

**Financial Company
IUTE CREDIT MACEDONIA
DOOEL - Skopje**

**INDEPENDENT AUDITOR'S REPORT
AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDING
31 DECEMBER 2024**

Skopje, February 2025

These reports are translation from the official ones issued in Macedonian language

CONTENTS	Page
Independent Auditor's report	1-2
Financial statements	
Statement of comprehensive income	3
Statement of financial position as at 31 December	4
Cash flow statement	5
Statement of changes in equity	6
Notes to the Financial Statements	7-30

**INDEPENDENT AUDITOR'S REPORT
TO THE
SHAREHOLDER OF
Financial Company IUTE CREDIT MACEDONIA DOOEL - Skopje**

Report on the Financial Statements

We have audited the accompanying financial statements of Financial Company IUTE CREDIT MACEDONIA DOOEL – Skopje (“the Company”), which comprise Statement of Financial Position as at 31 December 2024, and the Statement of Comprehensive Income, Statement of changes in equity and Cash flow statement for the period then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the accounting standards which are accepted in the Republic of Macedonia and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Audit Law and International Standards on Auditing which are accepted and published in the Official gazette of the Republic of North Macedonia (79/2010). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT (Continued)
TO THE
SHAREHOLDER OF
Financial Company IUTE CREDIT MACEDONIA DOOEL - Skopje

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Financial Company IUTE CREDIT MACEDONIA DOOEL – Skopje as of 31 December 2024, and of its financial performance and its cash flows for the year then ended in accordance with the accounting standards which are accepted in the Republic of North Macedonia.

Emphasis of matter

Without qualifying our opinion, we turn our attention to Note 22.a. stating that as of 31 December 2024, in accordance with the Security Agent Agreement between IUTE Credit Finance S.A.R.L Luxembourg and Greenmark Restriction Solutions GMBH Germany, IUTE Credit Macedonia has pledged its loan receivables and has issued a promissory note in the form of a guarantee in favor of Greenmark Restriction Solutions GMBH Germany, with which it accepts all liabilities arising from bonds issued by IUTE Credit Finance S.A.R.L. , in the amount of EUR 125 million. Based on the attached financial statements, as of December 31, 2024, the total assets of the Company amount to EUR 39.9 million.

Report on Other Legal or Regulatory Requirements

The management of the Company is also responsible for preparation of the annual business report according to the article 384 from the Law on trade companies. Our responsibility, according to the Audit Law, is to report whether the annual business report is consistent with the annual accounts and the financial statements for the year ended 31 December 2024. Our job regarding the annual business report is conducted according to the ISA 720 and is restricted to reporting whether the historical financial information presented in the annual business report are consistent to the annual accounts and the audited financial statements.

The annual business report is consistent, in all material aspects, with the annual account and the audited financial statements of Financial Company IUTE CREDIT MACEDONIA DOOEL – Skopje as of 31 December 2024.

Skopje, 27 February 2025

Certified Auditor

Kostadinka Kitanoska



Manager and Certified Auditor

Antonio Veljanov



IUTE CREDIT MACEDONIA DOOEL - Skopje
STATEMENT OF COMPREHESIVE INCOME FOR THE YEAR ENDED 31 December

	Note	2024 (000) MKD	2023 (000) MKD
Interest and commission income for:			
Loans to other clients	7	1.119.054	1.084.136
Deposits in banks and saving houses		-	-
		1.119.054	1.084.136
Interest and commission expense for:			
Loans to other clients	11	(141.311)	(150.706)
Loans from banks		(726)	-
		(142.037)	(150.706)
Net income from interest and fees		977.017	933.430
Other operating income	9	27.587	40.411
Foreign exchange income (expense) (net)	11	129.677	56.544
Employees expenses	8	(133.806)	(123.699)
Depreciation and amortization	16;17	(2.673)	(3.782)
Impairment of loans	15	(307.714)	(278.138)
Other operating expenses	10	(527.595)	(567.024)
Income (loss) before taxation		162.493	57.742
Income tax	12	(40.181)	(27.612)
Net income (loss) for the period		122.312	30.130
Other comprehensive income:			
Other comprehensive income		-	-
Total other comprehensive income		-	-
Total comprehensive income (loss) for the period		122.312	30.130

IUTE CREDIT MACEDONIA DOOEL - Skopje
STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 31 December

	Note	2024 (000) MKD	2023 (000) MKD
ASSETS			
Cash and cash equivalents	13	119,418	177,110
Loans to customers	15	2,253,263	1,856,348
Other receivables and prepaid expenses	14	56,014	43,321
Intangible assets	16	13	517
Equipment and other	17	5,455	6,097
Financial instruments at fair value through income statement	19	3,042	-
Long-term deposits	18	15,891	14,516
TOTAL ASSETS		2,453,096	2,097,909
PAYABLES AND EQUITY			
Current payables			
Trade payables	20	56,502	27,543
Borrowings	21	1,905,475	1,792,134
Other payables	20	112,479	52,652
Total payables		2,074,456	1,872,329
Equity			
Share capital	22	240,089	209,341
Legal reserves		16,239	14,662
Other reserves		-	-
Accumulated profit (loss)		122,312	1,577
Total equity		378,640	225,580
TOTAL PAYABLES AND EQUITY		2,453,096	2,097,909

Skopje, 24 February.2025

Approved by,

 **Manager**
Biljana Misik



IUTE CREDIT MACEDONIA DOOEL - Skopje
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 December

