

Iute Group reports unaudited results for 12M/2023

Efforts to improve quality lead the quantity considerations in 2023

Strategic Highlights

- Number of active customers increased to 274 thousand (31 Dec. 2022: 272 thousand) with revenue per customer (LTM) up to 370 EUR (12M/2022: 343 EUR).
- Total number of customers increased by 10,3% to 1,1 million (31 Dec. 2022: 928 thousand).
- Group consolidated balance sheet up 16,6% to 375,8 million EUR and equity up 19,0% to 63,8 million EUR as of 31 Dec. 2023.
- Increasing use of Mylute app – 813 thousand downloads as of 31 Dec. 2023 (31 Dec. 2022: 477 thousand).
- Energbank's first dividend payment approved by regulator in December 2023.
- IutePay pioneers in the Balkans as e-money institution.

Operational Highlights

- Loan payouts increased by 11,0% to 291,0 million EUR (12M/2022: 262,0 million EUR).
- Number of loans signed down to 331 thousand (12/2022: 357 thousand).
- Gross loan portfolio up 16,9% to 252,0 million EUR (31 Dec. 2022: 215,5 million EUR) of which principal amount of loans increased 17,3% to 232,3 million EUR (31 Dec. 2022: 198,1 million EUR).
- Repayment discipline (Customer Performance Index, CPI30) down to 87,3% (12M/2022: 90,4%).
- Net loan portfolio up 19,7% to 232,2 million EUR (31 Dec. 2022: 193,9 million EUR).
- 75 cardless ATMs operational (31 Dec. 2022: 71 ATMs).

Financial Highlights

- Interest and commission fee income up 18,0% to 91,4 million EUR (12M/2022: 77,4 million EUR) driven by Iute Non-Bank loan portfolio.
- Net interest and commission fee income up 10,4% to 63,2 million EUR (12M/2022: 57,2 million EUR) driven by Iute Non-Bank loan portfolio.
- Total revenue up 20,1% to 105,7 million EUR (12M/2022: 88,0 million EUR).
- Cost to revenue ratio at 44,7% (12M/2022: 46,8%).
- Adjusted cost to revenue ratio at 38,5%.
- EBITDA adjusted for FX and integration expenses related to Energbank up 34,4% to 46,7 million EUR (12M/2022: 34,8 million EUR).
- Net profit at 10,3 million EUR compared to 7,1 million EUR adjusted for one-off gains related to the acquisition of Energbank in the prior-year period.
- Strong capitalization and profitability – Eurobond covenants exceeded.

Statement of the Management

Operating in a relatively stable regulatory environment, free from political interference, unaffected by macroeconomic fluctuations and geopolitical tensions, and benefiting only from technological progress seems to remain a dream for the coming years. The key to actual success is adaptation: recognizing reality as it is, and constantly seeking opportunities while remaining true to the Company's DNA and strategic objectives.

lute Group's DNA is ever entrepreneurial and customer-oriented intertwined with a systematic approach and the ability to not only cope with setbacks but learn from mistakes. On the strategical level, we continued to build loan, payment, and insurance intermediation value streams which combined constitute a fintech bank and money ecosystem for our customers. Our strategic endeavors were successful: lute Group achieved growth and profit, while the focus remained heavily on *modus operandi* with quality being more important than quantity in 2023.

In its endeavor for operational excellence, lute Group pushed forward the deeper integration of data science into its business processes. Various predictive models at the service of customer experience and loan portfolio have started to reduce sales costs and lower credit risk costs. In contrast, the digitalization and turnaround of Energbank did not meet our expectations, even though the bank is profitable and the organizational challenges of the restructuring have been resolved to a great extent. We expect the bank to solve the remaining challenges under the management in place since January 2024 following its multi-stage Strategy 2026. Clearly more successful is the integration of lute's credit and payment solutions into e-commerce. lutePay continues on its path of attracting more customers in the Balkans, while the scope of services and geographical markets coverage are to be expanded in 2024.

On the financing side, lute Group has achieved refinancing of its maturing EUR bond even in an environment with continuously increasing base interest rates and bond yields. In view of a very solidly financed capital base until October 2026, we aim to grow our revenue and net profit on average by at least 20% per year until then.

Looking at the pure figures, lute Group exceeded its growth targets for 2023. At 376 million EUR, the balance sheet exceeded the forecast of 355 million EUR, as did revenue, which at 106 million EUR exceeded the target threshold of 100 million EUR. It is unfortunate that we fell short of the net profit target of 12 million EUR with 10 million EUR because of the above-mentioned interference beyond our control, in addition to exchange rate fluctuations. In this context, Macedonia unexpectedly imposed a one-off solidarity tax on national TOP100 companies, which burdened lute Group with 1.4 million EUR in Q4 2023.

Speaking of the aforementioned, considering our DNA, attracting high-performing customers is crucial to the success of the lute Group. The modest growth achieved in this respect, with 227,000 performing individual customers at the end of 2023, does not live up to our ambitions. Taking customer orientation to heart, we all at Group need to work harder and use the most advanced technologies to understand customer needs and build long-term relationships.

Accordingly, we have set ourselves the following targets for 2024:

- Performing Customer Pool (Loan and Wallet) of over 260,000 individuals,
- Balance sheet total of over 420 million EUR,
- Revenue of over 120 million EUR,
- Consolidated net profit of over 15 million EUR,
- Launch of business activities in at least one additional country, and
- Return on Equity of at least 25% per year.

lute's transformation goes hand in hand with the changing environments in which we operate. As progress stems from change, we are convinced that the best of lute Group lies ahead of us as we transform.

