 2023	31 Dec 2022	Δ in %
ASSETS			
Cash and cash equivalents	22.683	15.846	43,1%
Loans to customers	148.845	145.354	2,4%
Prepayments	1.800	1.599	12,6%
Other assets	2.684	3.892	-31,0%
Other financial investments	35.218	35.073	0,4%
Property, plant, and equipment	1.089	1.186	-8,2%
Right-of-use assets	1.901	1.890	0,6%
Intangible assets	8.681	8.304	4,5%
Total assets	222.900	213.144	4,6%
LIABILITIES AND EQUITY			
Liabilities			
Loans and bonds from investors	169.061	161.422	4,7%
Lease liabilities	2.008	1.866	7,6%
Trade and other payables	1.522	1.482	2,7%
Current income tax liabilities	0	9	n/a
Deferred tax liabilities	736	743	-0,9%
Other liabilities	6.355	7.802	-18,5%
Total liabilities	179.682	173.324	3,7%
Equity			
Share capital	10.000	10.000	n/a
Legal reserve	1.000	1.000	n/a
Unrealized foreign exchange differences	806	433	86,1%
Retained earnings	31.412	29.387	6,9%
Total equity	43.218	40.820	5,9%
Total equity and liabilities	222.900	214.144	4,1%

Energbank statement of financial position

(In thousand EUR)	31 Mar 2023	31 Dec 2022	Δ in %
ASSETS			
Cash and cash equivalents	43.374	48.802	-11,1%
Loans to customers	50.240	48.544	3,5%
Prepayments	383	297	29,0%
Other assets	2.477	596	315,6%
Other financial investments	34.609	34.762	-0,4%
Property, plant, and equipment	5.836	5.799	0,6%
Right-of-use assets	140	185	-24,3%
Intangible assets	595	608	-2,1%
Total assets	137.654	139.592	-1,4%
LIABILITIES AND EQUITY			
Liabilities			
Loans and bonds from investors	84.313	89.779	-6,1%
Lease liabilities	149	191	-22,0%
Trade and other payables	211	53	298,1%
Current income tax liabilities	173	164	5,5%
Deferred tax liabilities	157	155	1,3%
Other liabilities	4.001	2.450	63,3%
Total liabilities	89.004	92.792	-4,1%
Equity			
Share capital	5.010	5.010	n/a
Share premium	5.931	5.829	1,7%
Legal reserve	499	491	1,6%
Revaluation reserve	797	783	1,8%
Foreign currency exchange reserve	-4	-278	-98,7%
Other reserves	2.197	2.159	1,8%
Retained earnings	34.219	32.807	4,3%
Total equity	48.650	46.800	4,0%
Total equity and liabilities	137.654	139.592	-1,4%

Consolidated statement of cash flows

(In thousand EUR)	3M/2023	3M/2022	Δ in %
Paid prepayments (-)	-4.173	-6.297	-33,7%
Received pre- and overpayments (+)	3.876	10.933	-64,5%
Paid trade payables outside the Group (-)	-5.904	-6.714	-12,1%
Received debts from buyers and received other claims (+)	249	473	-47,4%
Received from collection companies (+)	8.503	7.559	12,5%
Paid net salaries (-)	-3.644	-2.270	60,5%
Paid tax liabilities, excl. CIT (-)	-2.003	-1.902	5,3%
Corporate income tax paid (-)	-503	-665	-24,4%
Paid out to customers outside the Group (-)	-62.080	-55.697	11,5%
Change in MasterCard settlement account (+/-)	-4.205	-2.972	41,5%
Principal repayments from customers outside the Group (+)	55.895	34.246	63,2%
Loan principal repayments from customers related to MasterCard (+)	0	4.699	n/a
Interest, commission and other fees received outside the Group (+)	11.704	8.136	43,6%
NET CASH FLOWS FROM OPERATING ACTIVITIES	-2.285	-10.471	-78,2%
Purchase of fixed assets outside the Group, incl. prepayments (-)	-1.178	-995	18,4%
Net cash flow from acquisition of subsidiaries (+)	0	44.771	n/a
Payments for other financial investments (-)	-5.164	-22.303	-76,8%
Receipts from other financial investments (+)	6.917	17.247	-59,9%
NET CASH FLOWS FROM INVESTING ACTIVITIES	575	38.719	-98,5%
Loans received from investors outside the Group (+)	11.586	1.338	765,6%
Repaid loans to investors outside the Group (-)	-4.397	-1.109	296,7%
Principal payments of financial lease contracts (-)	-364	-307	18,6%
Interests paid outside the Group (-)	-4.857	-3.691	31,6%
Receipts from other financing activities (+)	7	1	610,7%
NET CASH FLOWS FROM FINANCING ACTIVITIES	1.974	-3.767	n/a
Change in cash and cash equivalents	265	24.481	-98,9%
Cash and cash equivalents at the beginning of the period	65.647	46.324	41,7%
Change in cash and cash equivalents	265	24.481	-98,9%
Net foreign exchange difference	145	-176	n/a
Cash and cash equivalents at the end of the period	66.057	70.629	-6,5%
Cash and cash equivalents comprise	31 Mar 2023	31 Dec 2022	Δ in %
Cash on hand	7.248	12.503	-42,0%
Non-restricted current account	58.809	58.126	1,2%