	Note	2024 (000) MKD	2023 (000) MKD
Cash flows from operating activities			
Income (loss) before taxation		162,493	57,742
Adjustments for:			
Equipment depreciation	17	2,661	3,616
Amortization on intangible assets	16	-	-
Interest and commission income		(1,119,054)	(1,084,136)
Interest and commission expense		142,037	150,706
Impairment of financial assets		307,714	278,138
Expenses from previous years at the expense of accumulated profit		-	(28,555)
Capital (profit) loss on sale and expenditure on fixed assets		119	30
Write off of financial assets		(374,003)	(360,310)
Profit (loss) before changes in working capital		(878,033)	(982,769)
Loans to other clients, (net)		(311,522)	(34,364)
Revenues from interest and commission		1,099,950	1,038,832
Other current assets and prepayments		(12,693)	(14,144)
Liabilities from suppliers		28,959	17,519
Other current liabilities and accruals		48,445	(13,495)
Net money cash used in the operation		(24,894)	11,579
Income tax (Paid)/received		(28,799)	(43,780)
Net cash flows from operating activities		(53,693)	(32,201)
Cash flows from investing activities			
Acquisition of intangible assets	16	-	-
Sale of the equipment		-	(30)
Acquired / sold investments	19	(3,042)	-
Given deposits	18	(1,375)	(1,070)
Acquisition of the equipment and other	17	(1,634)	(2,115)
Net cash flows from investing activities		(6,051)	(3,215)
Cash flows from financial activity			
Paid in capital	22	30,748	27,673
Used (repaid) loans, net	21	111,751	238,349
Paid interest		(140,447)	(159,836)
Net cash flows from financial activity		2,052	106,186
Net increase (decrease) in cash assets		(57,692)	70,770
Cash funds at the beginning of the year		177,110	106,340
Cash funds at the end of the year		119,418	177,110

IUTE CREDIT MACEDONIA DOOEL - Skopje
STATEMENT OF THE CHANGES IN EQUITY FOR THE YEAR ENDED 31 December

	<u>Share equity</u>	<u>Legal reserves</u>	<u>Other reserves</u>	<u>Accumulated Profit (loss)</u>	<u>Total equity</u>
In 000 MKD					
Balance on 1-st of January 2023	181,668	4,189	-	10,475	196,332
Comprehensive income:					
Profit (loss) for the period	-	-	-	30,130	30,130
Reconciliations	-	-	-	-	-
Total comprehensive income	-	-	-	30,130	30,130
Transactions with owners (shareholders):					
Paid in capital	27,673	-	-	-	27,673
Distribution for reserves	-	10,473	-	(10,473)	-
Distribution for dividends	-	-	-	-	-
Expenses from previous years at the expense of accumulated profit	-	-	-	(28,555)	(28,555)
Balance at 31-st December 2023	209,341	14,662	-	1,577	225,580
Comprehensive income:					
Profit (loss) for the period	-	-	-	122,312	122,312
Reconciliations	-	-	-	-	-
Total comprehensive income	-	-	-	122,312	122,312
Transactions with owners (shareholders):					
Paid in capital	30,748	-	-	-	30,748
Distribution for reserves	-	1,577	-	(1,577)	-
Distribution for dividends	-	-	-	-	-
Balance at 31-st December 2024	240,089	16,239	-	122,312	378,640

1. Basic data and activity

The financial company IUTE CREDIT MACEDONIA DOOEL – Skopje (herein after the Company), is founded in July 2017 as limited liability company according to the Law on Financial Companies.

The basic activity of the Company for which it is registered and licence is acquired from the Ministry of finance on 24.07.2017 and 18.09.2017 is approval of loans and issuing and administration of credit cards.

The head office of the Company is at St.1732 No.4 Lamela A/DP No.1, Skopje.

The total number of employees in the Company as of 31 December 2024 is 87 employees (2023: 86 employees).

2. Basis of preparation of the financial statements

2.1. Basis of preparation

The financial statements set on pages 3 to 30 are prepared in accordance with the International Financial Reporting Standard (IFRS) which were published in the Official gazette of the Republic of Macedonia No.159/2009 and became effective from 1 January 2010.

Starting from 01.01.2025, the International Financial Reporting Standards (IFRS) published in the Republic of North Macedonia in the Accounting Regulation (Official Gazette 75/2024) will be applied. The Company has assessed the potential impact of the changes to IFRS on the financial position and results of operations. After the assessment, as a result of the application of IFRS 16 - Leases, the Company recorded ready-to-use assets in the amount of 32,513 thousand MKD, short-term lease liabilities in the amount of 7,281 thousand MKD and long-term lease liabilities in the amount of 25,232 thousand MKD, and that these changes will not have a significant impact on the results of the Company's operations.

The financial statements were prepared for the period ending 31 December 2024 and 2023. The figures for the current period are shown in thousands of Macedonian denars (MKD). Comparative figures are presented.

2.2. Basic accounting methods

The financial statements are based on the cost method.

2. Basis of preparation of the financial statements (Continued)

2.3. Accounting estimates and judgements

The Company is applying certain accounting estimates and judgments during the process of preparation of the financial statements. Certain items in the financial statements, which can not to be accurately measured, are estimated. The estimation process includes judgments based on the latest available information.

Estimates are used in determining the useful life's of assets, fair value of receivables or their uncollectibility etc.

During the periods, certain estimates can be revised if there are changes in the circumstances on which the estimation was based or as a result of new information, grater experience and subsequent events.

The effects of the changes in the accounting estimates are included in the net profit or loss for the period as well as in the future periods on which the change takes effect or the both.