Tarmo Sild
CEO of lute Group

Consolidated key financial figures

	31 Dec 2023	31 Dec 2022	Δ in %
Capitalization			
Gross loan portfolio (in thousand EUR)	251.950	215.491	16,9%
<i>lute Non-Bank</i>	185.842	163.106	13,9%
<i>Energbank</i>	66.108	52.384	26,2%
Net loan portfolio (in thousand EUR)	232.171	193.897	19,7%
<i>lute Non-Bank</i>	169.414	145.354	16,6%
<i>Energbank</i>	62.757	48.544	29,3%
Assets (in thousand EUR)	375.799	322.335	16,6%
Equity (in thousand EUR)	63.818	56.096	13,8%
Equity to assets ratio	17,0%	17,4%	-0,4%
Capitalization ratio	27,5%	28,9%	-1,4%
	12M/2023	12M/2022	Δ in %
Profitability			
Interest income	91.396	77.432	18,0%
<i>lute Non-Bank</i>	73.309	60.469	21,2%
<i>Energbank</i>	18.087	18.120	-0,2%
Net interest margin	29,4%	37,6%	-8,3%
<i>lute Non-Bank</i>	30,8%	28,9%	1,9%
Adjusted cost to income ratio	44,7%	46,8%	-2,0%
<i>lute Non-Bank</i>	44,7%	45,0%	-0,3%
<i>Energbank</i>	58,8%	47,2%	11,6%
Post-allowances operating profit margin	23,7%	29,6%	-5,9%
<i>lute Non-Bank</i>	22,8%	25,3%	-2,5%
Adjusted EBITDA	46.733	34.779	34,4%
<i>lute Non-Bank</i>	38.734	26.792	44,6%
<i>Energbank</i>	7.998	7.987	0,1%
Interest coverage ratio	1,7	1,7	0,0%
Profit margin before tax	14,1%	24,5%	-10,5%
Net profit	10.256	17.113	-40,1%
Return on assets	2,9%	7,0%	-4,1%
Return on equity	17,1%	41,9%	-24,4%
	31 Dec 2023	31 Dec 2022	Δ in %
Asset quality			
Cost of risk	9,5%	11,7%	-2,3%
<i>lute Non-Bank</i>	13,0%	12,9%	0,1%
<i>Energbank</i>	0,8%	2,8%	-1,9%
Impairment coverage ratio	65,7%	70,9%	-5,2%
<i>lute Non-Bank</i>	60,6%	68,1%	-7,5%
<i>Energbank</i>	113,0%	88,0%	25,0%
Gross NPL ratio	11,9%	14,1%	-2,2%
<i>lute Non-Bank</i>	14,6%	16,0%	-1,4%
<i>Energbank</i>	4,5%	8,3%	-3,8%
Net NPL ratio	7,0%	7,7%	-0,7%
<i>lute Non-Bank</i>	9,3%	9,4%	-0,1%
<i>Energbank</i>	0,6%	2,5%	-1,9%

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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, 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.iute.com

MANAGEMENT REPORT

Group Corporate and Organizational Overview

lute Group AS (formerly luteCredit 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 of 31 Dec. 2023, ICE had nine operating subsidiaries: OCN lute Credit SRL (**ICM**) and BC Energbank S.A. (**EB**) in Moldova, luteCredit Albania SHA (**ICA**) and lutePay Sh.p.k. (**IPA**) (formerly VeloxPay Sh.P.K ,Velox) in Albania, luteCredit Macedonia DOOEL–Skopje (**ICMK**) in North Macedonia, lutePay Bulgaria EOOD (**lutePay Bulgaria**) and luteCredit Bulgaria EOOD (**ICBG**) in Bulgaria, MKD luteCredit BH d.o.o. Sarajevo (**ICBH**) in Bosnia and Herzegovina, luteCredit Finance S.á r.l. (**ICF**) in Luxembourg. lutePay Bulgaria EOOD was inactive during financial year 2023. 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:

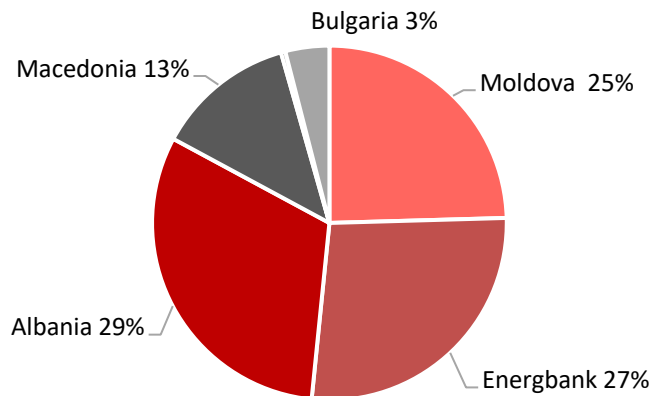
- Strategic targeting
- Scalability of business
- Business capabilities design, including organizations design, process design, and technology design
- Technology development and integration
- Composition of management teams at subsidiaries
- Human resource and customer experience framework rules and 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 500 EUR, while loan amounts range from 50 EUR to 10 thousand EUR. The weighted average annual percentage rate (APR) is 46% and the effective interest rate (EIR) is 55% depending on the loan amount, maturity, and customer status (new or recurring customer with good payment history).

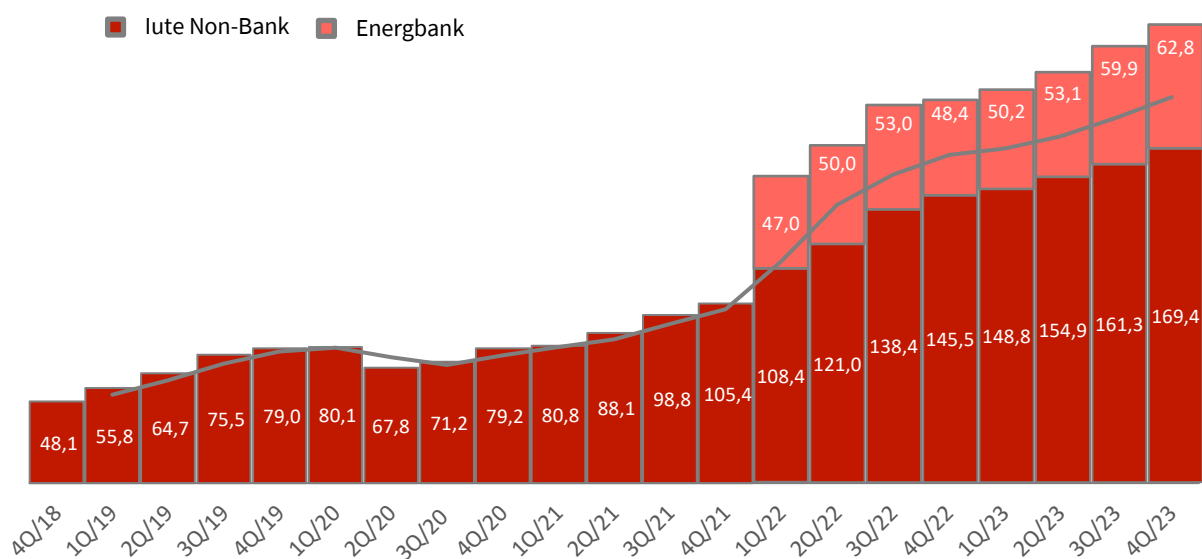
Breakdown of portfolio diversification as of 31/12/2023



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 57% 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 Dec. 2023, lute Group had 41 lute branches and 2.614 active points of sale, and 31 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)	12M/2023	12M/2022	Δ in %
Interest and similar income	91.396	77.432	18,0%
Interest and similar expense	-28.194	-20.207	39,5%
Net interest and commission fee income	63.202	57.225	10,4%
Loan administration fees and penalties	6.384	7.271	-12,2%
Total loan administration fees and penalties	6.384	7.271	-12,2%
Other income	7.937	3.317	139,3%
Allowances for loan impairment	-22.165	-19.327	14,7%
Net operating income	55.358	48.485	14,2%
Personnel expenses	-22.136	-17.481	26,6%
Depreciation/amortization charge	-3.902	-4.115	-5,2%
Other operating expenses	-21.239	-19.554	8,6%
Total operating expenses	-47.276	-41.152	14,9%
Net income from financial investments	0	10.007	n/a
Foreign exchange gains/losses	4.767	1.652	188,5%
Net financial result	4.767	11.660	-59,1%
Profit before tax	12.849	18.994	-32,4%
Income tax expense	-2.593	-1.881	37,8%
Net profit for the period	10.256	17.113	-40,1%

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 20,1% to 105.718 thousand EUR (12M/2022: 88.019 thousand EUR).

