

Iute Group reports unaudited results for 3M/2024

Efforts to invest in quality rather than quantity are beginning to pay off

Strategic Highlights

- Number of active customers at 271 thousand (31 Dec. 2023: 274 thousand) with revenue per customer (LTM) up to 379 EUR (3M/2023: 360 EUR).
- Total number of customers up to 1,0 million (31 Dec. 2023: 992 thousand).
- Group consolidated balance sheet up 3,7% to 389,8 million EUR and equity up 5,5% to 67,7 million EUR as of 31 Mar. 2024.
- Increasing use of Mylute app – 900 thousand downloads as of 31 Mar. 2024 (31 Dec. 2023: 813 thousand).
- Energbank's first dividend payment in the amount of 3,3 million EUR received in January 2024.
- Wallet services and digital insurance brokerage continue to grow significantly faster than lending business – further acceleration expected.

Operational Highlights

- Loan payouts increased by 29,7% to 82,1 million EUR (3M/2023: 63,3 million EUR).
- Number of loans signed down to 75 thousand (3M/2023: 84 thousand).
- Gross loan portfolio up 4,9% to 264,3 million EUR (31 Dec. 2023: 252,0 million EUR) of which principal amount of loans increased 19,6% to 244,0 million EUR (31 Dec. 2023: 204,0 million EUR).
- Repayment discipline (Customer Performance Index, CPI30) down to 86,4% (3M/2023: 88,1%).
- Net loan portfolio up 5,5% to 245,0 million EUR (31 Dec. 2023: 232,1 million EUR).
- 78 cardless ATMs operational (31 Dec. 2023: 75 ATMs).

Financial Highlights

- Interest and commission fee income down 2,6% to 22,4 million EUR (3M/2023: 22,9 million EUR) which is in particular attributable to the lower income from government bonds at Energbank.
- Net interest and commission fee income down 10,5% to 15,0 million EUR (3M/2023: 16,8 million EUR) attributable to higher interest expenses and a continued decline in APRs.
- Total revenue up 3,5% to 26,4 million EUR (3M/2023: 25,5 million EUR).
- Cost-to-revenue ratio at 39,6% (3M/2023: 43,6%).
- EBITDA adjusted for FX down 10,1% to 10,6 million EUR (3M/2023: 11,8 million EUR adjusted for FX and one-off expenses related to the acquisition of Energbank in the amount of 0,9 million EUR).
- Net profit at 2,2 million EUR compared to 2,8 million EUR.
- Strong capitalization and profitability – Eurobond covenants exceeded.

Statement of the Management

In the big picture, our efforts to invest in quality rather than quantity are beginning to pay off, so we are readying for a quantitative expansion of Lute Group based on quality. With this in mind, the race is on for us to create more value for more customers. Key to Lute's success has been, is, and will be the creation of a better payment and financing ecosystem. We are proving this time and time again with Lute's continued progress towards a better ecosystem in our Balkan markets.

Our Lute ecosystem offers combined value by providing customers personalized liquidity when needed, but also by enabling money storage, conversion and payment services as well as access to digital insurance services. Integrating different products into a single mobile super app, a single access point, requires continuous work and learning. In addition to the externally visible integrations, we have created additional internal value using data science to help reduce credit risk and optimize Lute's operating costs through predictive modelling. Furthermore, we are working tirelessly to better understand how positive customer experiences are influenced by the design of product flows. Value is created when the customer journey and the integration of external partners become seamless, effortless, and cost-efficient. And this value is expressed as success in the cost-to-income ratio, the total number of customers and churn rates and revenue. That said, we remain hungry for success and want to stay hungry rather than full from what we have already achieved.

Drilling down into Q1 2024, the price of loans paid out remained below 40% APR. While the cost of capital remained relatively stable in the lower teens range, the price of loans came under additional pressure as a result of increasing competition from banks. The banks are also pushing ahead with the digitalization of their business and have changed their approach to consumer lending in our markets. Accordingly, we expect the net interest margins in non-bank lending business to narrow further below 20 percent in the coming year. The tighter margins in the non-bank lending business can be compensated by increasing the portfolio volume without a significant rise in operating expenses and by limiting loan defaults. In view of the recent quality improvements in the loan portfolio, we at Lute have started growing the size of our portfolio with greater vigor. The corrective efforts invested in the 'quality over quantity' approach in 2023 are therefore beginning to bear fruit in 2024.

For the remainder of 2024, we do not expect the central banks to lower base interest rates, meaning that the cost of debt capital remains high. However, Lute Group is strategically resilient and seeks to respond by increasing size of the loan portfolio while reducing the cost of loan origination and maintenance. In view of a loan portfolio yielding less than 40% on an annual basis, Lute's approach is to grow in terms of size and maturity. Our aim is to grow the loan portfolio beyond the 300 million EUR mark, while at the same time further improving the quality of the loan portfolio and significantly reducing the cost-to-income ratio.

It is very pleasing that the new loans issued in Q4 2023 and Q1 2024 show a customer repayment performance of over 90%. At the same time, allowances for loan impairments for the loan portfolio that has continued to grow fell to less than 20 million EUR, compared to 24 million EUR at the end of Q1 2023. In other words, the quality of the portfolio is improving.

Revenue from wallet services and digital insurance brokerage continued to grow significantly faster than revenue from lending business. Revenue from our non-bank wallet and insurance brokerage services doubled compared to the previous year, but we expect even faster growth monetizing the benefits Lute Group created for its customers. Our Lute ecosystem is already delivering and we remain hungry for growth in terms of total customer and revenue.

And, not surprisingly, we are also continuing our efforts to push up operating efficiency. As such, our non-bank businesses already reduced their cost-to-income ratios below 40%. However, our goal remains to reach the 40% mark for all companies consolidated in the Lute Group and we must pay particular attention to Energbank, which still spends more than 60% of its revenue on operating expenses.

Nonetheless, Energbank's turnaround also gained momentum. The bank streamlined its staff by more than 10% compared to Q1 2023 and continues to adapt its activities and qualifications to the needs of its customer. After a three-year phase of sharply rising base interest rates and yields on government bonds, the Moldovan banking sector and thus also Energbank must again learn to lend money to the real economy and focus on the actual needs of its customers as interest rates normalize. In this context, we see the expansion of Energbank's loan portfolio by more than 20 million EUR since Q2 2023 as an important progress and expect this to be reflected in its revenue increasing from Q2 2024 onwards. With the transfer of Lute's digital lending technology decided in April 2024, and the use of know-how synergies, we also

expect Energbank's results to improve significantly already in H2 2024. The technology takeover will be a lengthy process, which has been initiated by now.

In closing, our ongoing challenge is to attract more performing customers. However, despite our efforts, the number of lute Group's performing loan and wallet customers is at standstill. We therefore need to learn more about our customers and at the same time educate our customers to build their trust in the benefits of digital financial services. The more real value we create for our customers, the greater the rewards will be for lute Group, its team, and its investors.