2.4. Going concern concept

The financial statements are prepared based on the going concern concept which means that the Company will continue to operate in the future on a continuing basis.

3. Basic accounting policies and estimates

The principal accounting policies applied for the preparation of these financial statements are set out below.

3.1. Recognition of interest income and expense

Interest income and expenses are recognized as accrued income and expenses based on all interest bearing assets and liabilities.

Interest income and expenses are calculated according to the loan agreement between the lender and borrower and are recognized if there is a possibility for future cash inflows or outflows for the Company and also they can be measured reliably.

The interest is recognized based on the agreed interest rate from the loan agreements for the period which cannot be longer than the period of the financial statements. Interest calculation is based on the value of the loan.

Other income is recognised on an accrual basis for the period to which they relate.

3.2. Exchange rate differences

Business transactions in foreign currency are recorded in MKD by applying the exchange rate at the date of the transaction. All monetary assets and liabilities in foreign currencies are denominated into MKD at the exchange rates ruling at the balance sheet date.

Gains and losses on exchange arising on the translation of receivables and liabilities in foreign currencies into Denar counter value are reported in the income statement as other income or expenditure, in the year to which they refer.

3.3. Income tax (current and deferred)

Income tax for the year comprises current and deferred tax. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the balance sheet date.

Current income tax is calculated according to the regulations of the Republic of North Macedonia. According the changes in the tax regulations, current income tax is calculated on the basis which represents the profit before taxation increased for expenses which are not deductible for the taxation purposes and less reported revenues with related parties. Income tax is calculated based on the relevant tax rate at the balance sheet date of 10% (2023: 10%).

Deferred tax is provided using the balance sheet liability method, providing temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted at the balance sheet date.

Calculation of the effective tax rate is presented in Note 12.

3. Basic accounting policies and estimates (Continued)

3.4. Cash and cash equivalents

Cash and cash equivalents are carried out at cost in the balance sheet. For the purposes of these financial statements, cash and cash equivalents are comprised of cash in hand, cash in banks denar and foreign currency accounts, demand deposits and time deposits with maturity up to three months.

3.5. Loans and impairment

Loans

Loan receivables are comprised of loans to customers which are recognized at their par value in the moment of payment, less any impairment losses for all bad and doubtful receivables in order to present their recoverable value.

According to IFRS, all loans to customers are presented in net value (less for the impairment losses).

Financial instruments are classified in one of the following categories:

- financial instruments at amortised cost
- financial instruments at fair value through income statement
- financial instruments at fair value through other comprehensive income

The management classifies the financial assets at the initial recognition.

The loan portfolio of the Company based on the current business model and SPPI (Solely payment of principal and interest) test, is measured at amortized cost.

Subsequent to initial recognition, the debt financial asset is measured at amortized cost using the effective interest rate ("EIR") method for the allocation and recognition of interest revenue in line item "interest and similar income" of the income statement over the relevant period. The amortized cost is the amount at which the financial asset is measured at initial recognition minus any principal repayments, plus or minus the cumulative amortization using the EIR method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount is the amortized cost of a financial asset before adjusting for any loss allowance.

Impairment

A provision for impairment of bad and doubtful receivables is established by charging expenditures, when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables.

Significant financial difficulties of the debtor, default or delinquency in payments, probability that the debtor will enter bankruptcy or financial liquidation are considered as indicators that the receivables are impaired. Bad and doubtful receivables are fully written off when they are considered as it.

All impairment losses are recognized in the income statement. They represent non-recognized tax expenses, except in certain cases according to the Law. Decrease of impairment losses is done through the income statement and also tax credit can be used for the previous paid amount of profit tax.

3. Basic accounting policies and estimates (Continued)

3.5. Loans and impairment (continued)

The Company is providing impairment for its loan and interest rates receivables according to the estimation for its collectability by the management of the Company and their grouping on an individual basis.

Credit and interest claims are assessed on an individual basis grouped into several groups according to late payment..

3.6. Equipment

(1) Basic presentation

Initially, equipment is measured at cost. The cost of an item comprises its purchase price, including import duties and non-refundable purchase taxes, as well as any costs directly attributable to bringing the asset to the location and condition for its intended use.

Subsequently, an item of equipment is recorded at cost less accumulated depreciation and any impairment.

Administrative and other general indirect costs do not represent part of the cost of equipment.

The advance payments performed for acquisition of equipment is recognized as given advances for acquisition.

Positive or negative difference resulting from the sale of NPO is recorded as capital gain or loss within other income or expenses.

(2) Depreciation

Depreciation is charged on a straight-line basis at prescribed rates to allocate the cost of the equipment over their estimated useful lives. Equipment is depreciated on a single asset basis, until the asset is fully depreciated.

The depreciation annual rates and estimated useful lives applied in 2024 and 2023 are as follows:

	2024	2024	2023	2023
Equipment	5 %	20 years	5 %	20 years
Computers	25 %	4 years	25 %	4 years
Office furniture	20 %	5 years	20 %	5 years

3.7. Intangible assets

An asset should be recognized as intangible asset in the financial statements if, and only if, it is controlled from the company, it is probable that the future economic benefits will flow, the cost of the asset can be measured reliably and it has non-material form.

An intangible asset should be recognized initially, at cost, and that is the amount of cash and cash equivalents paid for its acquisition. Subsequently, the intangible assets are recognized at cost less accumulated amortization and any impairment losses.

