Financial Company
IUTE CREDIT MACEDONIA
DOOEL - Skopje

INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 DECEMBER 2023

Skopje, May 2024

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

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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 2023, 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 polices 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 2023, 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 2023, 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, 2023, the total assets of the Company amount to EUR 34 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 2023. 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 2023.

Skopje, 31 May 2024

Certified Auditor	**Manager and Certified Auditor**
Kostadinka Kitanoska	Antonio Veljanov

Друштво за ревизија МУР СТИВЕНС ДОО СКОПЈЕ

	Note	2023 (000) MKD	2022 (000) MKD
Interest and commission income for:			
Loans to other clients	7	1,084,136	901,191
Deposits in banks and saving houses		-	-
		1,084,136	**901,191**
Interest and commission expense for:			
Loans to other clients	11	(150,706)	(128,793)
Loans from banks		-	-
		(150,706)	**(128,793)**
Net income from interest and fees		**933,430**	**772,398**
Other operating income	9	40,411	31,499
Foreign exchange income (expense) (net)	11	56,544	6,889
Employees expenses	8	(123,699)	(104,462)
Depreciation and amortization	16;17	(3,782)	(5,496)
Impairment of loans	15	(278,138)	(278,099)
Other operating expenses	10	(567,024)	(369,357)
Income (loss) before taxation		**57,742**	**53,372**
Income tax	12	(27,612)	(42,897)
Net income (loss) for the period		**30,130**	**10,475**
Other comprehensive income:			
Other comprehensive income		-	-
Total other comprehensive income		**-**	**-**
Total comprehensive loss for the period		**30,130**	**10,475**

	Note	2023 (000) MKD	2022 (000) MKD
ASSETS			
Cash and cash equivalents	13	177,110	106,340
Loans to customers	15	1,856,348	1,694,508
Other receivables and prepaid expenses	14	43,321	29,177
Intangible assets	16	517	742
Equipment and other	17	6,097	7,373
Long-term deposits	18	14,516	13,446
TOTAL ASSETS		**2,097,909**	**1,851,586**
PAYABLES AND EQUITY			
Current payables			
Trade payables	19	27,543	10,024
Borrowings	20	1,792,134	1,562,915
Other payables	19	52,652	82,315
Total payables		**1,872,329**	**1,655,254**
Equity			
Share capital	21	209,341	181,668
Legal reserves		14,662	4,189
Other reserves		-	-
Accumulated profit (loss)		1,577	10,475
Total equity		**225,580**	**196,332**
TOTAL PAYABLES AND EQUITY		**2,097,909**	**1,851,586**

Skopje, 09 February.2024

Approved by,

Manager
Biljana Misik

ИУТЕ КРЕДИТ • МАКЕДОНИЈА • ДООЕЛ Скопје

	Note	2023 (000) MKD	2022 (000) МКД
Cash flows from operating activities			
Income (loss) before taxation		**57,742**	**53,372**
Adjustments for:			
Equipment depreciation	17	3,616	5,277
Amortization on intangible assets	16	-	-
Interest and commission income		(1,084,136)	(901,191)
Interest and commission expense		150,706	128,793
Impairment of financial assets		278,138	278,099
Expenses from previous years at the expense of accumulated profit		(28,555)	-
Revenues from interest and commission		1,038,832	857,615
Paid interest		(159,836)	(121,889)
Capital (profit) loss on sale and expenditure on fixed assets		30	29
Write off of financial assets		(360,310)	(159,213)
Profit (loss) before changes in working capital		**(103,773)**	**140,892**
Loans to other clients, (net)		(34,364)	(539,266)
Other current assets and prepayments		(14,144)	(15,040)
Liabilities from suppliers		17,519	(16,860)
Other current liabilities and accruals		(13,495)	21,518
Net money cash used in the operation		**(148,257)**	**(408,756)**
Income tax (Paid)/received		(43,780)	(44,476)
Net cash flows from operating activities		**(192,037)**	**(453,232)**
Cash flows from investing activities			
Acquisition of intangible assets	16	-	(595)
Sale of the equipment		(30)	-
Given deposits	18	(1,070)	(33)
Acquisition of the equipment and other	17	(2,115)	(1,971)
Net cash flows from investing activities		**(3,215)**	**(2,599)**
Cash flows from financial activity			
Paid in capital	21	27,673	30,842
Used (repaid) loans, net	20	238,349	452,634
Net cash flows from financial activity		**266,022**	**483,476**
Net increase (decrease) in cash assets		**70,770**	**27,645**
Cash funds at the beginning of the year		**106,340**	**78,695**
Cash funds at the end of the year		**177,110**	**106,340**