Q1 2024 was a well-performed start to the financial year for lute Group, so we are maintaining our annual targets for revenue of 120 million EUR and net profit of 15 million EUR. But we also maintain our commitment to ourselves that profit and growth are granted only to those who run even faster and outside of their comfort zone. No pain, no gain.

Tarmo Sild
CEO of lute Group

Consolidated key financial figures

	31 March 2024	31 Dec 2023	Δ in %
Capitalization			
Gross loan portfolio (in thousand EUR)	264.338	251.950	4,9%
<i>lute Non-Bank</i>	188.932	185.842	1,7%
<i>Energbank</i>	75.406	66.108	14,1%
Net loan portfolio (in thousand EUR)	244.975	232.171	5,5%
<i>lute Non-Bank</i>	172.939	169.414	2,1%
<i>Energbank</i>	72.036	63.757	14,8%
Assets (in thousand EUR)	389.782	375.799	3,7%
Equity (in thousand EUR)	67.323	63.818	5,5%
Equity to assets ratio	17,3%	17,0%	0,3%
Capitalization ratio	27,5%	27,5%	0,0%
	3M/2024	3M/2023	Δ in %
Profitability			
Interest income	22.350	22.945	-2,6%
<i>lute Non-Bank</i>	18.512	18.382	0,7%
<i>Energbank</i>	3.838	4.577	-16,1%
Net interest margin	6,7%	8,2%	-1,5%
<i>lute Non-Bank</i>	7,0%	8,7%	-1,7%
Adjusted cost to income ratio	39,6%	43,6%	-4,0%
<i>lute Non-Bank</i>	35,0%	41,0%	-6,0%
<i>Energbank</i>	66,5%	55,3%	11,1%
Post-allowances operating profit margin	4,9%	6,0%	-1,1%
<i>lute Non-Bank</i>	5,1%	5,8%	-0,7%
Adjusted EBITDA	10.571	11.755	-10,1%
<i>lute Non-Bank</i>	9.158	7.747	18,2%
<i>Energbank</i>	1.394	2.463	-43,4%
Interest coverage ratio	1,6	1,8	-22,8%
Profit margin before tax	11,9%	16,7%	-4,7%
Net profit	2.222	2.846	-21,9%
Return on assets	2,5%	2,9%	-0,4%
Return on equity	14,7%	16,5%	-1,9%
	31 March 2024	31 Dec 2023	Δ in %
Asset quality			
Cost of risk	9,3%	9,5%	-0,2%
<i>lute Non-Bank</i>	12,6%	13,0%	-0,3%
<i>Energbank</i>	0,5%	0,8%	-0,4%
Impairment coverage ratio	65,6%	65,7%	-0,1%
<i>lute Non-Bank</i>	61,5%	60,6%	1,0%
<i>Energbank</i>	95,9	113,0%	-17,1%
Gross NPL ratio	11,2%	11,9%	-0,8%
<i>lute Non-Bank</i>	13,8%	14,6%	-0,8%
<i>Energbank</i>	4,7%	4,5%	0,2%
Net NPL ratio	5,9%	7,0%	-1,1%
<i>lute Non-Bank</i>	7,8%	9,3%	-1,5%
<i>Energbank</i>	1,3%	0,6%	0,7%

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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:

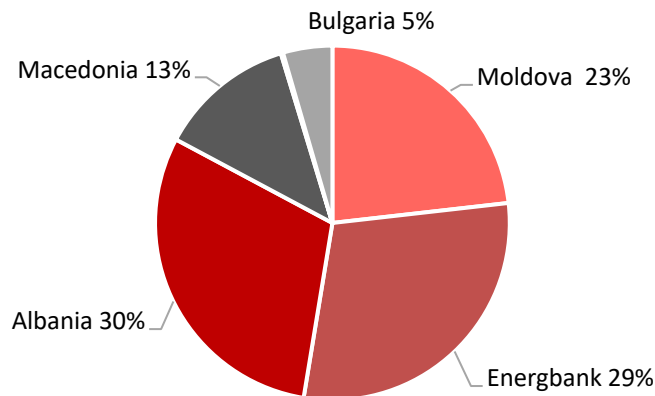
- Strategic targeting
- Scalability of business
- Business capabilities design, including organizations design, process design, and technology design
- Technology development and integration
- Composition of management teams at subsidiaries
- Human resource and customer experience framework rules and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

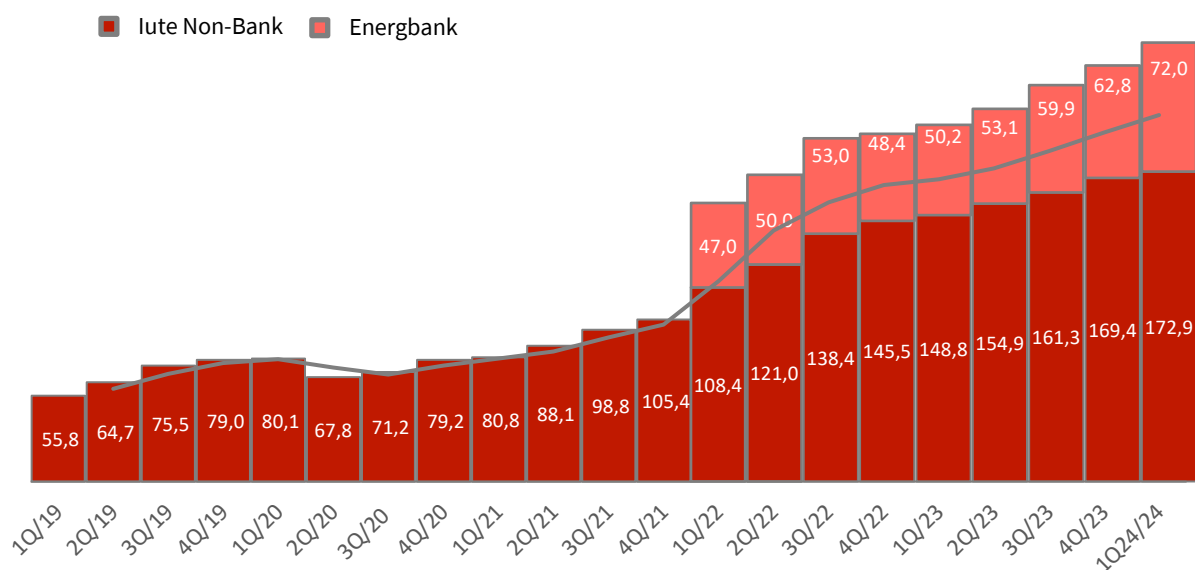
Breakdown of portfolio diversification as of 31/03/2024