Breakdown of consolidated total income

(In thousand EUR)	12M/2023	12M/2022	Δ in %
Interest and similar income	91.396	78.589	16,3%
<i>lute Non-Bank</i>	73.309	59.312	23,6%
<i>Energbank</i>	18.087	18.120	-0,2%
Penalties and similar income	6.384	7.271	-12,2%
<i>lute Non-Bank</i>	6.384	7271	-12,2%
<i>Energbank</i>	0	0	n/a
Other income	7.937	3.317	139,3%
<i>lute Non-Bank</i>	8.034	4.427	70,1%
<i>Energbank</i>	-97	1.436	-93,2%
Total income	105.718	88.019	20,1%

Other income

Other income in 12M/2023 of 7.937 thousand EUR included, primarily, extraordinary income from debt collectors of 3.209 thousand EUR (12M/2022: 3.062 thousand EUR), income of 1.650 thousand EUR (12M/2022: 1.270 thousand EUR) from sales of defaulted loan portfolio, and income from other operations not related to core business activity of 1,913 thousand EUR (12M/2022: 231 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. Particularly noteworthy is the increase in revenues from insurance brokerage of 1.748 thousand EUR (12M/2022: 351 thousand EUR).

Interest income

Interest income increased by 16,3% to 91.396 thousand EUR (12M/2022: 78.589 thousand EUR), driven in particular by steadily increasing payouts at lute Non-Bank compared to the 23,1% increase in the average net loan portfolio.

Breakdown of interest income

(In thousand EUR)	12M/2023	12M/2022	Δ in %
Total value of loan principal issued	290.860	261.954	11,0%
<i>lute Non-Bank</i>	238.193	218.816	8,9%
<i>Energbank</i>	52.667	43.138	22,1%
Average net loan portfolio	213.035	173.088	23,1%
<i>lute Non-Bank</i>	157.384	125.363	25,5%
<i>Energbank</i>	55.651	47.725	16,6%
Principal	232.329	198.108	17,3%
<i>lute Non-Bank</i>	167.026	146.595	13,9%
<i>Energbank</i>	65.303	51.513	26,8%
Accrued interest	19.621	17.383	12,9%
<i>lute Non-Bank</i>	18.816	16.512	14,0%
<i>Energbank</i>	805	871	-7,6%
Average annualized interest rate on net portfolio	43,9%	46,8%	-6,2%
<i>lute Non-Bank</i>	43,9%	46,9%	-6,3%
<i>Energbank</i>	13,8%	14,5%	-4,7%
Interest income	91.396	78.589	16,3%
<i>lute Non-Bank</i>	73.309	60.469	21,2%
<i>Energbank</i>	18.087	18.120	-0,2%

Breakdown of interest income by countries

	12M/2023	Total share in %	12M/2022	Total share in %	Δ in %
Moldova	20.770	22,7%	19.969	25,4%	5,5%
Energbank*	18.087	19,8%	18.120	23,1%	-0,2%
Albania	31.849	34,8%	24.405	31,1%	30,5%
Macedonia	15.686	17,2%	12.925	16,4%	21,4%
Bosnia	445	0,5%	773	1,0%	-42,4%
Bulgaria	4.559	5,0%	1.514	1,9%	201,1%
Total	91.396	100,0%	74.432	100,0%	18,1%

* with consolidation as of Feb. 2022

Interest expense

Interest expense increased by 39,5% to 28.194 thousand EUR (12M/2022: 20.207 thousand EUR) through borrowing in line with business growth.

Breakdown of interest expense

(In thousand EUR)	12M/2023	12M/2022	Δ in %
Interest on amounts due to creditors	-8.466	-2.393	253,8%
Interest on financial lease liabilities	-214	-201	6,3%
Interest on bonds	-16.846	-15.981	5,4%
Interests on deposits	-2.668	-1.631	63,6%
Total	-28.194	-20.207	39,5%

Loan administration fees and penalties

Income from other fees and penalties decreased by 12,2% to 6.384 thousand EUR (12M/2022: 7.271 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)	12M/2023	12M/2022	Δ in %
Penalties under loans and delay interests	7.166	8.150	-12,1%
<i>lute Non-Bank</i>	7.166	8.150	-12,1%
<i>Energbank</i>	0	0	n/a
Resigns under customer loans	446	747	-40,3%
Dealer bonuses	-1.350	-1.674	-19,4%
Other fees from additional services	121	48	150,6%
Total	6.384	7.271	-12,2%

Allowances for loan impairment

Change in allowances for consolidated loan impairment at 22.308 thousand EUR were at the previous year's level (12M/2022: 22.174 thousand EUR). Allowances at Energbank are determined at the end of June and Dec. only, accordingly, allowances at Energbank decreased by 82,6% to 246 thousand EUR (12M/2022: 1.416 thousand EUR). Changes in allowances for loan impairment at lute Non-Bank increased by 23,7% to 22.655 thousand EUR (12M/2022: 18.314 thousand EUR).

Breakdown of allowances for loan impairment

(In thousand EUR)	12M/2023	12M/2022	Δ in %
At the beginning of period	-21.593	-14.993	44,0%
Allowances for loan impairment	-22.308	-22.174	0,6%
Utilized	23.980	15.573	54,0%
Exchange differences	143	0	n/a
At the end of the period	-19.778	-21.593	-8,4%
(In thousand EUR)	12M/2023	12M/2022	Δ in %
Impairment charges on loans	-27.803	-26.322	5,6%
Recovery from written-off loans	5.638	6.995	-19,4%
Net impairment charges	-22.165	-19.327	14,7%

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

Overall net impairment losses represented 24,3% of interest income (12M/2022: 25,0%). The cost of risk, expressed as net impairment charges to average gross loan portfolio, decreased to 9,5% (12M 2022: 11,7%).

Operating expenses

Operating expenses for the period increased by 17,1% to 43.375 thousand EUR (12M/2022: 37.037 thousand EUR) related to the expansion of business activity at lute Non-Bank. Advertising expenses accounted for 8,7% (12M/2022: 10,2%) of operating expenses while expenses on IT accounted for 8,7% (12M/2022: 7,8%). Adjusted for one-off expenses, the cost-to-income ratio in particular with the concluded Kosovo case decreased by 38,5% (12M/2022: 44,7%).