In 000 MKD	Share equity	Legal reserves	Other reserves	Accumulated Profit (loss)	Total equity
Balance on 1-st of January 2022	**150,826**	**-**	**-**	**4,189**	**155,015**
Comprehensive income:					
Profit (loss) for the period	-	-	-	10,475	10,475
Reconciliations				-	-
Total comprehensive income	**-**	**-**	**-**	**10,475**	**10,475**
Transactions with owners (shareholders):					
Paid in capital	30,842	-	-	-	30,842
Distribution for reserves	-	4,189	-	(4,189)	-
Distribution for dividends	-	-	-	-	-
Balance at 31-st December 2022	**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**

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 2023 is 86 employees (2022: 94 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.

The financial statements were prepared for the period ending 31 December 2023 and 2022. 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% (2022: 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 doubtfull 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 2023 and 2022 are as follows:

	2023	2023	2022	2022
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% (2022: 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 in 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

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

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 (2022: 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 (2022: 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 2023 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 don't uses loans during own operations, with the exception of the taken loans during the periods in 2023 and 2022. The debt ratio as of 31 December 2023 and 2022 is as follows:

	2023	2022
Borrowings	1,792,134	1,562,915
Cash	(177,110)	(106,340)
Net borrowings (cash)	**1,615,024**	**1,456,575**
Equity	**225,580**	**196,332**
% debt	**715,94%**	**741,98%**

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 2023 in financial liabilities is in amount of 1,795,363 thousands of MKD (2022: 1,550,218 thousands of MKD), while the exposure with the financial assets is in amount of 131,105 thousands of MKD (2022: 75,593 thousands of MKD), form which 116,589 thousands of MKD exposure in EUR and 14,516 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 167,877 thousands of MKD on the Company’s profit/ loss (2022: 147,463 thousands of MKD), while change of +-10% of the FX rate of USD would cause net effect of 1,452 thousands of MKD on the Company’s profit/ loss.

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	
	2023	**2022**
Financial assets		
Non – interest bearing:		
- Cash and cash equivalents	-	144
- Deposits	14,516	13,446
-Interest and other receivables	253,113	205,441
	267,629	**219,031**
Interest bearing with fixed interest:		
- Loans	1,828,939	1,794,576
	1,828,939	**1,794,576**
Interest bearing with variable interest:		
- Cash and cash equivalents	177,110	106,196
	177,110	**106,196**
	2,273,678	**2,119,803**
Financial liabilities		
Non – interest bearing:		
- Trade payables	27,543	10,024
- Interest	18,529	27,659
- Other current liabilities	9,072	7,772
	55,144	**45,455**
Interest bearing with fixed interest:		
- Loans from companies	29,532	12,491
	29,532	**12,491**
Interest bearing with variable interest:		
- Loans from companies	1,744,073	1,522,766
	1,744,073	**1,522,766**
	1,828,749	**1,580,711**

Change of +-2 p.p of the interest rate on the loans would cause net effect of 34,881 thousands of MKD on the Company's profit/ loss (2022: 30,455 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 2023:

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	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**

The following table details the Company's remaining contractual maturity for its financial assets and liabilities as at 31 December 2022:

	Less than 1 month	1 to 3 month	3 to 12 month	Over 12 months	Total
Cash	106,340	-	-	-	**106,340**
Deposits	-	-	-	13,446	**13,446**
Interest and other receivables	205,441	-	-	-	**205,441**
Loans, without any provision	162	17,867	265,986	1,510,561	**1,794,576**
	311,943	**17,867**	**265,986**	**1,524,007**	**2,119,803**
Trade payables	10,024	-	-	-	**10,024**
Borrowings	-	-	12,491	1,522,765	**1,535,256**
Interest	27,659	-	-	-	**27,659**
Other payables	7,772	-	-	-	**7,772**
	45,455	**-**	**12,491**	**1,522,765**	**1,580,711**

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 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. Financial instruments (Continued)

6.5. Credit risk

The following table presents the structure of the loan receivables from the customers as at 31 December 2022 according to the estimates risk and impairment:

	In (000) MKD		
	Gross amount	**Impairment**	**Net amount**
Principal	1,794,576	(247,487)	1,547,089
Interest	134,556	(32,893)	101,663
Fees	45,757	-	45,757
Undue interest and fees	-	-	-
	1,974,889	**(280,380)**	**1,694,509**

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 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 2023 and 2022 according to the regulations.