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 Mar. 2024, lute Group had 43 lute branches and 2.642 active points of sale, and 28 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/2024	3M/2023	Δ in %
Interest and similar income	22.350	22.945	-2,6%
Interest and similar expense	-7.337	-6.174	18,8%
Net interest and commission fee income	15.013	16.771	-10,5%
Loan administration fees and penalties	1.864	1.559	19,6%
Total loan administration fees and penalties	1.864	1.559	19,6%
Other income	2.165	988	119,1%
Allowances for loan impairment	-6.418	-5.077	26,4%
Net operating income	12.625	14.241	-11,3%
Personnel expenses	-5.652	-5.393	4,8%
Depreciation/amortization charge	-1.060	-905	17,2%
Other operating expenses	-3.739	-4.812	-22,3%
Total operating expenses	-10.451	-11.110	-5,9%
Foreign exchange gains/losses	492	695	-29,1%
Net financial result	492	695	-29,1%
Profit before tax	2.667	3.826	-30,3%
Income tax expense	-445	-981	-54,7%
Net profit for the period	2.222	2.845	-21,9%

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

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

Total income

Total income before expenses increased by 3,5% to 26.380 thousand EUR (3M/2023: 25.492 thousand EUR).

Breakdown of consolidated total income

(In thousand EUR)	3M/2024	3M/2023	Δ in %
Interest and similar income	22.350	22.945	-2,6%
<i>lute Non-Bank</i>	18.512	18.383	0,7%
<i>Energbank</i>	3.838	4.562	-15,9%
Penalties and similar income	1.864	1.559	19,6%
<i>lute Non-Bank</i>	1.842	1.544	19,3%
<i>Energbank</i>	21	15	40,0%
Other income	2.165	988	119,1%
<i>lute Non-Bank</i>	2.124	1.012	109,8%
<i>Energbank</i>	41	-24	n/a
Total income	26.380	25.492	3,5%

Other income

Other income in 3M/2024 of 2.165 thousand EUR included, primarily, extraordinary income from debt collectors of 1.034 thousand EUR (3M/2023: 714 thousand EUR), income of 475 thousand EUR (3M/2023: 44 thousand EUR) from sales of defaulted loan portfolio, and income from other operations not related to core business activity of 168 thousand EUR (3M/2023: 58 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 487 thousand EUR (3M/2023: 172 thousand EUR).

Interest income

Interest income decreased by 2,6% to 22.350 thousand EUR (3M/2023: 22.945 thousand EUR), attributable in particular to the lower income from government bonds at Energbank.

Breakdown of interest income

(In thousand EUR)	3M/2024	3M/2023	Δ in %
Total value of loan principal issued	82.070	63.296	29,7%
<i>lute Non-Bank</i>	64.175	51.869	23,7%
<i>Energbank</i>	17.895	11.427	56,6%
Average net loan portfolio	238.573	196.491	21,4%
<i>lute Non-Bank</i>	171.177	147.099	16,4%
<i>Energbank</i>	67.397	49.392	36,5%
Principal	244.008	204.023	19,6%
<i>lute Non-Bank</i>	169.952	150.960	12,6%
<i>Energbank</i>	74.056	53.063	39,6%
Accrued interest	20.331	19.053	6,7%
<i>lute Non-Bank</i>	18.980	18.202	4,3%
<i>Energbank</i>	1.350	851	58,7%
Average annualized interest rate on net portfolio	37,7%	48,1%	-21,6%
<i>lute Non-Bank</i>	37,7%	48,1%	-21,6%
<i>Energbank</i>	12,6%	19,9%	-36,8%
Interest income	22.350	22.960	-2,7%
<i>lute Non-Bank</i>	18.511	18.382	0,7%
<i>Energbank</i>	3.839	4.577	-16,1%

Breakdown of interest income by countries

	3M/2024	Total share in %	3M/2023	Total share in %	Δ in %
Moldova	4.968	22,2%	6.049	26,4%	-17,9%
Energbank*	3.839	17,2%	4.562	19,9%	-15,9%
Albania	8.263	37,0%	7.170	31,3%	15,2%
Macedonia	3.703	16,6%	3.995	17,4%	-7,3%
Bosnia	45	0,2%	304	1,3%	-85,2%
Bulgaria	1.532	6,9%	864	3,8%	77,3%
Total	22.350	100,0%	22.945	100,0%	-2,6%

Interest expense

Interest expense increased by 18,8% to 7.337 thousand EUR (3M/2023: 6.174 thousand EUR) through borrowing in line with business growth.

Breakdown of interest expense

(In thousand EUR)	3M/2024	3M/2023	Δ in %
Interest on amounts due to creditors	-2.441	-1.471	65,9%
Interest on financial lease liabilities	-59	-62	-5,7%
Interest on bonds	-4.251	-3.925	8,3%
Interests on deposits	-586	-715	-18,1%
Total	-7.337	-6.174	18,8%

Loan administration fees and penalties

Income from other fees and penalties increased by 19,6% to 1.864 thousand EUR (3M/2023: 1.559 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/2024	3M/2023	Δ in %
Penalties under loans and delay interests	1.855	1.683	10,2%
<i>lute Non-Bank</i>	1.834	1.668	9,9%
<i>Energbank</i>	21	15	40,0%
Resigns under customer loans	91	125	-27,0%
Dealer bonuses	-123	-280	-56,2%
Other fees from additional services	40	31	32,1%
Total	1.864	1.559	19,6%

Allowances for loan impairment

Change in allowances for consolidated loan impairment increased by 26,4% to 6.418 thousand EUR (3M/2023: 5.077 thousand EUR). Allowances at Energbank are determined at the end of June and Dec. only, accordingly, allowances at Energbank amounted 88 thousand EUR (3M/2023: gain 46 thousand EUR). Changes in allowances for loan impairment at lute Non-Bank increased by 19,3% to 6.329 thousand EUR (3M/2023: 5.305 thousand EUR).

Breakdown of allowances for loan impairment

(In thousand EUR)	3M/2024	3M/2023	Δ in %
At the beginning of period	-19.778	-21.593	-8,4%
Allowances for loan impairment	-2.051	-5.139	-60,1%
Utilized	2.270	2.677	-15,2%
Exchange differences	196	62	216,1%
At the end of the period	-19.363	-23.993	-19,3%
(In thousand EUR)	3M/2024	3M/2023	Δ in %
Impairment charges on loans	-6.418	-5.077	26,4%
Net impairment charges	-6.418	-5.077	26,4%

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

Overall net impairment losses represented 28,7% of interest income (3M/2023: 22,1%). The cost of risk, expressed as net impairment charges to average gross loan portfolio, decreased to 9,3% (3M 2023: 9,5%).

Operating expenses

Operating expenses for the period decreased by 8,0% to 9.391 thousand EUR (3M/2023: 10.205 thousand EUR). In the prior-year period, legal and consulting costs were incurred in connection with the integration of Energbank. Advertising expenses accounted for 10,8% (3M/2023: 8,6%) of operating expenses while expenses on IT accounted for 7,9% (3M/2023: 7,6%).