Breakdown of operating expenses

(In thousand EUR)	12M/2023	12M/2022	Δ in %
Personnel	-22.136	-17.481	26,6%
Advertising expenses	-3.780	-3.787	-0,2%
IT	-3.503	-2.893	21,1%
Debt collection	-1.196	-840	42,4%
Legal and consulting	-2.563	-3.625	-29,3%
Rent and utilities	-633	-692	-8,5%
Taxes	-4.371	-3.646	19,9%
Travel	-679	-629	8,0%
Other	-4.515	-3.445	31,1%
Total	-43.375	-37.037	17,1%
<i>lute Non-Bank</i>	<i>-33.713</i>	<i>-29.750</i>	<i>13,3%</i>
<i>Energbank</i>	<i>-9.662</i>	<i>-7.287</i>	<i>32,6%</i>

The increase in IT costs reflects the development of technological solutions at full speed to build up future revenue streams. Excluding personnel expenses, operating expenses increased by 8,6% to 21.239 thousand EUR (12M/2022: 19.556 thousand EUR).

Personnel expenses

Personnel expenses, mainly salaries and bonuses, and social security expenses increased by 26,6% to 22.136 thousand EUR (12M/2022: 17.481 thousand EUR). Compared to the first-time consolidation of Energbank from 1 Feb. 2022, related personnel costs were incurred for the entire 12M/23 period, while bonus payments were also made to employees in 12M/23 for the successful implementation of the New Core IT platform. The average staff number in full-time with 939 employees decreased as a result of the wind-down of operations in Bosnia and Herzegovina (12M/2022: 974 employees).

Breakdown of personnel expenses

(In thousand EUR)	12M/2023	12M/2022	Δ in %
Salaries and bonuses	-18.423	-14.437	27,6%
Social security expenses	-3.048	-2.404	26,8%
Medical insurance expenses	-145	-187	-22,5%
Other expenses	-519	-453	14,5%
Total	-22.136	-17.481	26,6%
<i>lute Non-Bank</i>	-14.455	-11.902	21,5%
<i>Energbank</i>	-7.680	-5.580	37,6%
Number of employees adjusted to full-time	939	974	-3,6%
<i>lute Non-Bank</i>	483	491	-1,6%
<i>Energbank</i>	456	483	-5,6%

Foreign exchange gains/losses

Foreign exchange movements resulted in a gain of 4.767 thousand EUR (12M/2022: gain of 1.652 thousand EUR) reflecting, in particular, EUR/MDL and EUR/ALL conversion rates.

Profit before tax

Consolidated profit before tax decreased to 12.849 thousand EUR (12M/2022: 20.785 thousand EUR). The profit margin before tax decreased to 14,1% (12M/2022: 26,4%). 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 2.593 thousand EUR (12M/2022: 1.183 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)	12M/2023	12M/2022	Δ in %
Consolidated profit before tax	12.849	18.994	-32,4%
Current income tax expense	-2.593	-1.881	37,8%
Net profit for the period	10.256	17.113	40,1%

Profit for the period

Net profit for the period decreased to 10.256 thousand EUR (12M/2022: 17.113 thousand EUR). The prior-year period included in particular accounting gains from the acquisition and first-time consolidation of Energbank. Adjusted for one-off gains related to the acquisition of Energbank net profit amounted 10,3 million EUR compared to 7,1 million EUR in the prior-year period.

Transition statement of non-IFRS measures EBITDA and Adjusted EBITDA

Breakdown of transition to adjusted EBITDA

(In thousand EUR)	12M/2023	12M/2022	Δ in %
Profit for the period	10.256	19.602	-47,7%
Provision for corporate income tax	2.593	1.183	119,1%
Interest expense	28.194	20.207	39,5%
Depreciation and amortization	3.902	4.115	-5,2%
EBITDA	44.945	45.107	-0,4%
Adjustments	1.788	-8.537	n/a
Adjusted EBITDA	46.733	36.571	27,8%

Breakdown of adjustments to EBITDA

(In thousand EUR)	12M/2023	12M/2022	Δ in %
Net gains/losses from financial assets measured at fair value	0	10.007	n/a
Foreign exchange gains/losses	4.767	1.652	188,5%
One-time expenses not attributable to operations	-6.555	-3.123	109,9%
Adjustments	-1.788	8.537	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 Dec 2023	31 Dec 2022	Δ in %
ASSETS			
Cash and cash equivalents	71.660	65.647	9,2%
<i>lute Non-Bank</i>	17.231	16.846	2,3%
<i>Energbank</i>	54.429	48.802	11,5%
Loans to customers	232.171	193.897	19,7%
<i>lute Non-Bank</i>	169.414	145.354	16,6%
<i>Energbank</i>	62.757	48.543	29,3%
Prepayments	1.835	1.896	-3,2%
Other assets	8.570	4.273	100,6%
Other financial investments	41.730	38.650	8,0%
Property, plant, and equipment	8.374	6.985	19,9%
Right-of-use assets	1.582	2.075	-23,8%
Intangible assets	9.878	8.912	10,8%
Total assets	375.799	322.335	16,6%
LIABILITIES AND EQUITY			
Liabilities			
Loans and bonds from investors	291.275	251.204	16,0%
Lease liabilities	1.687	2.177	-22,5%
Trade and other payables	2.796	1.536	82,1%
Current income tax liabilities	679	869	-21,8%
Other tax liabilities	219	1.381	-84,2%
Other liabilities	15.325	11.559	32,6%
Total liabilities	311.981	268.727	16,1%
Equity			
Minority share	4.627	4.468	3,5%
Share capital	10.346	10.000	3,5%
Share premium	741	0	n/a
Legal reserve	1.000	1.000	n/a
Unrealized foreign exchange differences	6.484	-374	n/a
Retained earnings	40.621	38.513	5,5%
Total equity	63.818	53.608	19,0%
Total equity and liabilities	375.799	322.335	16,6%

Assets

Total assets increased by 16,6% to 375.799 thousand EUR as of 31 Dec. 2023 (31 Dec. 2022: 322.335 thousand EUR).

Loan portfolio

The net loan portfolio increased by 19,7% to 232.171 thousand EUR as of 31 Dec. 2023 (31 Dec. 2022: 193.897 thousand EUR).

Breakdown of net portfolio

(In thousand EUR)	31 Dec 2023	Total in %	31 Dec 2022	Total in %	Δ in %
Moldova	56.979	24,5%	52.266	27,0%	9,0%
Energbank	62.757	27,0%	48.544	25,0%	29,3%
Albania	72.418	31,2%	56.552	29,2%	28,1%
Macedonia	30.187	13,0%	27.552	14,2%	9,6%
Bosnia	824	0,4%	4.317	2,2%	-80,9%
Bulgaria	9.006	3,9%	4.668	2,4%	92,9%
Total net loan portfolio	232.171	100,0%	193.897	100,0%	19,7%

Breakdown of loan applications

in pcs	12M/2023			12M/2022			Δ in %		
	Processed	Paid out	Approval rate in %	Processed	Paid out	Approval rate in %	Processed	Paid out	Approval rate in %
Moldova	207.834	121.287	64,1%	222.714	136.143	64,2%	-6,7%	-10,9%	-0,2%
Energbank	11.624	7.199	68,0%	10.778	6.945	66,3%	7,8%	3,7%	2,6%
Albania	161.712	129.334	70,1%	173.218	136.264	74,1%	-6,6%	-5,1%	-5,4%
Macedonia	74.837	49.021	62,5%	80.841	52.961	64,6%	-7,4%	-7,4%	-3,3%
Bosnia	0	0	0,0%	15.508	8.219	52,6%	n/a	n/a	n/a
Bulgaria	127.474	23.627	19,3%	97.052	16.039	17,8%	31,3%	47,3%	8,3%
In total	583.481	330.468	56,8%	600.111	356.571	59,4%	-2,8%	-7,3%	-4,3%