	2023 (000) MKD	**2022 (000) MKD**
1. Total equity		
Share capital	209,341	181,668
Total	**209,341**	**181,668**
2.Share capital based on limit		
Equity of 6,000 thousands of MKD	6,000	6,000
Total	**6,000**	**6,000**
3. Amount above share capital	**203,341**	**175,668**

	2023 (000) MKD	**2022 (000) MKD**
1. Total investments		
Loan receivables	1,856,348	1,694,508
Total	**1,856,348**	**1,694,508**
2. Limit according to the law		
Share capital, reserves and profit (losses)	224,003	185,857
Ratio	10	10
Total	**2,240,030**	**1,816,680**
3. Amount above limit	**-**	**-**

7. INTEREST AND FEE INCOME

	2023 (000) MKD	2022 (000) MKD
Interest income	144,268	112,497
Income from commission	807,066	654,980
Income from the warning letters	85,372	82,469
Income from transactions with issued cards	40,230	49,443
Income from the penalty interest	7,200	1,802
Total	**1,084,136**	**901,191**

8. COST FOR EMPLOYEES

	2023 (000) MKD	2022 (000) MKD
Employees net salaries	72,685	65,084
Taxes and contributions for wages	37,696	33,749
Other costs for the employees	11,594	3,608
Business trip expenses	1,724	2,021
Total	**123,699**	**104,462**

9. OTHER OPERATING INCOME

	2023 (000) МКД	2022 (000) МКД
Collected written-off and terminated receivables based on loans	37,153	27,537
Income from marketing activities	1,261	2,011
Income from issued certificates	1,719	1,918
Other operating income	278	33
Total	**40,411**	**31,499**

10. OTHER OPERATING EXPENSES

	2023 (000) MKD	2022 (000) MKD
Rental of the business offices and equipment	11,859	12,196
Costs for electricity and heating	3,069	3,895
Maintenance cost	10,712	8,114
Phone and internet services	3,969	3,973
Advertising, representation and sponsorship cost	52,840	35,710
Costs from domestic payment and banks commission	18,415	15,290
Solidarity tax	82,081	-
Expenses for the use of rights	5,091	5,039
IT services	2,960	3,392
Other services	26,441	8,169
Management and guarantee services from AS IuteCredit Europe Estonia	282,203	253,038
Other operating expenses	67,384	20,541
Total other operating expenses	**567,024**	**369,357**

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

	2023 (000) MKD	2022 (000) MKD
Interest income	-	-
Foreign exchange gains	15,857	17,230
Income from the sale of written off receivables	50,187	-
Other financing income	6,131	3,378
Total financing income	**72,175**	**20,608**

During 2023, the company earned income of 50,187 thousands of MKD from the sale of written-off receivables in the amount of 561,239 thousands of MKD to EOS Matrix.

11.b FINANCING EXPENSES

	2023 (000) MKD	2022 (000) MKD
Interest expenses	150,706	128,793
Foreign exchange losses	15,631	13,719
Total financing expenses	**166,337**	**142,512**

12. INCOME TAX

	2023 (000) MKD	2022 (000) MKD
Current income tax	27,612	42,897
Deferred income tax	-	-
Total	**27,612**	**42,897**

Calculation of the income tax:

	2023 (000) MKD	2022 (000) MKD
Income (loss) before taxation	**57,742**	**53,372**
Unrecognized expenses:		
Representation	3,599	2,119
Interest on loans	-	126,739
Donations and sponsorships	3,700	4,100
Impairment of loans	278,138	278,100
Withholding tax	4,881	104
Written-off of unpaid receivables	-	509
Reimbursement of expenses and other income from employment	8,074	606
Other employee benefits	2,097	2,901
Monetary and tax penalties	953	-
Other	467	1,416
Tax base before tax exemptions	**359,651**	**469,966**
Other exemptions	(46,531)	-
Exemption for loss from the previous years	-	-
Tax base	**313,120**	**469,966**
Calculated income tax with 10% (2019: 10%)	**31,312**	**46,997**
Other exemptions	(3,700)	(4,100)
Income tax	**27,612**	**42,897**
Income before taxation	**30,130**	**10,475**
Effective tax rate	**91.64%**	**0.00%**