Consolidated statement of changes in equity

(In thousand EUR)	Share capital	Legal reserve	Share premium	Unrealized foreign exchange differences	Revaluation reserve	Retained earnings	Minority share	Total
01/01/22	10.000	799	0	-510	0	15.296	0	25.585
Profit for the year	0	0	0	0	0	11.913	270	12.183
Other comprehensive income								
Foreign currency translation	0	0	0	-723	0	0	0	-723
Revaluation reserve of financial assets	0	0	0	0	780	0	0	780
Total comprehensive income	0	0	0	-723	780	11.913	270	12.240
Acquisition of subsidiary	0	0	0	0	0	6.767	13.948	20.715
Acquisition of non-controlling interest	0	0	0	0	0	-143	-8.381	-8.524
31/03/22	10.000	799	0	-1.233	780	33.833	5.837	50.016
01/01/23	10.000	1.000	0	-374	783	40.218	4.468	56.096
Profit for the period	0	0	0	0	0	2.804	42	2.846
Other comprehensive income								
Foreign currency translation	0	0	0	1.169	0	0	0	1.169
Revaluation reserve of financial assets	0	0	0	0	14	0	0	14
Total comprehensive income	0	0	0	1.169	14	2.804	42	4.028
31/03/23	10.000	1.000	0	795	797	43.022	4.510	60.124

Additional consolidated key performance indicators

Profitability	3M/2023	3M/2022	Δ in %
Return on average assets	2,4%	5,2%	-2,8%
Return on average equity	13,5%	32,2%	-18,7%
Interest income/Average interest-earning assets	8,9%	10,2%	-1,3%
Interest income/Average gross loan portfolio	10,5%	10,7%	-0,2%
Interest income/Average net loan portfolio	11,7%	12,0%	-0,3%
Interest expense/Interest income	26,9%	28,5%	-1,6%
Cost of funds	2,3%	2,3%	0,0%
Cost of interest-bearing liabilities	2,4%	2,4%	0,1%
Net interest margin	9,3%	9,4%	-0,2%
Net effective annualized yield	11,7%	12,0%	-0,3%
Net impairment/interest income	22,1%	23,2%	-1,1%
Net fee and commission income/Total operating income	96,1%	95,9%	0,2%
Earnings before taxes/Average total assets	1,2%	5,3%	-4,1%
Efficiency	3M/2023	3M/2022	Δ in %
Total assets/Employee (in thousand EUR)	331	320	3,3%
Total operating income/Employee (in thousand EUR)	26	18	40,1%
Cost/Income ratio	43,6%	44,0%	-6,5%
Total recurring operating costs/Average total assets	0,4%	0,5%	-0,1%
Total operating income/ Average total assets	7,8%	7,9%	-0,1%
Personnel costs/Total recurring operating costs	397,1%	275,7%	121,3%
Personnel costs/Total operating income	21,2%	18,8%	2,4%
Net operating income/Total operating income	55,9%	56,1%	-0,2%
Net income (Loss)/Total operating income	11,2%	66,1%	-54,9%
Profit before tax (Loss)/Interest income	16,7%	78,9%	-62,2%
Liquidity	3M/2023	3M/2022	Δ in %
Net loan receivables/Total assets	60,5%	60,2%	0,4%
Average net loan receivables/Average total assets	60,4%	56,1%	4,3%
Net loan receivables/Total liabilities	74,1%	72,8%	1,3%
Interest-earning assets/Total assets	78,3%	64,1%	14,2%
Average interest-earning assets/Average total assets	71,3%	65,9%	5,3%
Liquid assets/Total assets	31,7%	32,4%	-0,7%
Liquid assets/Total liabilities	38,8%	39,2%	-0,4%
Total deposits/Total assets	10,6%	11,2%	-0,7%
Total deposits/Total liabilities	12,9%	13,6%	-0,7%
Total deposits/Shareholders' equity	57,7%	64,4%	-6,7%
Tangible common equity/Tangible assets	15,9%	15,1%	0,9%
Tangible common equity/Net receivables	25,5%	24,3%	1,2%
Net Loan Receivables/Equity (times)	3,3	3,5	-4,2%
Asset quality	3M/2023	3M/2022	Δ in %
Loan loss reserve/Gross receivables from client	10,8%	10,0%	0,7%
Average loan loss reserve/Average gross receivables from clients	10,4%	11,0%	-0,6%
Cost of risk	9,7%	10,8%	-1,1%
Gross NPL ratio	15,1%	15,7%	-0,6%
Impairment coverage ratio	71,3%	63,6%	7,7%
Selected operating data	3M/2023	3M/2022	Δ in %
Number of employees (adjusted to full-time)	994	1.007	-1,3%
Average monthly gross salary in group (in EUR)	1.467	929	57,9%