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

Breakdown of issued loans APR on country level

(In %)	12M/2023	12M/2022	Δ in %	9M/2023	9M/2022	Δ in %	6M/2023	6M/2022	Δ in %	3M/2023	3M/2022	Δ in %
Moldova	41,3%	42,7%	-3,3%	42,8%	43,9%	-2,5%	42,5%	45,4%	-6,4%	42,1%	46,2%	-8,9%
Albania	45,8%	54,3%	-15,7%	48,4%	53,8%	-10,0%	51,5%	55,1%	-6,5%	54,8%	56,5%	-3,0%
Macedonia	45,2%	42,6%	6,2%	47,1%	41,3%	14,0%	50,3%	39,2%	28,3%	52,9%	39,3%	34,6%
Bosnia	0,0%	42,0%	n/a	0,0%	42,0%	n/a	0,0%	43,0%	n/a	0,0%	46,1%	n/a
Bulgaria	42,5%	39,6%	7,4%	42,1%	39,2%	7,4%	42,1%	39,4%	6,9%	42,4%	39,6%	7,1%
Iute Group WAVG	43,9%	46,9%	-6,3%	45,6%	46,8%	-2,6%	47,0%	47,7%	-1,5%	48,1%	49,0%	-1,8%
Energbank	13,8%	14,5%	-4,7%	14,3%	14,4%	-0,6%	18,1%	17,2%	5,2%	19,9%	11,1%	78,9%

The decrease in average annual percentage rates (APR) at group level in 12M/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 %)	12M/2023	12M/2022	Δ in %	9M/2023	9M/2022	Δ in %	6M/2023	6M/2022	Δ in %	3M/2023	3M/2022	Δ in %
Moldova	90,0%	91,0%	-1,1%	90,0%	90,8%	-0,9%	90,4%	90,4%	0,0%	91,0%	90,3%	0,8%
Albania	87,2%	91,9%	-5,1%	86,2%	92,3%	-6,6%	87,4%	92,5%	-5,5%	87,1%	92,7%	-6,0%
Macedonia	86,0%	89,1%	-3,5%	86,2%	89,2%	-3,4%	86,8%	93,1%	-6,8%	87,1%	92,3%	-5,6%
Bosnia	0,0%	80,3%	n/a	0,0%	79,5%	n/a	n/a	78,4%	n/a	0,0%	78,0%	n/a
Bulgaria	80,9%	75,5%	7,2%	80,8%	73,3%	10,2%	80,5%	72,0%	11,8%	80,2%	70,2%	14,2%
Iute Group WAVG	87,3%	90,4%	-3,4%	87,3%	90,5%	-3,5%	88,2%	91,1%	-3,2%	88,1%	91,0%	-3,2%

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 Dec 2023				31 Dec 2022			
	Gross amount	Provisions	Net amount	% of net portfolio	Gross amount	Provisions	Net amount	% of net portfolio
Performing	221.858	-5.839	216.019	93,0%	185.044	-5.980	179.064	92,4%
Iute Non-Bank	158.715	-5.050	153.666	90,7%	137.022	-5.281	131.742	90,6%
Energbank	63.143	-789	62.353	99%	48.021	-700	47.322	97,5%
Non-Performing	30.092	-13.940	16.152	7,0%	30.447	-15.613	14.834	7,7%
Iute Non-Bank	27.127	-11.378	15.749	9,3%	26.084	-12.472	13.612	9,4%
Energbank	2.965	-2.562	404	0,6%	4.363	-3.141	1.222	2,5%
Total portfolio	251.950	-19.779	232.171	100,0%	215.491	-21.593	193.897	100,0%
Iute Non-Bank	185.842	-16.428	169.414	73,0%	163.106	-17.753	145.354	75,0%
Energbank	66.108	-3.351	62.757	27,0%	52.384	-3.841	48.544	25,0%

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(In thousand EUR)	31 Dec 2023	Total share in %	31 Dec 2022	Total share in %
Stage 1	213.369	91,9%	176.654	91,1%
<i>lute Non-Bank</i>	151.127	65,1%	129.420	66,7%
<i>Energbank</i>	62.243	26,8%	47.234	24,4%
Stage 2	2.650	1,1%	2.401	1,2%
<i>lute Non-Bank</i>	2.539	1,1%	2.322	1,2%
<i>Energbank</i>	111	0,05%	79	0,04%
Stage 3	16.152	7,0%	14.834	7,7%
<i>lute Non-Bank</i>	15.749	6,8%	13.612	7,0%
<i>Energbank</i>	404	0,2%	1.222	0,6%
Total net portfolio	232.171	100,0%	193.897	100,0%
<i>lute Non-Bank</i>	169.414	73,0%	145.354	75,0%
<i>Energbank</i>	62.757	27,0%	48.544	25,0%
Gross NPL ratio	11,9%		14%	
<i>lute Non-Bank</i>	14,6%		16,0%	
<i>Energbank</i>	4,5%		8,3%	
Impairment coverage ratio	65,7%		70,9%	
<i>lute Non-Bank</i>	60,6%		68,1%	
<i>Energbank</i>	113,0%		88,0%	

Distribution principles between stages

	31 Dec 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 Dec 2023	31 Dec 2022	Δ in %
Deferred tax assets	739	535	38,2%
Prepayments of rent	88	99	-11,5%
Prepayment of taxes	518	772	-32,9%
Prepayments to suppliers and deferred expenses	490	489	0,1%
Prepayments in total	1.835	1.896	-3,2%
Receivables from collection companies	775	1.032	-24,9%
Other receivables	4.906	215	>1.000%
Deposit receivables from partners	2.458	2.867	-14,3%
Trade and other receivables in total	8.138	4.114	97,8%
TOTAL	9.973	6.009	66,0%

Liabilities

As of 31 Dec. 2023, total liabilities at 311.981 thousand EUR increased by 17,2% (31 Dec. 2022: 266.239 thousand EUR).

Breakdown of loans and borrowings

Loans and borrowings at 292.961 thousand EUR increased by 15,6% (31 Dec. 2022: 253.382 thousand EUR), accounting for 93,4% of all liabilities (31 Dec. 2022: 95,2%).