3. Basic accounting policies and estimates (Continued)

3.7. Intangible assets

Intangible assets should be amortized over the best estimate of their useful life. The annual amortization rate is 20% (2023: 20% per year).

3.8. Impairment of assets

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization and depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the assets carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

3.9. Trade payables

Trade payables are stated at their nominal value (cost), arising from business transactions.

Trade payables are written off by crediting other revenues, after the expiration of the legal maturity period or by off-court agreement between parties.

3.10. Borrowings

Borrowings represent short-term and long-term interest bearing borrowings stated at their nominal value. The amounts of the interest agreed are shown as financing expenses in the income statement and as short-term financial liabilities in the balance sheet. Foreign interest bearing borrowings are stated at the exchange rate at 31st December, and losses or gains of exchange are stated as financial income or expense.

3. Basic accounting policies and estimates (Continued)

3.11. Equity

(1) Shareholders capital

The Company's shareholders capital is recognized in the amount of the nominal (par) value of the authorized and issued shares.

(2) Legal reserves

Legal reserves are formed from the net profit based on the local statutory legislation, and could be used for loss recovery. Under the local statutory legislation, the Company is required to set aside minimum 5% of its year net profit in the reserves until the level of this reserve reaches 10% of the registered share capital. Until reaching the minimum required, level reserves could be used only for loss recovery. If the legal reserve exceeds 10%, legal reserves can also be used for distribution of dividends, based on a decision of the Shareholders' Assembly.

3.12. Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees.

(1) Short-term employee benefits

Short-term employee benefits are employee benefits which fall due wholly within twelve months after the end of the period in which the employees render the related services. These benefits include items such as: wages, salaries and social security contributions, short-term compensated absences, profit-sharing and bonuses and other non-monetary benefits. All short-term employee benefits are recognized as a liability and expense for the undiscounted amount.

(2) Post-employment benefits

The Company calculates and pays pension insurance contributions of its employees according to the domestic legislation. The contributions, based on the employee's salaries are paid in the domestic National Fund. The Company has no additional liabilities.

Also, the Company is obliged to pay benefit in amount of two months' salary to all its employees who are retiring in the moment of retirement. The Company has made no provision for these liabilities as the amount is not significant for the financial statements.

3. Basic accounting policies and estimates (Continued)

3.13. Provisions

Provisions (uncertain liabilities) are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, when it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognized as an asset when, and only when, it is virtually certain that the reimbursement will be received. The expense relating to a provision is presented in the income statement net of the amount recognized for a reimbursement. Where the effect of the time value of money is material, the amount of a provision shall be the present value of the expenditures expected to be required to settle the obligation using pre-tax rates that reflects current market assessments.

3.14. Contingencies

Contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent liability is not recognized in the financial statements, only are disclosed.

Contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent asset are recognized only when the realization of income is virtually certain.

4. Risk management

The Company is engaged in different kind of business transactions which derive from its daily activities and which are connected with the customers, suppliers and creditors. The main financial risks to which the Company is exposed during its business and the policies for their management are the following:

4.1. Market risk

(1) Foreign exchange risk

The Company does not enter in transactions denominated in foreign currencies and therefore the Company is exposed to foreign currency risk.

All loan agreements are without FX clause and therefore the Company is not exposed to foreign currency risk

(2) Equity price risks

The Company is not exposed to this kind of risk as it does not own any securities.

4.2. Credit risk

The Company is exposed to credit risk through its credit activities.

The credit risk represents risk in the event where its customers fail to meet their payment obligations. The management of the credit risk is done by the Company based on the estimation of its clients and their credit liability.

According to the local legislation in North Macedonia (Law on financial companies) there are limits for the total credit exposure which cannot be more than 10 times of the Company's equity and reserves. The Company has no breach of this limitation (2023: none).

According to the local legislation in North Macedonia (Law on financial companies) the Company is not allowed to make loans to owners and related parties. The Company has no breach of this limitation (2023: none).

Generally, the Company's policy is to work with clients with good credit rating.

Regarding the impairment of bad and doubtful loans, the Company has implemented system of grading and recording of impairment losses for bad and doubtful loans based on the estimated losses in credit portfolio.

4. Risk management

4.3. Interest rate risk

All active interest bearing assets which are related to the loan agreements are with adjustable interest rates which are implemented by the Company according to the legislation. All loans are short-term. According to this there is interest rate exposure but it depends on the market fluctuations and the Company can manage it with his own decisions for the rates.

The Company is exposed to risk of interest rate fluctuation, which relates to the loans, borrowings or bank deposits concluded with variable interest rates. Considering that the Company has no agreed loans with variable interest rates, it can be said that the Company is not exposed to this kind of risk

4.4. Liquidity risk

Liquidity risk includes the risk of being unable to fund its liabilities at appropriate maturities with its cash. This kind of risk is managed by maintaining sufficient cash for regular funding of its committed credit facilities. The Company has no such liquidity issues.

4.5. Taxation risk

According to local legislation in RNM, the tax authorities may at any time inspect the books and records subsequent to the reported tax year, and may impose additional tax assessments. Up to the date of the Auditors report, inspection for income tax (taxable expenses) and personnel income tax for period ended 31 December 2024 is not yet executed, as well as personal income tax and personal income contributions

5. Fair value estimation

The Company has financial assets and liabilities which include loan receivables, borrowings and trade payables as well as non-financial assets, for which large number of accounting policies and disclosures require establishing of their fair value.

The fair value of financial assets and liabilities generally approximate their carrying amount as most of it have short-term due in period of 1 year from the date of the balance sheet.