Breakdown of operating expenses

(In thousand EUR)	3M/2024	3M/2023	Δ in %
Personnel	-5.652	-5.393	4,8%
Advertising expenses	-1.010	-876	15,4%
IT	-742	-777	-4,5%
Debt collection	-378	-211	79,5%
Legal and consulting	-429	-1.069	-59,8%
Rent and utilities	-186	-187	-0,8%
Taxes	-215	-244	-11,9%
Travel	-120	-134	-10,4%
Other	-659	-1.315	-49,9%
Total	-9.391	-10.205	-8,0%
<i>lute Non-Bank</i>	<i>-7.012</i>	<i>-7.886</i>	<i>-11,1%</i>
<i>Energbank</i>	<i>-2.379</i>	<i>-2.319</i>	<i>2,6%</i>

Excluding personnel expenses, operating expenses increased by 22,3% to 4.812 thousand EUR (3M/2023: 3.739 thousand EUR).

Personnel expenses

Personnel expenses, mainly salaries and bonuses, and social security expenses increased by 4,8% to 4.583 thousand EUR (3M/2023: 4.376 thousand EUR). The average staff number in full-time with 933 employees decreased as a result of the wind-down of operations in Bosnia and Herzegovina and efficiency measures at Energbank (3M/2023: 994 employees).

Breakdown of personnel expenses

(In thousand EUR)	3M/2024	3M/2023	Δ in %
Salaries and bonuses	-4.583	-4.376	4,8%
Social security expenses	-857	-758	13,1%
Medical insurance expenses	-55	-50	10,3%
Other expenses	-155	-209	-25,8%
Total	-5.652	-5.393	4,8%
<i>Iute Non-Bank</i>	-3.723	-3.525	5,6%
<i>Energbank</i>	-1.928	-1.868	3,2%
Number of employees adjusted to full-time	933	994	-6,1%
<i>Iute Non-Bank</i>	487	484	0,6%
<i>Energbank</i>	446	510	-12,5%

Foreign exchange gains/losses

Foreign exchange movements resulted in a loss of 492 thousand EUR (3M/2023: loss of 695 thousand EUR) reflecting, in particular, EUR/MDL and EUR/ALL conversion rates.

Profit before tax

Consolidated profit before tax decreased to 2.667 thousand EUR (3M/2023: 3.827 thousand EUR). The profit margin before tax decreased to 11,9% (3M/2023: 16,7%).

Income tax expense

Income tax expense decreased to 445 thousand EUR (3M/2023: 981 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/2024	3M/2023	Δ in %
Consolidated profit before tax	2.667	3.827	-30,3%
Current income tax expense	-445	-981	-54,6%
Net profit for the period	2.222	2.846	-21,9%

Profit for the period

Net profit for the period decreased to 2.222 thousand EUR (3M/2023: 2.846 thousand EUR).

Transition statement of non-IFRS measures EBITDA and Adjusted EBITDA

Breakdown of transition to adjusted EBITDA

(In thousand EUR)	3M/2024	3M/2023	Δ in %
Profit for the period	2.222	2.845	-21,9%
Provision for corporate income tax	445	981	-54,6%
Interest expense	7.337	6.174	18,8%
Depreciation and amortization	1.060	905	17,2%
EBITDA	11.064	10.905	1,5%
Adjustments	-492	850	n/a
Adjusted EBITDA	10.571	11.755	-10,1%

Breakdown of adjustments to EBITDA

(In thousand EUR)	3M/2024	3M/2023	Δ in %
Foreign exchange gains/losses	-492	-695	-29,1%
One-time expenses not attributable to operations	0	1.545	n/a
Adjustments	-492	850	-157,9%

Note: In the prior-year period, one-off expenses not attributable to the operating business comprised 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 2024	31 Dec 2023	Δ in %
ASSETS			
Cash and cash equivalents	72.384	71.660	1,0%
<i>lute Non-Bank</i>	24.723	17.231	43,5%
<i>Energbank</i>	47.661	54.429	-12,4%
Loans to customers	244.975	232.171	5,5%
<i>lute Non-Bank</i>	172.939	169.414	2,1%
<i>Energbank</i>	72.037	62.757	14,8%
Prepayments	2.395	1.835	30,5%
Other assets	7.940	8.570	-7,4%
Other financial investments	41.067	41.730	-1,6%
Property, plant, and equipment	7.362	8.374	-12,1%
Right-of-use assets	2.213	1.582	39,9%
Intangible assets	11.445	9.878	15,9%
Total assets	389.782	375.799	3,7%
LIABILITIES AND EQUITY			
Liabilities			
Loans and bonds from investors	307.731	291.275	5,6%
Lease liabilities	2.290	1.687	35,8%
Trade and other payables	1.609	2.796	-42,5%
Current income tax liabilities	315	679	-53,6%
Other tax liabilities	669	219	206,0%
Other liabilities	9.846	15.325	-35,7%
Total liabilities	322.460	311.981	3,4%
Equity			
Minority share	4.729	4.627	1,5%
Share capital	10.346	10.346	n/a
Share premium	741	741	n/a
Legal reserve	1.000	1.000	n/a
Revaluation reserve	799	799	-0,1%
Unrealized foreign exchange differences	6.881	5.650	21,8%
Retained earnings	42.828	40.621	5,4%
Total equity	67.323	63.818	5,5%
Total equity and liabilities	389.782	375.799	3,7%

Assets

Total assets increased by 3,7% to 389.782 thousand EUR as of 31 Mar. 2024 (31 Dec. 2023: 375.799 thousand EUR).

Loan portfolio

The net loan portfolio increased by 5,5% to 244,975 thousand EUR as of 31 Mar. 2023 (31 Dec. 2023: 232.171 thousand EUR).