(In thousand EUR)	31 Dec 2023	31 Dec 2022	Δ in %
Loans from investors	177.520	122.247	45,2%
Due date during next 12 months	98.747	77.808	26,9%
<i>lute Non-Bank</i>	19.614	13.258	47,9%
<i>Energbank customer deposits</i>	79.133	64.551	22,6%
Due date after 12 months	78.773	44.439	77,3%
<i>lute Non-Bank</i>	50.646	23.175	118,5%
<i>Energbank customer deposits</i>	28.127	21.264	32,3%
Bond liabilities	109.831	123.630	-11,2%
Due date during next 12 months	0	48.631	125,8%
Due date after 12 months	109.831	74.999	n/a
Lease liabilities	1.687	2.178	-22,5%
Due date during next 12 months	776	908	-14,5%
Due date after 12 months	911	1.270	-28,3%
Accrued interest	3.924	5.327	-26,3%
TOTAL	292.961	253.382	15,6%
<i>weighted average interest rate</i>	8,2%	8,2%	
<i>currency</i>	EUR, MDL, USD; ALL; MKD; RUB; GBP	EUR, MDL, USD; ALL; MKD; RUB; GBP	

Loans from investors increased to 177.520 thousand EUR (31 Dec. 2022: 122.247 thousand EUR), of which 45.391 thousand EUR (31 Dec. 2022: 14.699 thousand EUR) are accounted for by P2P loans from the Mintos platform and 107.260 thousand EUR (31 Dec. 2022: 85.815) for customer deposits and current customer bank accounts.

At the end of Sep. 2021, luteCredit Finance S.á r.l., wholly owned Luxembourg subsidiary of lute Group AS (formerly: luteCredit Europe AS), issued 75 million EUR 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 Mar. 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 July 2023, a 10 million EUR tap followed, increasing the total volume of the bond to 125 million EUR. In July 2023, the total volume of the bond increased by 10 million EUR to 125 million EUR as a result of another exchange offer for the expiring EUR 2019/2023 bonds (repaid in Aug. 2023) and a tap issue. In Aug. 2023, lute Group held a bondholders meeting to amend the terms and conditions of its EUR 2021/2026 bonds. The proposals included lowering the interest coverage ratio in relation to the incurrence test, increasing the flexibility of the permitted debt baskets, and facilitating the implementation of employee participation programs. Bondholders resolved all proposed amendments with great consent.

In Oct. 2022, lute Group AS (formerly: luteCredit Europe AS) concluded a credit facility of up to 10 million USD with a term of 3 years and an interest rate of 13% with a Singaporean financial services institution. A first tranche of 3 million USD was utilized in Oct. 2022. Two tranches of 1 million USD each were utilized in July and Aug. 2023, and one further tranche of 3,5 million USD in Dec. 2023.

Eurobond covenant ratios

	31 Dec 2023	31 Dec 2022	Δ in %
Capitalization			
Capitalization ratio (Equity/net loan portfolio)	27,5%	28,9%	-5,0%
Financial covenant at least	15%	15%	
	12M/2023	12M/2022	Δ in %
Profitability			
Interest coverage ratio (ICR), times (Adjusted EBITDA/interest expenses)	1,7	1,7	0,0%
Financial covenant at least	1,5	1,5	

Distribution of investor loan (Mintos)

(In thousand EUR)	Mintos loans			Net loan portfolio			
	31 Dec 2023	31 Dec 2022	Δ in %	31 Dec 2023	Total share in %	31 Dec 2022	Total share in %
Moldova	16.031	6.248	156,6%	56.979	28,1%	52.266	12,0%
Energbank	0	0	n/a	62.757	n/a	48.544	n/a
Albania	18.685	6.660	180,5%	72.418	25,8%	56.552	11,8%
Macedonia	10.676	1.790	496,3%	30.187	35,4%	27.552	6,5%
Bosnia	0	0	n/a	824	n/a	4.317	n/a
Bulgaria	0	0	n/a	9.006	n/a	4.668	n/a
Total	45.391	14.699	208,8%	232.171	28,4%	193.897	10,8%

Other liabilities

Breakdown of other liabilities

(In thousand EUR)	31 Dec 2023	31 Dec 2022	Δ in %
Trade payables	1.855	1.536	20,7%
Payables to employees	942	582	61,8%
Corporate income tax payables	679	869	-21,8%
Other tax payables	1.022	1.536	-33,5%
Allocations and other provisions	1.452	2.234	-35,0%
Deferred revenue	3.005	2.664	12,6%
Unpaid dividends	4.001	0	n/a
Over-/wrong payments from customers	465	3.642	-87,2%
Other liabilities	5.599	2.281	145,5%
TOTAL	19.020	15.346	23,9%

Equity

As of 31 Dec. 2023, equity increased by 13,8% to 63.818 thousand EUR (31 Dec. 2022: 56.096 thousand EUR), representing an equity to assets ratio of 17,0% (31 Dec. 2022: 17,4%). The equity to net loan portfolio ratio increased to 27,5% (31 Dec. 2022: 28,9%), reflecting the Group's strong capitalization, and exceeds Iute 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

There were no significant events affecting earnings, assets and financial position after the end of the reporting period.

FINANCIAL STATEMENTS

Consolidated statement of comprehensive income

(In thousand EUR)	12M/2023	12M/2022	Δ in %
Interest and similar income	91.396	77.432	18,0%
Interest and similar expense	-28.194	-20.207	39,5%
Net interest and commission fee income	63.202	57.225	10,4%
Loan administration fees and penalties	6.384	7.271	-12,2%
Loan administration fees and penalties in total	6.384	7.271	-12,2%
Other income	7.937	3.317	139,3%
Allowances for loan impairment	-22.165	-19.328	14,7%
Net operating income	55.358	49.642	11,5%
Personnel expenses	-22.136	-17.481	26,6%
Depreciation/amortization charge	-3.902	-4.115	-5,2%
Other operating expenses	-21.239	-19.554	8,6%
Total operating expenses	-47.276	-41.151	14,9%
Net gains/losses from financial assets measured at fair value	0	0	n/a
Net income from financial investments	0	10.007	n/a
Foreign exchange gains/losses	4.767	1.652	188,5%
Net financial result	4.767	11.660	-59,1%
Profit before tax	12.849	18.994	-32,4%
Income tax expense	-2.593	-1.881	37,9%
Profit for the reporting period	10.256	17.113	-40,1%
Other comprehensive income			
Other comprehensive income to be classified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations	6.034	151	>1.000%
Revaluation of property, plant, and equipment	834	0	n/a
Other comprehensive income total	6.868	151	>1.000%
Total comprehensive income for the period	17.124	17.265	-0,8%
Profit attributable to:			
Equity holders of the parent	10.107	16.637	-39,2%
Equity holders of minority	148	476	-68,9%
Total comprehensive income attributable to:			
Equity holders of the parent	16.782	16.774	0,0%
Equity holders of minority	341	490	-30,4%