6. Financial instruments

6.1. Capital risk management

The company finances its operations with its own funds and borrowing from the parent company and other lenders. The debt ratio as of 31 December 2024 and 2023 is as follows:

	<u>2024</u>	<u>2023</u>
Borrowings	1,905,475	1,792,134
Cash	(119,418)	(177,110)
Net borrowings (cash)	1,786,057	1,615,024
Equity	378,640	225,580
% debt	471,70%	715,94%

6.2. Foreign currency risk

The Company does enter into transactions in foreign currencies and therefore the Company is exposed to foreign currency risk, except for the used loan from the parent company. The total exposure on foreign currency as at 31 December 2024 in financial liabilities is in amount of 1,824,637 thousands of MKD (2023: 1,795,363 thousands of MKD), while the exposure with the financial assets is in amount of 67,434 thousands of MKD (2023: 131,105 thousands of MKD), from which 51,543 thousands of MKD exposure in EUR and 15,891 thousands of MKD exposure in USD.

The Company is generally exposed to EUR.

Change of +-10% of the FX rate of EUR would cause net effect of 177,309 thousands of MKD on the Company's profit/ loss (2023: 167,877 thousands of MKD), while change of +-10% of the FX rate of USD would cause net effect of 1,589 thousands of MKD on the Company's profit/ loss (2023: 1,452 thousands of MKD).

6. Financial instruments (Continued)

6.3. Interest rate risk

The Company is exposed to interest risk arising from deposits and borrowings from banks and other entities, with a variable interest rate clause.

The carrying amount of the financial assets and liabilities according to their exposure to interest risk at the end of the year is as follows:

	31 December	
	2024	2023
Financial assets		
<i>Non – interest bearing:</i>		
- Cash and cash equivalents	34,898	25,242
- Interest and other receivables	292,464	253,113
	327,362	278,355
<i>Interest bearing with fixed interest:</i>		
- Loans	2,140,461	1,828,939
	2,140,461	1,828,939
<i>Interest bearing with variable interest:</i>		
- Cash and cash equivalents	84,520	151,868
- Investments	3,042	0
- Deposits	15,891	14,516
	103,453	166,384
	2,571,276	2,273,678
Financial liabilities		
<i>Non – interest bearing:</i>		
- Trade payables	56,502	27,543
- Interest	20,119	18,529
- Other current liabilities	17,656	9,072
	94,277	55,144
<i>Interest bearing with fixed interest:</i>		
- Loans from companies	93,692	29,532
	93,692	29,532
<i>Interest bearing with variable interest:</i>		
- Loans from companies	1,791,664	1,744,073
	1,791,664	1,744,073
	1,979,633	1,828,749

Change of +2 p.p of the interest rate on the loans would cause net effect of 33,764 thousands of MKD on the Company's profit/ loss (2023: 31,554 thousands of MKD).

6.4. Liquidity risk

The following table details the Company's remaining contractual maturity for its financial assets and liabilities as at 31 December 2024:

6. Financial instruments (Continued)

6.4. Liquidity risk (Continued)

	Less than 1 month	1 to 3 month	3 to 12 month	Over 12 months	Total
Cash	119,418	-	-	-	119,418
Deposits	-	-	15,891	-	15,891
Investments	3,042	-	-	-	3,042
Interest and other receivables	292,464	-	-	-	292,464
Loans, without any provision	108,994	193,550	634,490	1,203,427	2,140,461
	523,918	193,550	650,381	1,203,427	2,571,276
Trade payables	56,502	-	-	-	56,502
Borrowings	6,765	10,570	55,101	1,812,920	1,885,356
Interest	20,119	-	-	-	20,119
Other payables	17,656	-	-	-	17,656
	101,042	10,570	55,101	1,812,920	1,979,633

The following table details the Company's remaining contractual maturity for its financial assets and liabilities as at 31 December 2023:

	Less than 1 month	1 to 3 month	3 to 12 month	Over 12 months	Total
Cash	177,110	-	-	-	177,110
Deposits	-	-	-	14,516	14,516
Interest and other receivables	253,113	-	-	-	253,113
Loans, without any provision	102,692	160,289	540,379	1,025,579	1,828,939
	532,915	160,289	540,379	1,040,095	2,273,678
Trade payables	27,543	-	-	-	27,543
Borrowings	750	210	106,539	1,666,106	1,773,605
Interest	18,529	-	-	-	18,529
Other payables	9,072	-	-	-	9,072
	55,894	210	106,539	1,666,106	1,828,749

6.5. Credit risk

The Company is exposed to credit risk in the event where its customers fail to meet their payment obligations. The following table presents the structure of the loan receivables from the customers as at 31 December 2024 according to the estimates risk and impairment:

	In (000) MKD		
	Gross amount	Impairment	Net amount
Principal	2,140,462	(114,016)	2,026,446
Interest	203,308	(17,902)	185,406
Fees	41,411	-	41,411
Undue interest and fees	-	-	-
	2,385,182	(131,918)	2,253,263

6. Financial instruments (Continued)

6.5. Credit risk

The following table presents the structure of the loan receivables from the customers as at 31 December 2023 according to the estimates risk and impairment:

	In (000) MKD		
	Gross amount	Impairment	Net amount
Principal	1,828,939	(173,443)	1,655,496
Interest	180,369	(24,764)	155,605
Fees	45,247	-	45,247
Undue interest and fees	-	-	-
	2,054,555	(198,207)	1,856,348

6.6. Capital management

Basic goal of the Company regarding the capital management policy is to be in adhere of the Law on financial companies (The Law). According to the Law, the Company is obliged to maintain at any time share capital not less than 30,000 thousands of MKD (2023: 6,000 thousands of MKD). Also, the Company can not have loan receivables in amount of more than 10 times of the amount of the share capital and reserves.