Breakdown of net portfolio

(In thousand EUR)	31 Mar 2024	Total in %	31 Dec 2023	Total in %	Δ in %
Moldova	56.907	23,2%	56.979	24,5%	-0,1%
Energbank	72.036	29,4%	62.757	27,0%	14,8%
Albania	73.902	30,2%	72.418	31,2%	2,0%
Macedonia	30.635	12,5%	30.187	13,0%	1,5%
Bosnia	454	0,2%	824	0,4%	-44,9%
Bulgaria	11.041	4,5%	9.006	3,9%	22,6%
Total net loan portfolio	244.975	100,0%	232.171	100,0%	5,5%

Breakdown of loan applications

in pcs	3M/2024			3M/2023			Δ in %		
	Processed	Paid out	Approval rate in %	Processed	Paid out	Approval rate in %	Processed	Paid out	Approval rate in %
Moldova	49.535	25.718	56,4%	52.766	33.387	67,0%	-6,1%	-23,0%	-15,8%
Energbank	2.287	1.717	79,3%	2.445	1.727	73,6%	-6,5%	-0,6%	7,7%
Albania	38.232	29.306	66,7%	39.699	30.972	70,4%	-3,7%	-5,4%	-5,3%
Macedonia	20.560	12.625	57,4%	17.409	11.305	61,8%	18,1%	11,7%	-7,2%
Bosnia	0	0	n/a	0	0	n/a	n/a	n/a	n/a
Bulgaria	29.105	5.902	22,3%	32.932	6.600	20,1%	-11,6%	-10,6%	11,1%
In total	139.719	75.268	58,2%	145.251	83.991	59,7%	-3,8%	-10,4%	-2,5%

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

Breakdown of issued loans Nominal APR on country level

(In %)	3M/2024	3M/2023	Δ in %	12M/2023	12M/2022	Δ in %	9M/2023	9M/2022	Δ in %	6M/2023	6M/2022	Δ in %
Moldova	32,5%	42,1%	-22,8%	41,3%	42,7%	-3,3%	42,8%	43,9%	-2,5%	42,5%	45,4%	-6,4%
Albania	38,0%	54,8%	-30,7%	45,8%	54,3%	-15,7%	48,4%	53,8%	-10,0%	51,5%	55,1%	-6,5%
Macedonia	42,2%	52,9%	-22,2%	45,2%	42,6%	6,2%	47,1%	41,3%	14,0%	50,3%	39,2%	28,3%
Bosnia	0,0%	0,0%	n/a	0,0%	42,0%	n/a	0,0%	42,0%	n/a	0,0%	43,0%	n/a
Bulgaria	42,5%	42,4%	0,2%	42,5%	39,6%	7,4%	42,1%	39,2%	7,4%	42,1%	39,4%	6,9%
Iute Group WAVG	37,7%	48,1%	-21,6%	43,9%	46,9%	-6,3%	45,6%	46,8%	-2,6%	47,0%	47,7%	-1,5%
Energbank	12,6%	19,9%	-36,7%	13,8%	14,5%	-4,7%	14,3%	14,4%	-0,6%	18,1%	17,2%	5,2%

Breakdown of issued loans Active APR on country level

Active APR is the WA APR for all currently active loans. It is measured in addition to the Nominal APR (which is calculated upon signing of the loan agreement), in order to understand how the APR of a portfolio has evolved in reality (reflecting various changes in the initially agreed repayment schedule). Moreover, since the durations (and APRs) of loans are very different, some loans are amortized much faster than others and their share in the payout can be significantly higher than in the portfolio.

(In %)	3M/2024	3M/2023	Δ in %	12M/2023	12M/2022	Δ in %	9M/2023	9M/2022	Δ in %	6M/2023	6M/2022	Δ in %
Moldova	36,9%	42,4%	-13,0%	38,9%	42,0%	-7,4%	40,4%	43,8%	-7,8%	43,0%	45,7%	-5,9%
Albania	40,5%	51,3%	-21,1%	42,9%	51,0%	-15,9%	45,8%	50,5%	-9,3%	49,0%	52,5%	-6,7%
Macedonia	42,1%	45,9%	-8,3%	42,4%	43,1%	-1,6%	44,2%	41,7%	6,0%	46,4%	39,6%	17,2%
Bulgaria	43,5%	41,9%	3,8%	43,9%	40,0%	9,8%	42,7%	39,2%	8,9%	42,2%	39,6%	5,5%
lute Group WAVG	39,8%	46,4%	-14,2%	41,5%	45,7%	-9,2%	43,3%	45,8%	-5,5%	45,9%	47,1%	-2,5%
Energbank	12,6%	19,9%	-36,7%	13,8%	14,5%	-4,8%	14,3%	14,4%	-0,6%	18,1%	17,2%	5,2%

The decrease in average annual percentage rates (APR) at group level in 3M/2024 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 regulatory caps on APR 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 delay tolerance, i.e., Customer Performance Index (CPI30).

(In %)	3M/2024	3M/2023	Δ in %	12M/2023	12M/2022	Δ in %	9M/2023	9M/2022	Δ in %	6M/2023	6M/2022	Δ in %
Moldova	88,9%	91,2%	-2,5%	89,7%	91,0%	-1,5%	90,0%	90,8%	-0,9%	90,4%	90,4%	-0,1%
Albania	85,4%	88,5%	-3,5%	85,9%	91,9%	-6,5%	86,2%	92,3%	-6,6%	87,4%	92,5%	-5,5%
Macedonia	85,3%	87,5%	-2,5%	85,9%	89,1%	-3,6%	86,2%	89,2%	-3,4%	86,8%	88,1%	-1,4%
Bulgaria	80,6%	79,8%	1,0%	80,8%	75,5%	7,1%	80,8%	73,3%	10,2%	80,5%	72,2%	11,5%
lute Group WAVG	86,2%	89,0%	-3,1%	87,0%	90,7%	-4,1%	87,3%	90,9%	-3,9%	88,1%	90,7%	-2,8%

CPI30 is a proprietary lute 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 2024				31 Dec 2023			
	Gross amount	Provisions	Net amount	% of net portfolio	Gross amount	Provisions	Net amount	% of net portfolio
Performing	234.834	-4.289	230.545	94,1%	221.858	-5.839	216.019	93,0%
<i>lute Non-Bank</i>	162.942	-3.488	159.454	92,2%	158.715	-5.050	153.666	90,7%
<i>Energbank</i>	71.892	-801	71.091	98,7%	63.143	-789	62.353	99,4%
Non-Performing	29.504	-15.074	14.430	5,9%	30.092	-13.940	16.152	7,0%
<i>lute Non-Bank</i>	25.990	-12.505	13.485	7,8%	27.127	-11.378	15.749	9,3%
<i>Energbank</i>	3.514	-2.569	945	1,3%	2.965	-2.562	404	0,6%
Total portfolio	264.338	-19.363	244.975	100,0%	251.950	-19.779	232.171	100,0%
<i>lute Non-Bank</i>	188.932	-15.993	172.939	70,6%	185.842	-16.428	169.414	73,0%
<i>Energbank</i>	75.406	-3.370	72.036	29,4%	66.108	-3.351	62.757	27,0%

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(In thousand EUR)	31 Mar 2024	Total share in %	31 Dec 2023	Total share in %
Stage 1	227.674	92,9%	213.369	91,9%
<i>lute Non-Bank</i>	156.718	64,0%	151.127	65,1%
<i>Energbank</i>	70.955	29,0%	62.243	26,8%
Stage 2	2.872	1,2%	2.650	1,1%
<i>lute Non-Bank</i>	2.736	1,1%	2.539	1,1%
<i>Energbank</i>	136	0,1%	111	0,0%
Stage 3	14.430	5,9%	16.152	7,0%
<i>lute Non-Bank</i>	13.485	5,5%	15.749	6,8%
<i>Energbank</i>	945	0,4%	404	0,2%
Total net portfolio	244.975	100,0%	232.171	100,0%
<i>lute Non-Bank</i>	172.939	70,6%	169.414	73,0%
<i>Energbank</i>	72.036	29,4%	62.757	27,0%
Gross NPL ratio	11,2%		11,9%	
<i>lute Non-Bank</i>	13,8%		14,6%	
<i>Energbank</i>	4,7%		4,5%	
Impairment coverage ratio	65,6%		65,7%	
<i>lute Non-Bank</i>	61,5%		60,6%	
<i>Energbank</i>	95,9%		113,0%	