Iute Non-Bank statement of comprehensive income

(In thousand EUR)	12M/2023	12M/2022	Δ in %
Interest and similar income	73.594	60.469	21,7%
Interest and similar expense	-25.281	-18.298	38,2%
Net interest and commission fee income	48.313	42.171	14,6%
Loan administration fees and penalties	6.384	7.271	-12,2%
Loan administration fees and penalties in total	6.384	7.271	-12,2%
Other income	7.824	4.724	65,6%
Allowances for loan impairment	-22.655	-18.314	23,7%
Net operating income	39.866	35.852	11,2%
Personnel expenses	-14.455	-11.902	21,5%
Depreciation/amortization charge	-3.034	-3.514	-13,7%
Other operating expenses	-19.258	-17.213	11,9%
Total operating expenses	-36.746	-32.629	12,6%
Net income from subsidiaries using equity method	0	10.002	n/a
Foreign exchange gains/losses	4.896	1.658	195,3%
Net financial result	4.896	11.660	-58,0%
Profit before tax	8.016	14.882	-46,1%
Income tax expense	-2.087	-589	254,2%
Profit for the reporting period	5.928	14.293	-58,5%
Other comprehensive income			
Other comprehensive income to be classified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations	3.969	943	320,9%
Other comprehensive income total	9.897	15.236	-35,0%
Profit attributable to:			
Equity holders	9.897	15.236	-35,0%
Total comprehensive income attributable to:			
Equity holders	9.897	15.236	-35,0%

Energbank statement of comprehensive income

(In thousand EUR)	12M/2023	12M/2022	Δ in %
Interest and similar income	18.087	16.682	8,4%
Interest and similar expense	-2.913	-1.908	52,7%
Net interest and commission fee income	15.174	14.774	2,7%
Loan administration fees and penalties	0	0	n/a
Loan administration fees and penalties in total	0	0	n/a
Other income	-181	7	n/a
Allowances for loan impairment	-246	-1.416	-82,6%
Net operating income	14.747	13.365	10,3%
Personnel expenses	-7.680	-5.580	37,6%
Depreciation/amortization charge	-868	-572	51,7%
Other operating expenses	-1.982	-1.707	16,1%
Total operating expenses	-10.530	-7.859	34,0%
Foreign exchange gains/losses	-129	-6	>1.000%
Net financial result	-129	-6	>1.000%
Profit before tax	4.088	5.501	-25,7%
Income tax expense	-505	-594	-14,9%
Profit for the reporting period	3.582	4.906	-27,0%

Consolidated statement of financial position

(In thousand EUR)	31 Dec 2023	31 Dec 2022	Δ in %
ASSETS			
Cash and cash equivalents	71.660	65.647	9,2%
Loans to customers	232.171	193.897	19,7%
Prepayments	1.835	1.896	-3,2%
Other assets	8.570	4.273	100,6%
Other financial investments	41.730	38.650	8,0%
Property, plant, and equipment	8.374	6.985	19,9%
Right-of-use assets	1.582	2.075	-23,8%
Intangible assets	9.878	8.912	10,8%
Total assets	375.799	322.335	16,6%
LIABILITIES AND EQUITY			
Liabilities			
Loans and bonds from investors	291.275	251.204	16,0%
Lease liabilities	1.687	2.177	-22,5%
Trade and other payables	2.796	1.536	82,1%
Current income tax liabilities	679	869	-21,8%
Other tax liabilities	219	1.381	-84,2%
Other liabilities	15.325	11.559	32,6%
Total liabilities	311.981	268.727	16,1%
Equity			
Minority share	4.627	4.468	3,5%
Share capital	10.346	10.000	3,5%
Share premium	741	0	n/a
Legal reserve	1.000	1.000	n/a
Revaluation reserve	6.484	-374	n/a
Retained earnings	40.621	38.513	5,5%
Total equity	63.818	53.608	19,0%
Total equity and liabilities	375.799	322.335	16,6%

Iute Non-Bank statement of financial position

(In thousand EUR)	31 Dec 2023	31 Dec 2022	Δ in %
ASSETS			
Cash and cash equivalents	17.231	16.846	2,3%
Loans to customers	169.414	145.354	16,6%
Prepayments	1.459	1.599	-8,8%
Other assets	3.121	3.892	-19,8%
Other financial investments	39.606	35.073	12,9%
Property, plant, and equipment	939	1.186	-20,9%
Right-of-use assets	1.426	1.890	-24,6%
Intangible assets	10.332	8.304	24,4%
Total assets	243.527	214.144	13,7%
LIABILITIES AND EQUITY			
Liabilities			
Loans and bonds from investors	180.157	161.422	11,6%
Lease liabilities	1.530	1.866	-18,0%
Trade and other payables	1.739	1.482	17,3%
Current income tax liabilities	628	706	-11,0%
Deferred tax liabilities	797	743	7,2%
Other liabilities	13.778	9.593	43,6%
Total liabilities	198.629	175.812	13,0%
Equity			
Share capital	10.346	10.000	3,5%
Legal reserve	1.000	1.000	n/a
Share premium	741	0	n/a
Unrealized foreign exchange differences	4.402	433	916,6%
Retained earnings	28.409	26.899	5,6%
Total equity	44.898	38.332	17,1%
Total equity and liabilities	243.527	214.144	13,7%

Energbank statement of financial position

(In thousand EUR)	31 Dec 2023	31 Dec 2022	Δ in %
ASSETS			
Cash and cash equivalents	54.429	48.802	11,5%
Loans to customers	62.757	48.544	29,3%
Prepayments	377	297	26,8%
Other assets	1.208	596	102,7%
Other financial investments	40.999	34.762	17,9%
Property, plant, and equipment	6.392	5.799	10,2%
Right-of-use assets	156	185	-15,4%
Intangible assets	589	608	-3,1%
Total assets	166.908	139.592	19,6%
LIABILITIES AND EQUITY			
Liabilities			
Loans and bonds from investors	111.118	89.779	23,8%
Lease liabilities	157	191	-18,0%
Trade and other payables	156	53	194,7%
Current income tax liabilities	51	164	-68,7%
Deferred tax liabilities	219	155	41,2%
Other liabilities	1.651	2.450	-32,6%
Total liabilities	113.352	92.792	22,2%
Equity			
Share capital	5.010	5.010	n/a
Share premium	6.136	5.829	5,3%
Legal reserve	517	491	5,2%
Revaluation reserve	1.448	783	84,9%
Foreign currency exchange reserve	235	-278	n/a
Other reserves	2.273	2.159	5,3%
Retained earnings	37.938	32.807	15,6%
Total equity	53.556	46.800	14,4%
Total equity and liabilities	166.908	139.592	19,6%