Equity maintenance and investments in loans are managed by the Company on a regular basis.

The following tables are presenting the share capital and investments in loan receivables of the Company as at 31 December 2024 and 2023 according to the regulations.

	2024 (000) MKD	2023 (000) MKD
1. Total equity		
Share capital	240,089	209,341
Total	240,089	209,341
2. Share capital based on limit		
Equity of 30,000 thousands of MKD (2023: 6,000 thousands of MKD)	30,000	6,000
Total	30,000	6,000
3. Amount above share capital	210,089	203,341
	2024 (000) MKD	2023 (000) MKD
1. Total investments		
Loan receivables	2,253,263	1,856,348
Total	2,253,263	1,856,348
2. Limit according to the law		
Share capital, reserves and profit (losses)	256,328	224,003
Ratio	10	10
Total	2,563,280	2,240,030
3. Amount above limit	-	-

7. INTEREST AND FEE INCOME

	2024 (000) MKD	2023 (000) MKD
Interest income	154,778	144,268
Income from commission	875,721	807,066
Income from the warning letters	82,723	85,372
Income from transactions with issued cards	237	40,230
Income from the penalty interest	5,595	7,200
Total	1,119,054	1,084,136

8. COST FOR EMPLOYEES

	2024 (000) MKD	2023 (000) MKD
Employees net salaries	86,183	72,685
Taxes and contributions for wages	41,053	37,696
Other costs for the employees	4,923	11,594
Business trip expenses	1,647	1,724
Total	133,806	123,699

9. OTHER OPERATING INCOME

	2024 (000) MKD	2023 (000) MKD
Collected written-off and terminated receivables based on loans	20,763	37,153
Income from marketing activities	4,827	1,261
Income from issued certificates	1,482	1,719
Other operating income	515	278
Total	27,587	40,411

10. OTHER OPERATING EXPENSES

	2024 (000) MKD	2023 (000) MKD
Rental of the business offices and equipment	12,645	11,859
Costs for electricity and heating	2,844	3,069
Maintenance cost	9,586	10,712
Phone and internet services	2,210	3,969
Advertising, representation and sponsorship cost	49,268	52,840
Costs from domestic payment and banks commission	7,511	18,415
Solidarity tax	-	82,081
Expenses for the use of rights	8,954	5,091
IT services	3,662	2,960
Other services	29,830	26,441
Management and guarantee services from AS Iute Group	297,048	282,203
Other operating expenses	104,037	67,384
Total other operating expenses	527,595	567,024

The Company has concluded Management and guarantee fee contracts with the parent company, which refer to fees for consulting services that the Company needs for rendering financial services to its clients, as well as fee that the parent company will guarantee the continuous business activity of the Company. The contracts are valid until 31 December 2024.

11.a. FINANCING INCOME

	2024 (000) MKD	2023 (000) MKD
Interest income	-	-
Foreign exchange gains	16,271	15,857
Income from the sale of written off receivables	113,651	50,187
Brokerage	12,871	2,906
Other financing income	2,498	3,225
realized income from the sale of shares	81	-
Total financing income	145,372	72,175

During 2024, the company earned income of 113,651 thousands of MKD (2023:50,187 thousands of MKD) from the sale of written-off receivables in the amount of 930,144 thousands of MKD (2023: 561,239 thousands of MKD) to EOS Matrix.

11.b FINANCING EXPENSES

	2024 (000) MKD	2023 (000) MKD
Interest expenses	142,037	150,706
Foreign exchange losses	15,695	15,631
Total financing expenses	157,732	166,337

12. INCOME TAX

	2024 (000) MKD	2023 (000) MKD
Current income tax	40,181	27,612
Deferred income tax	-	-
Total	40,181	27,612

Calculation of the income tax:

	2024 (000) MKD	2023 (000) MKD
Income (loss) before taxation	162,493	57,742
Unrecognized expenses:		
Representation	1,768	3,599
Interest on loans	-	-
Donations and sponsorships	-	3,700
Impairment of loans	307,715	278,138
Withholding tax	9,042	4,881
Written-off of unpaid receivables	5,076	-
Reimbursement of expenses and other income from employment	1,010	8,074
Other employee benefits	4,897	2,097
Monetary and tax penalties	363	953
Other	6,696	467
Tax base before tax exemptions	499,060	359,651
Other exemptions	(97,246)	(46,531)
Exemption for loss from the previous years	-	-
Tax base	401,814	313,120
Calculated income tax with 10% (2019: 10%)	40,181	31,312
Other exemptions	-	(3,700)
Income tax	40,181	27,612
Income before taxation	162,493	57,742
Effective tax rate	24.73%	47.82%

13. CASH AND CASH EQUIVALENTS

	2024 (000) MKD	2023 (000) MKD
Currency accounts with the bank	33,001	35,303
Foreign currency accounts with the bank	51,519	116,565
Cash in ATM	34,898	25,242
Other cash equivalents	-	-
Total cash and equivalents	119,418	177,110