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 Mar 2024	31 Dec 2023	Δ in %
Deferred tax assets	772	739	4,4%
Prepayments of rent	81	88	-8,0%
Prepayment of taxes	684	518	31,9%
Prepayments to suppliers and deferred expenses	859	490	75,3%
Prepayments in total	2.395	1.835	30,5%
Receivables from collection companies	860	775	11,1%
Other receivables	4.070	4.906	-17,0%
Deposit receivables from partners	3.010	2.458	22,5%
Trade and other receivables in total	7.940	8.138	-2,4%
TOTAL	10.335	9.973	3,6%

Liabilities

As of 31 Mar. 2023, total liabilities at 322.460 thousand EUR increased by 3,4% (31 Dec. 2023: 311.981 thousand EUR).

Breakdown of loans and borrowings

Loans and borrowings at 310.021 thousand EUR increased by 5,8% (31 Dec. 2023: 292.961 thousand EUR), accounting for 96,1% of all liabilities (31 Dec. 2023: 93,9%).

(In thousand EUR)	31 Mar 2024	31 Dec 2023	Δ in %
Loans from investors	176.103	177.520	-0,8%
Due date during next 12 months	92.053	98.747	-6,8%
<i>lute Non-Bank</i>	17.777	19.614	-9,4%
<i>Energbank customer deposits</i>	74.280	79.133	-6,1%
Due date after 12 months	84.050	78.773	6,7%
<i>lute Non-Bank</i>	48.166	50.646	-4,9%
<i>Energbank customer deposits</i>	35.883	28.127	27,6%
Bond liabilities	124.173	109.831	13,1%
Due date during next 12 months	0	0	n/a
Due date after 12 months	124.173	109.831	13,1%
Lease liabilities	2.290	1.687	35,8%
Due date during next 12 months	784	776	1,0%
Due date after 12 months	1.506	911	65,4%
Accrued interest	7.455	3.924	90,0%
TOTAL	310.021	292.961	5,8%
<i>weighted average interest rate</i>	9,2%	8,2%	
<i>currency</i>	EUR, MDL, USD; ALL; MKD; RUB; GBP;RON;CAD;BAM	EUR, MDL, USD; ALL; MKD; RUB; GBP;RON,CAD, BAM	

Loans from investors decreased to 176.103 thousand EUR (31 Dec. 2023: 177.520 thousand EUR), of which 41.266 thousand EUR (31 Dec. 2023: 45.391 thousand EUR) are accounted for by P2P loans from the Mintos platform and 110.163 thousand EUR (31 Dec. 2023: 107.260 thousand EUR) 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. In addition, in January 2024, two further credit facilities of approx. USD 3.5 million each were concluded and utilized in Feb. and Mar. 2024.

Eurobond covenant ratios

	31 Mar 2024	31 Dec 2023	Δ in %
Capitalization			
Capitalization ratio (Equity/net loan portfolio)	27,5%	27,5%	0,0%
Financial covenant at least	15%	15%	
	3M/2024	3M/2023	Δ in %
Profitability			
Interest coverage ratio (ICR), times (Adjusted EBITDA/interest expenses)	1,6	1,8	-12,8%
Financial covenant at least	1,5	1,5	

Distribution of investor loan (Mintos)

(In thousand EUR)	Mintos loans			Net loan portfolio			
	31 Mar 2024	31 Dec 2023	Δ in %	31 Mar 2024	Total share in %	31 Dec 2022	Total share in %
Moldova	12.411	16.031	-22,6%	56.907	21,8%	56.979	28,1%
Energbank	0	0	n/a	72.036	n/a	62.757	n/a
Albania	17.992	18.685	-3,7%	73.902	24,3%	72.418	25,8%
Macedonia	10.863	10.676	1,8%	30.635	35,5%	30.187	35,4%
Bosnia	0	0	n/a	454	0,0%	824	n/a
Bulgaria	0	0	n/a	11.041	0,0%	9.006	n/a
Total	41.266	45.391	-9,1%	244.975	25,6%	232.171	28,4%

Other liabilities

Breakdown of other liabilities

(In thousand EUR)	31 Mar 2024	31 Dec 2023	Δ in %
Trade payables	1.609	1.855	-13,3%
Payables to employees	743	942	-21,1%
Corporate income tax payables	315	679	-53,6%
Other tax payables	892	1.022	-12,7%
Allocations and other provisions	2.368	1.452	63,1%
Deferred revenue	371	3.005	-87,7%
Unpaid dividends	4	4.001	-99,9%
Over-/wrong payments from customers	923	465	98,6%
Other liabilities	5.212	5.599	-6,9%
TOTAL	12.439	19.020	-34,6%

Equity

As of 31 Mar. 2024, equity increased by 5,5% to 67.323 thousand EUR (31 Dec. 2023: 63.818 thousand EUR), representing an equity to assets ratio of 17,3% (31 Dec. 2023: 17,0%). The equity to net loan portfolio ratio remained at 27,5% (31 Dec. 2023: 27,5%), 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.

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Consolidated statement of comprehensive income

(In thousand EUR)	3M/2024	3M/2023	Δ in %
Interest and similar income	22.350	22.945	-2,6%
Interest and similar expense	-7.337	-6.174	18,8%
Net interest and commission fee income	15.013	16.771	-10,5%
Loan administration fees and penalties	1.864	1.559	19,6%
Loan administration fees and penalties in total	1.864	1.559	19,6%
Other income	2.165	988	119,1%
Allowances for loan impairment	-6.418	-5.077	26,4%
Net operating income	12.625	14.241	-11,4%
Personnel expenses	-5.652	-5.393	4,8%
Depreciation/amortization charge	-1.060	-905	17,2%
Other operating expenses	-3.739	-4.812	-22,3%
Total operating expenses	-10.451	-11.110	-5,9%
Foreign exchange gains/losses	492	695	-29,1%
Net financial result	492	695	-29,1%
Profit before tax	2.667	3.827	-30,3%
Income tax expense	-445	-981	-54,7%
Profit for the reporting period	2.222	2.846	-21,9%
Other comprehensive income			
Other comprehensive income to be classified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations	1.283	1.183	8,5%
Other comprehensive income total	1.283	1.183	8,5%
Profit attributable to:			
Equity holders of the parent	2.205	2.804	-21,4%
Equity holders of minority	17	42	-59,5%
Total comprehensive income attributable to:			
Equity holders of the parent	3.435	3.938	-12,8%
Equity holders of minority	69	42	n/a