13. CASH AND CASH EQUIVALENTS

	2023 (000) MKD	2022 (000) MKD
Currency accounts with the bank	60,545	44,073
Foreign currency accounts with the bank	116,565	62,123
Cash in hand	-	144
Other cash equivalents	-	-
Total cash and equivalents	**177,110**	**106,340**

14. OTHER CURRENT ASSETS AND PRE PAID EXPENSES

	2023 (000) MKD	2022 (000) MKD
Claims for guarantees	503	503
Advances paid and deposit	1,721	1,679
Receivables for income tax	9,907	-
Inventories	2,407	1,569
Receivables from employees and other receivables	4,055	4,086
Receivables from a bankrupt bank	788	1,246
Receivables from Mintos based on loan redemption	455	-
Other receivables	21,696	19,294
Prepaid expenses	1,789	800
Total other current assets	**43,321**	**29,177**

15. LOANS TO CUSTOMERS

	2023 (000) MKD	2022 (000) MKD
Retail loans	1,828,939	1,794,575
Interest on retails loans	180,369	134,557
Commissions on retail loans	45,247	45,755
Undue interest, commissions and other	-	-
	2,054,555	**1,974,887**
Impairment on loans	(198,207)	(280,379)
	(198,207)	**(280,379)**
Total loans to customers	**1,856,348**	**1,694,508**
Movement of the impairment on loans:		
Balance 1-st of January	**280,379**	**161,493**
New impairment	278,138	278,099
Write-offs	(360,310)	(159,213)
Balance 31-st of December	**198,207**	**280,379**

16. INTANGIBLE ASSETS

	2023 (000) MKD	2022 (000) MKD
Purchase value		
Balance 1-st of January	**742**	**147**
Additions	-	595
Rewriting	(225)	-
Write off	-	-
Balance 31-st of December	**517**	**742**
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	**517**	**742**

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	**22,342**	**-**	**3,804**	**26,146**
Additions	1,927	188	-	2,115
Transfer from investments in progress	108	(108)	-	-
Disposals	-	-	-	-
Rewritig	225	-	-	225
Balance 31-st of December	**24,602**	**80**	**3,804**	**28,486**
Accumulated depreciation				
Balance 1-st of January	**16,243**	**-**	**2,530**	**18,773**
Depreciation	3,407	-	209	3,616
Disposals	-	-	-	-
Rewritig	-	-	-	-
Balance 31-st of December	**19,650**	**-**	**2,739**	**22,389**
Carrying amount:				
31.12.2023	**4,952**	**80**	**1,065**	**6,097**
31.12.2022	**6,099**	**-**	**1,274**	**7,373**

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 14,516 thousands of MKD comprise in full of long-term deposit in Master Card in amount of 260,828.68 USD based on agreement for using Master card.

19. TRADE PAYABLES AND OTHER

	2023 (000) MKD	2022 (000) MKD
Domestic suppliers	9,061	10,024
Foreign suppliers	18,482	-
Income tax liabilities	330	16,498
Liabilities for salaries	1,182	6
Liabilities for early repayment of loans	35,461	38,967
Liabilities for unused funds from approved loans	6,773	19,006
Other liabilities	8,906	7,838
Total trade payables and other	**80,195**	**92,339**

20. LONG-TERM BOROWINGS

	2023 (000) MKD	2022 (000) MKD
Borrowings from:		
IUTE Group AS Estonia	1,087,582	1,413,404
AS Mintos Latvia	656,491	109,361
Individuals	29,532	12,491
Interest from borrowings from IUTE Group AS Estonia	12,951	26,680
Interest from borrowings from AS Mintos Latvia	5,216	773
Individuals	362	206
Total	**1,792,134**	**1,562,915**

Long-term loan from AS IuteCredit Europe Estonia in the amount of 1,087,582 thousands of MKD or 17,685,706 EUR with a deadline of repayment up to 31.12.2022 and an interest rate of 10% per annum. The loan arise 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 2023 amounted to 656,491 thousands of MKD or 10,675,513 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 inventors in the amount of 29,532 thousands of MKD with a deadline of repayment of March 2024 to October 2026 and an interest rate of 8-11.5% per annum.