14. OTHER CURRENT ASSETS AND PRE PAID EXPENSES

	2024 (000) MKD	2023 (000) MKD
Claims for guarantees	503	503
Advances paid and deposit	1,837	1,721
Receivables for income tax	-	9,907
Inventories	2,249	2,407
Receivables from employees and other receivables	5,293	4,055
Receivables from a bankrupt bank	550	788
Receivables from Mintos based on loan redemption	-	-
Other receivables	41,398	22,151
Prepaid expenses	4,184	1,789
Total other current assets	56,014	43,321

15. LOANS TO CUSTOMERS

	2024 (000) MKD	2023 (000) MKD
Retail loans	2,140,461	1,828,939
Interest on retails loans	203,309	180,369
Commissions on retail loans	41,411	45,247
Undue interest, commissions and other	-	-
	2,385,181	2,054,555
Impairment on loans	(131,918)	(198,207)
	(131,918)	(198,207)
Total loans to customers	2,253,263	1,856,348
<i>Movement of the impairment on loans:</i>		
Balance 1-st of January	198,207	280,379
New impairment	307,714	278,138
Write-offs	(374,003)	(360,310)
Balance 31-st of December	131,918	198,207

16. INTANGIBLE ASSETS

	2024 (000) MKD	2023 (000) MKD
Purchase value		
Balance 1-st of January	517	742
Additions	-	-
Rewriting	(504)	(225)
Write off	-	-
Balance 31-st of December	13	517
Accumulated amortization		
Balance 1-st of January	-	-
Amortization for the current year	-	-
Rewriting	-	-
Write off	-	-
Balance 31-st of December	-	-
Carrying amount as at 31-st December	13	517

17. EQUIPMENT AND OTHER

	Equipment & inventory (000) MKD	Investments in progress (000) MKD	Investment in other asset (000) MKD	Total (000) MKD
Cost				
Balance 1-st of January	24,602	80	3,804	28,486
Additions	1,316	32	286	1,634
Transfer from investments in progress	112	(112)	-	-
Disposals	(1,429)	-	-	(1,429)
Rewritig	333	171	-	504
Balance 31-st of December	24,934	171	4,090	29,195
Accumulated depreciation				
Balance 1-st of January	19,650	-	2,739	22,389
Depreciation	2,432	-	229	2,661
Disposals	(1,310)	-	-	(1,310)
Rewritig	-	-	-	-
Balance 31-st of December	20,772	-	2,968	23,740
Carrying amount:				
31.12.2024	4,162	171	1,122	5,455
31.12.2023	4,952	80	1,065	6,097

The company does not have its own business premises and therefore uses leased space under an operating lease for which monthly rent is paid.

18. GIVEN DEPOSITS

Given deposits in amount of 15,891 thousands of MKD comprise in full of long-term deposit in Master Card in amount of 269,878.67 USD based on agreement for using Master card. This contract was terminated in October 2024 and the deposit is expected to be paid back during 2025.

19. FINANCIAL INVESTMENTS

Financial instruments at fair value through income statement in the amount of 3,042 thousand MKD represent investments in shares of Investment fund KB Invest - cash fund.

20. TRADE PAYABLES AND OTHER

	2024	2023
	(000) MKD	(000) MKD
Domestic suppliers	11,021	9,061
Foreign suppliers	45,481	18,482
Income tax liabilities	11,712	330
Liabilities for salaries	8,903	1,182
Liabilities for early repayment of loans	49,720	35,461
Liabilities for unused funds from approved loans	10,848	6,773
Other liabilities	31,296	8,906
Total trade payables and other	168,981	80,195

21. LOANS AND BORROWINGS

	2024	2023
	(000) MKD	(000) MKD
Borrowings from:		
IUTE Group AS Estonia	1,276,679	1,087,582
AS Mintos Latvia	484,235	656,491
Local investors	93,692	29,532
Local banks	30,750	-
Interest from borrowings from IUTE Group AS Estonia	14,583	12,951
Interest from borrowings from AS Mintos Latvia	3,659	5,216
Interest from local investors	1,877	362
Total	1,905,475	1,792,134

Long-term loan from AS IuteCredit Europe Estonia in the amount of 1,276,679 thousands of MKD or 20,760,706 EUR. The loan arises from concluded master loan agreement for the amount of maximum 5,000,000 EUR. In 2022, the Company has concluded annexes for increasing the credit limit to a maximum amount of 30,000,000 EUR and the repayment period is up to 01.09.2029. The loan is in EUR. Collateral for the loan are loan receivables from customers of the Company.

Long-term loan from AS Mintos Latvia, which in 2024 amounted to 484,235 thousands of MKD or 7,874,372 EUR originates from a contract for the purchase of receivables based on given loans, between the Company as the borrower, SIA Mintos Finance No. 39 from Latvia as the issuer and AS Mintos Latvia as an investor. In accordance with this agreement, the repayment term of the loan follows the repayment terms of the purchased receivables on the basis of given loans. Collateral for the loan is a pledge on the Company's receivables from its customers, in an amount that does not exceed 10 million EUR.

Long-term loan from local investors in the amount of 93,692 thousands of MKD with a maturity date to September 2027 and an interest rate of 9-11.5% per annum.

Long-term loan from local bank in the amount of 30,750 thousands of MKD with a maturity date to September 2026 and an interest rate of 10% per annum.

22. SHARE CAPITAL

	2024	2023
<i>Share capital</i>	(000) MKD	(000) MKD
IUTE Group AS Estonia	240,089	181,668
	240,089	181,668

The structure of the owners as of 31 December is as follows:

<i>Owners:</i>	2024	2023
	%	%
IUTE Group AS Estonia	100%	100%

During 2024, share capital increase was done with additional 500,000 EUR or 30,748 thousands of MKD. As of 31.12.2024, the amount of EUR 500,000 has been paid in full. On 26.12.2024, Resolution No. 10605/2 was obtained from the Ministry of Finance of the RSM, which gave consent for the capital increase. The capital increase was recorded in the Central Register of the RSM on 13.01.2025.