Consolidated statement of cash flows

(In thousand EUR)	12M/2023	12M/2022	Δ in %
Paid prepayments (-)	-7.165	-27.696	-74,1%
Received pre- and overpayments (+)	18.553	46.852	-60,4%
Paid trade payables outside the Group (-)	-28.697	-16.825	70,6%
Received debts from buyers and received other claims (+)	1.400	2.328	-39,9%
Received from collection companies (+)	65	31.291	-99,8%
Paid net salaries (-)	-15.637	-11.914	31,2%
Paid tax liabilities, excl. CIT (-)	-10.239	-6.202	65,1%
Corporate income tax paid (-)	-2.185	-2.948	-25,9%
Paid out to customers outside the Group (-)	-262.174	-193.632	35,4%
Change in MasterCard settlement account (+/-)	-12.753	-14.795	-13,8%
Principal repayments from customers outside the Group (+)	249.955	97.918	155,3%
Loan principal repayments from customers related to MasterCard (+)	0	21.548	n/a
Interest, commission and other fees received outside the Group (+)	81.445	44.936	81,2%
NET CASH FLOWS FROM OPERATING ACTIVITIES	12.567	-29.140	n/a
Purchase of fixed assets outside the Group, incl. prepayments (-)	-2.712	-7.360	-63,2%
Net cash flow from acquisition of subsidiaries (+)	0	32.547	n/a
Payments for other financial investments (-)	-24.542	-17.749	38,3%
Receipts from other financial investments (+)	30.171	26.112	15,5%
NET CASH FLOWS FROM INVESTING ACTIVITIES	2.917	33.551	-91,3%
Loans received from investors outside the Group (+)	80.006	33.592	138,2%
Repaid loans to investors outside the Group (-)	-62.642	-10.529	494,9%
Principal payments of financial lease contracts (-)	-1.337	-1.154	15,8%
Interests paid outside the Group (-)	-24.116	-18.425	30,9%
Dividends paid (-)	-3.999	0	n/a
Issue of ordinary shares (+)	1.041	0	n/a
Overdraft received (+)	1.985	115	>1.000%
Overdraft repaid (-)	-883	-1.272	-30,6%
Receipts from other financing activities (+)	36	6	560,8%
NET CASH FLOWS FROM FINANCING ACTIVITIES	-9.908	2.332	n/a
Change in cash and cash equivalents	5.576	6.743	-17,3%
Cash and cash equivalents at the beginning of the period	52.566	46.324	13,5%
Change in cash and cash equivalents	5.577	6.743	-17,3%
Net foreign exchange difference	1.109	-501	n/a
Cash and cash equivalents at the end of the period	59.252	52.566	12,7%
Cash and cash equivalents comprise	31 Dec 2023	31 Dec 2022	Δ in %
Cash on hand	11.550	8.762	31,8%
Non-restricted current account	47.702	43.804	8,9%

Consolidated statement of changes in equity

(In thousand EUR)	Share capital	Share premium	Legal reserve	Unrealized foreign exchange differences	Revaluation reserve	Retained earnings	Minority share	Total
01/01/22	10.000	0	799	-510	0	15.296	0	25.585
Profit for the year	0	0	0	0	0	16.637	476	17.113
Other comprehensive income								
Foreign currency translation	0	0	0	136	0	0	15	151
Revaluation reserve of financial assets	0	0	0	0	0	0	0	0
Total comprehensive income	0	0	0	136	0	16.637	491	17.263
Acquisition of subsidiary	0	0	0	0	0	0	13.570	13.570
Acquisition of non-controlling interest	0	0	0	0	0	6.782	-9.593	-2.811
Allocation to reserves	0	0	201	0	0	-201	0	0
31/12/22	10.000	0	1.000	-374	0	38.514	4.468	53.608
01/01/23	10.000	0	1.000	-374	0	38.514	4.468	53.608
Profit for the period	0	0	0	0	0	10.107	149	10.256
Other comprehensive income								
Foreign currency translation	0	0	0	6.024	0	0	10	6.034
Revaluation reserve of financial assets	0	0	0	0	0	0	0	0
Revaluation gain	0	0	0	0	799	0	34	833
Total comprehensive income	0	0	0	6.024	799	10.107	193	17.123
Issue of ordinary shares	346	741	0	0	0	0	0	1.087
Dividends	0	0	0	0	0	-8.000	0	-8.000
31/12/23	10.346	741	1.000	5.650	799	40.621	4.661	63.818

Additional consolidated key performance indicators

Profitability	12M/2023	12M/2022	Δ in %
Return on average assets	2,9%	7,0%	-4,1%
Return on average equity	17,1%	41,9%	-24,4%
Interest income/Average interest-earning assets	37,9%	48,8%	-10,9%
Interest income/Average gross loan portfolio	39,1%	46,1%	-7,0%
Interest income/Average net loan portfolio	42,9%	44,7%	-1,8%
Interest expense/Interest income	30,8%	26,1%	4,8%
Cost of funds	9,8%	9,9%	-0,2%
Cost of interest-bearing liabilities	10,4%	10,5%	-0,1%
Net interest margin	29,4%	37,6%	-8,3%
Net effective annualized yield	42,9%	51,7%	-8,8%
Net impairment/interest income	24,3%	25,0%	-0,7%
Net fee and commission income/Total operating income	92,5%	96,2%	-3,7%
Earnings before taxes/Average total assets	3,7%	7,8%	-4,1%
Efficiency	12M/2023	12M/2022	Δ in %
Total assets/Employee (in thousand EUR)	400	331	20,9%
Total operating income/Employee (in thousand EUR)	113	90	24,6%
Cost/Income ratio	44,7%	46,8%	-2,0%
Total recurring operating costs/Average total assets	2,5%	3,3%	-0,8%
Total operating income/ Average total assets	30,3%	36,0%	-5,7%
Personnel costs/Total recurring operating costs	252,0%	215,2%	36,8%
Personnel costs/Total operating income	20,9%	19,9%	1,1%
Net operating income/Total operating income	52,4%	55,1%	-2,7%
Net income (Loss)/Total operating income	9,7%	19,4%	-9,7%
Profit before tax (Loss)/Interest income	14,1%	24,5%	-10,5%
Liquidity	12M/2023	12M/2022	Δ in %
Net loan receivables/Total assets	61,8%	60,2%	1,6%
Average net loan receivables/Average total assets	61,0%	70,8%	-9,7%
Net loan receivables/Total liabilities	74,4%	72,2%	2,3%
Interest-earning assets/Total assets	73,3%	64,1%	9,2%
Average interest-earning assets/Average total assets	69,0%	64,8%	4,2%
Liquid assets/Total assets	30,2%	32,4%	-2,2%
Liquid assets/Total liabilities	36,3%	38,8%	-2,5%
Total deposits/Total assets	11,0%	11,2%	-0,2%
Total deposits/Total liabilities	13,2%	13,4%	-0,2%
Total deposits/Shareholders' equity	64,8%	67,4%	-2,6%
Tangible common equity/Tangible assets	14,7%	14,6%	0,2%
Tangible common equity/Net receivables	23,2%	23,6%	-0,4%
Net Loan Receivables/Equity (times)	3,6	3,6	0,6%
Asset quality	12M/2023	12M/2022	Δ in %
Loan loss reserve/Gross receivables from client	7,9%	10,0%	-2,2%
Average loan loss reserve/Average gross receivables from clients	8,9%	10,9%	-2,0%
Cost of risk	9,5%	11,7%	-2,3%
Gross NPL ratio	11,9%	14,1%	-2,2%
Impairment coverage ratio	65,7%	70,9%	-5,2%
Selected operating data	12M/2023	12M/2022	Δ in %
Number of employees (adjusted to full-time)	939	974	-3,6%
Average monthly gross salary in group (in EUR)	2.180	1.235	76,5%

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%.

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