Iute Non-Bank statement of comprehensive income

(In thousand EUR)	3M/2024	3M/2023	Δ in %
Interest and similar income	18.533	18.335	1,1%
Interest and similar expense	-6.695	-5.377	24,5%
Net interest and commission fee income	11.838	12.958	-8,6%
Loan administration fees and penalties	1.842	1.544	19,3%
Loan administration fees and penalties in total	6.384	1.544	19,3%
Other income	2.124	1.059	100,5%
Allowances for loan impairment	-6.329	-5.305	19,3%
Net operating income	9.475	10.256	-7,6%
Personnel expenses	-3.723	-3.525	5,6%
Depreciation/amortization charge	-873	-704	24,1%
Other operating expenses	-3.289	-4.361	-24,6%
Total operating expenses	-7.886	-8.590	-8,2%
Foreign exchange gains/losses	484	769	-37,0%
Net financial result	484	769	-80,1%
Profit before tax	2.073	2.435	-33,3%
Income tax expense	-301	-782	-61,5%
Profit for the reporting period	1.772	1.652	-20,0%
Other comprehensive income			
Other comprehensive income to be classified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations	2.316	373	521,0%
Other comprehensive income total	2.316	373	521,0%
Profit attributable to:			
Equity holders	4.088	2.025	101,9%
Total comprehensive income attributable to:			
Equity holders	4.088	2.025	101,9%

Energbank statement of comprehensive income

(In thousand EUR)	3M/2024	3M/2023	Δ in %
Interest and similar income	3.817	4.562	-16,3%
Interest and similar expense	-641	-796	-19,5%
Net interest and commission fee income	3.176	3.766	-15,7%
Loan administration fees and penalties	21	15	40,0%
Loan administration fees and penalties in total	21	15	40,0%
Other income	41	-24	n/a
Allowances for loan impairment	-88	46	n/a
Net operating income	3.150	3.803	-17,7%
Personnel expenses	-1.928	-1.868	3,2%
Depreciation/amortization charge	-187	-200	-6,5%
Other operating expenses	-450	-451	-0,2%
Total operating expenses	-2.565	-2.519	1,8%
Foreign exchange gains/losses	8	-73	n/a
Net financial result	8	-73	n/a
Profit before tax	593	1.211	-52,6%
Income tax expense	-144	-199	-27,6%
Profit for the reporting period	449	1.012	-57,5%

Consolidated statement of financial position

(In thousand EUR)	31 Mar 2024	31 Dec 2023	Δ in %
ASSETS			
Cash and cash equivalents	72.384	71.660	1,0%
Loans to customers	244.975	232.171	5,5%
Prepayments	2.395	1.835	30,5%
Other assets	7.940	8.570	-7,4%
Other financial investments	41.067	41.730	-1,6%
Property, plant, and equipment	7.362	8.374	-12,1%
Right-of-use assets	2.213	1.582	39,9%
Intangible assets	11.445	9.878	15,9%
Total assets	389.782	375.799	3,7%
LIABILITIES AND EQUITY			
Liabilities			
Loans and bonds from investors	307.731	291.275	5,6%
Lease liabilities	2.290	1.687	35,8%
Trade and other payables	1.609	2.796	-42,5%
Current income tax liabilities	315	679	-53,6%
Other tax liabilities	669	219	206,0%
Other liabilities	9.846	15.325	-35,7%
Total liabilities	322.460	311.981	3,4%
Equity			
Minority share	4.729	4.661	1,5%
Share capital	10.346	10.346	n/a
Share premium	741	741	n/a
Legal reserve	1.000	1.000	n/a
Revaluation reserve	799	799	n/a
Unrealized foreign exchange differences	6.881	5.650	21,8%
Retained earnings	42.828	40.621	5,4%
Total equity	67.323	63.818	5,5%
Total equity and liabilities	389.782	375.799	3,7%

Iute Non-Bank statement of financial position

(In thousand EUR)	31 Mar 2024	31 Dec 2023	Δ in %
ASSETS			
Cash and cash equivalents	24.723	17.231	43,5%
Loans to customers	172.939	169.414	2,1%
Prepayments	1.893	1.459	29,8%
Other assets	6.478	3.121	107,6%
Other financial investments	40.017	39.606	1,0%
Property, plant, and equipment	906	939	-3,4%
Right-of-use assets	1.878	1.426	31,7%
Intangible assets	10.833	10.332	4,8%
Total assets	259.668	243.527	6,6%
LIABILITIES AND EQUITY			
Liabilities			
Loans and bonds from investors	193.090	180.157	7,2%
Lease liabilities	1.955	1.530	27,8%
Trade and other payables	1.520	1.739	-12,6%
Current income tax liabilities	123	628	-80,4%
Deferred tax liabilities	664	797	-16,6%
Other liabilities	7.582	13.778	-45,0%
Total liabilities	204.934	198.629	3,2%
Equity			
Share capital	10.346	10.346	n/a
Share premium	741	1.000	-25,9%
Legal reserve	1.000	741	35,0%
Foreign currency exchange reserve	6.718	4.402	52,6%
Retained earnings	35.985	28.409	26,7%
Total equity	54.790	44.898	22,0%
Total equity and liabilities	259.725	243.527	6,7%

Energbank statement of financial position

(In thousand EUR)	31 Mar 2024	31 Dec 2023	Δ in %
ASSETS			
Cash and cash equivalents	47.661	54.429	-12,4%
Loans to customers	72.036	62.757	14,8%
Prepayments	502	377	33,3%
Other assets	1.462	1.208	21,0%
Other financial investments	39.557	40.999	-3,5%
Property, plant, and equipment	6.456	6.392	1,0%
Right-of-use assets	335	156	114,1%
Intangible assets	612	589	3,9%
Total assets	168.621	166.908	1,0%
LIABILITIES AND EQUITY			
Liabilities			
Loans and bonds from investors	114.975	111.118	3,5%
Lease liabilities	335	157	114,0%
Trade and other payables	132	156	-15,5%
Current income tax liabilities	192	51	274,4%
Deferred tax liabilities	223	219	1,9%
Other liabilities	1.668	1.651	1,0%
Total liabilities	117.525	113.352	3,7%
Equity			
Share capital	5.010	5.010	n/a
Share premium	6.242	6.136	1,7%
Legal reserve	526	517	1,8%
Revaluation reserve	1.473	1.448	1,7%
Foreign currency exchange reserve	460	235	104,1%
Other reserves	2.197	2.273	-3,3%
Retained earnings	35.188	37.938	-7,3%
Total equity	51.096	53.556	-4,6%
Total equity and liabilities	168.621	166.908	1,0%