During 2023, share capital increase was done with additional 450,000 EUR or 27,673 thousands of MKD. As of 31.12.2023, the amount of EUR 450,000 has been paid in full. On 13.02.2024, Resolution No. 181/1 was obtained from the Ministry of Finance of the RSM, which gave consent for the capital increase. The capital increase was recorded in the Central Register of the RSM on 06.03.2024.

During 2022, share capital increase was done with additional 500,000 EUR or 30,842 thousands of MKD.

During 2021, share capital increase was done with additional 1,300,000 EUR or 80,051 thousands of MKD.

During 2019, share capital increase was done with additional 600,000 EUR or 36,897 thousands of MKD.

23. CONTINGENCIES

Contingent liabilities are recognized in the financial statements only when it is probable an outflow of resources embodying economic benefits and when the amount can be measured reliably.

a) Guarantees and pledged receivables

As of 31.12.2024, IUTE Credit Finance S.A.R.L Luxembourg has issued secured bonds with a nominal value of EUR 125 million, with ISIN number XS2378483494, which are listed on the Frankfurt Stock Exchange, Germany and on the NASDAQ Stock Exchange in Tallinn, Estonia, with a fixed coupon interest of 11% and a maturity date of 06 October 2026.

The Company Greenmarck Restructuring Solutions GMBH Germany is appointed as joint representative (Security Agent) of the bondholders and acts together with them as a solidary creditor. In 2019, IuteCredit Finance S.A.R.L. Luxembourg (hereinafter referred to as "the Issuer") has concluded a Security Agent agreement with Greenmarck Restructuring Solutions GMBH Germany. According to this agreement, the Issuer shall grant the following security in favor of the bondholders in total amount of 125 million EUR: first ranking pledges over shares, present and future loan receivables granted to customers, bank accounts and promissory note in form of notarial deed, owned by all subsidiaries of AS IuteCredit Europe in Luxembourg, Estonia, Moldova, Kosovo, Albania and Macedonia.

According to the Security Agent agreement, as security for the obligations of the Issuer arising from the issued bonds, the Company IUTE Credit Macedonia has concluded an Agreement for pledge of loans receivables with Greenmarck Restructuring Solutions GMBH Germany and has issued a promissory note of EUR 125 million in the name of Greenmarck Restructuring Solutions GMBH Germany, with which it accepts all liabilities arising from the issued bonds, in the amount of EUR 125 million.

23. CONTINGENCIES (Continued)

a) Guarantees (Continued)

According to the Security Agent agreement, as security for the obligations of the Issuer arising from the issued bonds, the Company IUTE Credit Macedonia has concluded an Agreement for pledge of loans receivables with Greenmarck Restructuring Solutions GMBH Germany and has issued a promissory note of EUR 125 million in the name of Greenmarck Restructuring Solutions GMBH Germany, with which it accepts all liabilities arising from the issued bonds, in the amount of EUR 125 million.

In addition, the Company has pledged its receivables in favor of Mintos as a creditor with a value of secured receivables in the amount of EUR 5 million and in favor of Kapital Banka as a creditor with a value of a secured receivables in the amount of EUR 500 thousand. The amount owed to these creditors on 31.12.2024 amounts to MKD 518,644 thousand (note 22)

c) Litigation

The Company is a claimant in court cases with individuals on the basis of debt and damage compensations in total amount of 1,124 thousand MKD. The procedures are in progress. As of December 31, 2024, no lawsuits have been initiated against the Company.

24. OPERATING LEASES

The Company lessees business premises for its main activities under operating lease. The Company has conclude the following lease agreements:

- Agreement with Imoreks Macedonia DOO Skopje for rent of business premises on for 607 m2 with monthly rent of 8,498 EUR without VAT (523 thousands of MKD) and period of rent for 10 years commencing from 01.02.2019. The future payments for this agreement are in amount of 20,613 thousands of MKD for the period of 49 months.
- Agreements with several individuals and legal entities for rent of business premises for branches. Future operating leases under these agreements amount to 5,935 thousand MKD for a period of up to 49 months.

25. POST BALANCE SHEET EVENTS

After the reporting date, no events occurred that have material significance to the business activities of the Company or that require disclosure in these financial statements.

On February 13, 2025 (Official Gazette 31), the Constitutional Court's Decision was published to annul the Law on Solidarity Tax, according to which the Company paid an amount of 82 million MKD in 2023. The Company has the right to refund this amount in the next 5 years.

26. RELATED PARTY TRANSACTIONS

Related party transactions are as follows:

	,31 December 2024	
<i>Receivables from and payables to:</i>	Receivables	Payables
IUTE Group AS Estonia	-	1,336,395
Other related party	137	-
Total	137	1,336,395
	,31 December 2023	
<i>Receivables from and payables to:</i>	Receivables	Payables
IUTE Group AS Estonia	-	1,118,757
Total	-	1,118,757
	,31 December 2024	
Income and expenses:	Income	Expenses
IUTE Group AS Estonia	-	404,300
Other related party	-	6,047
Total	-	410,347
	,31 December 2023	
Income and expenses:	Income	Expenses
IUTE Group AS Estonia	-	400,564
Other related party	-	5,911
Total	-	406,475