DEFINITIONS

EBITDA – EBITDA means for the reporting period prior the calculation date, the consolidated net earnings of the Borrower prepared in accordance with the IFRS before any provision on account of taxation, depreciation and amortization, any interest, commissions, discounts and other fees incurred in respect of any financial debt or any interest earned on debts

Adjusted EBITDA – A non-IFRS measure that represents EBITDA (profit for the period plus tax, plus interest expense, plus depreciation and amortization) adjusted for income/loss from discontinued operations, non-cash gains and losses attributable to movement in the mark-to-market valuation of hedging obligations under IFRS, goodwill write-offs and certain other one-off or non-cash items

Adjusted interest coverage – Adjusted EBITDA/interest expense

Cost of risk – Annualized net impairment charges/average gross loan portfolio (total gross loan portfolio as of the start and end of each period divided by two)

Cost/income ratio – Operating costs/operating income

Equity/assets ratio – Total equity/total assets

Equity/net loan portfolio – Total equity/net customer receivables (including accrued interest)

Gross NPL ratio – Non-performing loan portfolio (including accrued interest) with a delay of over 50 days/gross loan portfolio (including accrued interest)

Gross loan portfolio – Total amount receivable from customers, including principal and accrued interest, after deduction of deferred income

Impairment coverage ratio – Total impairment/gross NPL (+50 days overdue)

Intangible assets – Intangible IT assets (software and developments costs)

Interest and similar income – Generated from our customer loan portfolio

Loss given default – Loss on non-performing loan portfolio (i.e., 1 – recovery rate) based on recoveries during the appropriate time window for the specific product, reduced by costs of collection, discounted at the weighted average effective interest rate

Net effective annualized yield – Annualized interest income (excluding penalties)/average net loan principal

Net impairment to interest income ratio – Net impairment charges on loans and receivables/interest income

Net interest margin – Annualized net interest income/average gross loan principal (total gross loan principal as of the start and end of each period divided by two)

Net loan portfolio – Gross loan portfolio (including accrued interest) less impairment provisions

Non-performing loans (NPLs) – Loan principal or receivables (as applicable) that are over 50 days past due

Overall provision coverage – Allowance account for provisions/non-performing receivables

Profit before tax margin – Profit before tax/interest income

Performing customers – Online lending customers with open loans that are up to 30 days past due

Poorly performing customers – Online lending customers with open loans that are over 30 days and less than 50 days past due

Return on average assets – Annualized profit from continuing operations/average assets (total assets as of the start and end of each period divided by two)

Return on average equity – Annualized profit from continuing operations/average equity (total equity as of the start and end of each period divided by two)

Tangible equity – Total equity minus intangible assets

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. The Group calculates the 12MECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD 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 for Stage 2 assets, with the PD set at 100%.

DISCLAIMER

The information contained herein is not for release, publication or distribution, in whole or in part, directly or indirectly, in or into the United States, Australia, Canada, Hong Kong, Japan, New Zealand, South Africa or any other countries or otherwise in such circumstances in which the release, publication or distribution would be unlawful. The information contained herein does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of, the bonds in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration, exemption from registration or qualification under the securities laws of any such jurisdiction. Persons into whose possession this announcement may come are required to inform themselves of and observe all such restrictions.

This announcement does not constitute an offer of securities for sale in the United States. The bonds have not been and will not be registered under the Securities Act or under the applicable securities laws of any state of the United States and may not be offered or sold, directly or indirectly, within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

This announcement does not constitute a prospectus for the purposes of Directive 2003/71/EC, as amended (the "Prospectus Directive") and does not constitute a public offer of securities in any member state of the European Economic Area (the "EEA").

This announcement does not constitute an offer of bonds to the public in the United Kingdom. No prospectus has been or will be approved in the United Kingdom in respect of the bonds. Accordingly, this announcement is not being distributed to, and must not be passed on to, the general public in the United Kingdom. The communication of this announcement as a financial promotion may only be distributed to and is only directed at (i) persons who are outside the United Kingdom or (ii) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order") or (iii) high net worth companies, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons in (i), (ii) and (iii) above together being referred to as "Relevant Persons"). Any invitation, offer or agreement to subscribe, purchase or otherwise acquire such securities will be engaged in only with, Relevant Persons. Any person who is not a Relevant Person should not act or rely on this announcement or any of its contents.

PROFESSIONAL INVESTORS ONLY – Manufacturer target market (MIFID II product governance) is eligible counterparties and professional clients only (all distribution channels). No PRIIPs key information document (KID) has been prepared as the bonds do not constitute packaged products and will be offered to eligible counterparties and professional clients only.

IMPRINT

IuteCredit Finance S.a.r.l.
16, rue Eugene Ruppert
L-2453 Luxembourg
Grand Duchy of Luxembourg
www.iutecredit.com