21. SHARE CAPITAL

	2023 (000) MKD	2022 (000) MKD
Share capital		
IUTE Group AS Estonia	209,341	181,668
	209,341	**181,668**

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

	2023 %	2022 %
Owners:		
IUTE Group AS Estonia	100%	100%

During 2023, share capital increase was done with additional 450,000 EUR or 27,673 thousands of MKD. As of 31.12.2023, the amounth 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.

22. 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

IuteCredit Finance S.A.R.L. Luxemburg has issued bonds with nominal value of 40 million EUR, with ISIN number XS2033386603, from which obligations towards bondholders arised in maximum amount of 125 million EUR. 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 40 milion 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. During 2021, new Security Agent agreement is signed, with which the amount of the issued bonds increases for 10 milion EUR, i.e. total issued bonds in amount of 50 milion EUR.
Pursuant 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 40 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 40 million.

22. CONTINGENCIES (Continued)

a) Guarantees (Continued)

In 2021, the amount of issued bonds increased by EUR 10 million, ie a total amount of EUR 50 million with maturity until 07.08.2023.

In January 2022, the amount of bonds issued by IUTE Credit Finance S.A.R.L. Luxembourg is increased by the amount of EUR 75 million, ie the total amount for which the IUTE Credit Macedonia Company acts as a guarantor with an issued promissory note and pledge of receivables is EUR 125 million. The maturity date of these bonds is extended to October 6, 2026.

b) Litigation

The Company is a claimant in court cases with individuals on the basis of debt and damage compensations in total amount of 4,465 thousand MKD. The procedures are in progress.
As of December 31, 2023, no lawsuits have been initiated against the Company.

23. OPERATING LEASES

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

Agreement with Imoreks Macedonia DOO Skopje for rent of business premises on for 515 m2 with monthly rent of 6,695 EUR without VAT (412 thousands of MKD) and period of rent for 5 years commencing from 01.02.2019, and the Annex dated from May 2023 for trent of business premises with an area of 636 m2, with a monthly rent of 8,406 EUR without VAT (517 thousands of MKD) and a lease period of 10 years commencing from 01.02.2019. The future payments for this agreement are in amount of 31,897 thousands of MKD for the period of 62 months.

24. 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.

In July 2023, the Law on Amendments and Supplements to the Law on Financial Companies (Official Gazette 154/23) was passed, in accordance with which financial companies that have not entered into force under this law have received permission to establish and operate from the Ministry for finances and registered in the trade register at Central Register, it is required within a period of 12 months from the date of entry into force of this law to comply with the new provisions in relation to the amount of the principal amount. In accordance with the above law, financial companies that have obtained a license to carry out the financial activity of issuing and administering credit cards may carry out the financial activity until 31 December 2023. As of the date of these reports, the Company is in compliance with the aforementioned law.

25. RELATED PARTY TRANSACTIONS

Related party transactions are as follows:

	,31 December 2023	
Receivables from and payables to:	**Receivables**	**Payables**
IUTE Group AS Estonia	-	1,118,757
Total	**-**	**1,118,757**

	,31 December 2022	
Receivables from and payables to:	**Receivables**	**Payables**
IUTE Group AS Estonia	-	1,441,045
Total	**-**	**1,441,045**

	,31 December 2023	
Income and expenses:	**Income**	**Expenses**
IUTE Group AS Estonia	-	400,564
Other relates party	-	5,911
Total	**-**	**406,475**

	,31 December 2022	
Income and expenses:	**Income**	**Expenses**
IUTE Group AS Estonia	-	379,487
Total	**-**	**379,487**

26.DIFFERENCES BETWEEN THE ANNUAL ACCOUNT AND FINANCIAL STATEMENTS

As a result of the different way of presentation of certain items in the annual account and the financial statements the following differences exist:

	2023 (000) MKD	2022 (000) MKD
Total assets according Balance sheet in Annual Account	**2,097,909**	**1,850,228**
Off set of credit balance of income tax receivables	-	1,358
Other off sets	-	-
Total assets according Statement of financial position in the Financial Statements	**2,097,909**	**1,851,586**