Consolidated statement of cash flows

(In thousand EUR)	3M/2024	3M/2023	Δ in %
Paid prepayments (-)	-2.614	-4.173	-37,4%
Received pre- and overpayments (+)	3.021	3.876	-22,1%
Paid trade payables outside the Group (-)	-7.212	-5.904	22,1%
Received debts from buyers and received other claims (+)	1.243	249	399,1%
Received from collection companies (+)	1	8.503	-100,0%
Paid net salaries (-)	-4.230	-3.644	16,1%
Paid tax liabilities, excl. CIT (-)	-1.974	-2.003	-1,5%
Corporate income tax paid (-)	-1.001	-503	98,9%
Paid out to customers outside the Group (-)	-71.853	-62.080	15,7%
Change in MasterCard settlement account (+/-)	-374	-4.205	-91,1%
Principal repayments from customers outside the Group (+)	58.820	55.895	5,2%
Loan principal repayments from customers related to MasterCard (+)	0	0	n/a
Interest, commission and other fees received outside the Group (+)	20.745	11.704	77,2%
NET CASH FLOWS FROM OPERATING ACTIVITIES	-5.426	-2.285	137,5%
Purchase of fixed assets outside the Group, incl. prepayments (-)	-989	-1.178	-16,0%
Payments for other financial investments (-)	-24	-5.164	-99,5%
Receipts from other financial investments (+)	10.610	6.917	53,4%
NET CASH FLOWS FROM INVESTING ACTIVITIES	9.597	575	>1.000%
Loans received from investors outside the Group (+)	18.816	11.586	62,4%
Repaid loans to investors outside the Group (-)	-16.793	-4.397	281,9%
Principal payments of financial lease contracts (-)	-318	-364	-12,5%
Interests paid outside the Group (-)	-2.277	-4.857	-53,1%
Receipts from other financing activities (+)	13	7	85,3%
NET CASH FLOWS FROM FINANCING ACTIVITIES	-4.557	1.974	n/a
Change in cash and cash equivalents	-386	264	n/a
Cash and cash equivalents at the beginning of the period	59.251	46.324	27,9%
Change in cash and cash equivalents	-386	264	n/a
Net foreign exchange difference	353	145	143,2%
Cash and cash equivalents at the end of the period	59.218	46.734	26,7%
Cash and cash equivalents comprise	31 Mar 2024	31 Dec 2023	Δ in %
Cash on hand	9.119	11.550	-21,0%
Non-restricted current account	63.265	47.702	32,6%

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
01/01/23	10.000	0	1.000	-374	0	38.514	4.468	53.608
Profit for the year	0	0	0	0	0	2.804	42	2.846
Other comprehensive income								
Foreign currency translation	0	0	0	1.169	0	0	14	1.183
Revaluation reserve of financial assets	0	0	0	0	0	0	0	0
Total comprehensive income	0	0	0	1.169	0	2.804	56	4.029
31/03/23	10.000	0	1.000	795	0	41.318	4.524	57.637
01/01/24	10.346	741	1.000	5.650	799	40.621	4.661	63.818
Profit for the period	0	0	0	0	0	2.206	17	2.222
Other comprehensive income								
Foreign currency translation	0	0	0	1.230	0	0	52	1.283
Revaluation reserve of financial assets	0	0	0	0	0	0	0	0
Total comprehensive income	0	0	0	1.230	0	2.206	68	3.505
31/03/24	10.346	741	1.000	6.880	799	42.828	4.729	67.323

Additional consolidated key performance indicators

Profitability	3M/2024	3M/2023	Δ in %
Return on average assets	2,5%	2,9%	-0,4%
Return on average equity	14,7%	16,5%	-1,9%
Interest income/Average interest-earning assets	7,5%	8,3%	-0,9%
Interest income/Average gross loan portfolio	8,7%	9,7%	-1,0%
Interest income/Average net loan portfolio	9,4%	11,7%	-2,3%
Interest expense/Interest income	32,8%	26,9%	5,9%
Cost of funds	2,3%	2,1%	0,2%
Cost of interest-bearing liabilities	2,4%	2,3%	0,2%
Net interest margin	6,7%	8,2%	-1,5%
Net effective annualized yield	9,4%	10,6%	-1,3%
Net impairment/interest income	28,7%	22,1%	6,6%
Net fee and commission income/Total operating income	91,8%	96,1%	-4,3%
Earnings before taxes/Average total assets	0,7%	1,1%	-0,4%
Efficiency	3M/2024	3M/2023	Δ in %
Total assets/Employee (in thousand EUR)	418	400	4,4%
Total operating income/Employee (in thousand EUR)	28	26	10,2%
Cost/Income ratio	39,6%	43,6%	-4,0%
Total recurring operating costs/Average total assets	0,4%	0,4%	0,0%
Total operating income/ Average total assets	6,9%	7,2%	-0,3%
Personnel costs/Total recurring operating costs	387,4%	397,0%	-9,7%
Personnel costs/Total operating income	21,4%	21,2%	0,3%
Net operating income/Total operating income	47,9%	55,9%	-8,0%
Net income (Loss)/Total operating income	36,5%	40,2%	-3,7%
Profit before tax (Loss)/Interest income	11,9%	16,7%	-4,7%
Liquidity	3M/2024	3M/2023	Δ in %
Net loan receivables/Total assets	62,8%	61,8%	1,1%
Average net loan receivables/Average total assets	62,3%	55,8%	6,6%
Net loan receivables/Total liabilities	76,0%	74,4%	1,6%
Interest-earning assets/Total assets	76,8%	73,3%	3,5%
Average interest-earning assets/Average total assets	75,1%	78,2%	-3,1%
Liquid assets/Total assets	29,1%	30,2%	-1,1%
Liquid assets/Total liabilities	35,2%	36,3%	-1,2%
Total deposits/Total assets	10,2%	11,0%	-0,8%
Total deposits/Total liabilities	12,3%	13,2%	-0,9%
Total deposits/Shareholders' equity	58,9%	64,8%	-5,9%
Tangible common equity/Tangible assets	14,8%	14,7%	0,0%
Tangible common equity/Net receivables	22,8%	23,2%	-0,4%
Net Loan Receivables/Equity (times)	3,6	3,6	0,0%
Asset quality	3M/2024	3M/2023	Δ in %
Loan loss reserve/Gross receivables from client	7,3%	7,9%	-0,5%
Average loan loss reserve/Average gross receivables from clients	7,6%	8,9%	-1,3%
Cost of risk	9,3%	9,5%	-0,2%
Gross NPL ratio	11,2%	11,9%	-0,8%
Impairment coverage ratio	65,6%	65,7%	-0,1%
Selected operating data	3M/2024	3M/2023	Δ in %
Number of employees (adjusted to full-time)	933	994	-6,1%
Average monthly gross salary in group (in EUR)	1.638	1.467	11,6%

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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