

## **Iute Group reports unaudited results for 12M/2022**

On its way to a profitable fintech bank

### **Strategic Highlights Iute Group**

- Number of active customers reached 293 thousand (31 December 2021: 222 thousand) and the revenue per customer 346 EUR (12M/2021: 300 EUR).
- Total number of customers increased by 14,4% to 928 thousand (31 December 2021: 811 thousand).
- Group consolidated balance sheet up 93,3% to 322,3 million EUR and equity doubled to 56,1 million EUR as of 31 December 2022.
- Group cons. total income before expenses up 45,7% to 89,2 million EUR (12M/2021: 61,2 million EUR).
- Group cons. EBITDA almost doubled to 45,1 million EUR (12M/2021: 24,9 million EUR).
- Group cons. net profit with 19,6 million EUR more than tripled (12M/2021: 6,1 million EUR).
- Moldovan bank management integrated into Iute, administration by National Bank of Moldova completed.
- Increasing use of MyIute app – 477 thousand downloads (31 December 2021: 181 thousand).
- IuteCredit loan value streams switched to single New Core IT platform.
- Energbank being prepared for deployment of new technologies, organizational model, and business processes.

### **IuteCredit's Operational Highlights without effects of bank acquisition**

- Loan payouts increased by 30,1% 218,8 million EUR (12M/2021: 167,0 million EUR)
- Number of loans signed up y-o-y 19,9% to 349 thousand (12M/2021: 291 thousand).
- Gross loan portfolio up 35,5% to 163,1 million EUR (31 December 2021: 120,4 million EUR) of which principal amount of loans increased 38,3% to 146,6 million EUR (31 December 2021: 106,0 million EUR).
- Repayment discipline (Customer Performance Index, CPI30) significantly improved to 90,4% (12M/2021: 86,7%).
- Net loan portfolio up 38,0% to 145,4 million EUR (31 December 2021: 105,4 million EUR).
- 71 cardless ATMs operational (31 December 2021: 30 ATMs).

### **IuteCredit's Financial Highlights without effects of bank acquisition**

- Interest and commission fee income up 25,1% to 60,5 million EUR (12M/2021: 48,3 million EUR) driven by loan portfolio growth.
- Net interest and commission fee income up 24,1% to 42,1 million EUR (12M/2021: 34,0 million EUR).
- Total revenue up 18,5% to 72,5 million EUR (12M/2021: 61,2 million EUR).
- Cost-to-revenue ratio at 45,4% (12M/2021: 40,3%) mainly as result of expenses related to the acquisition of Energbank and expenses for buildup of future revenue streams.
- Adjusted cost-to-revenue ratio at 40,7%, in particular for one-time expenses related to Kosovo arbitration and integration expenses.
- EBITDA adjusted for FX, revaluation, and one-time effects, in particular, income from Energbank and for Kosovo arbitration up 25,1% to 28,6 million EUR (12M/2021: 22,8 million EUR).
- Net profit adjusted in particular for income from Energbank and for Kosovo arbitration expenses at 7,4 million EUR (12M/2021: 6,1 million EUR).
- Strong capitalization and profitability – Eurobond covenants exceeded.

## Statement of the Management

2022 was a truly memorable year for luteGroup. The successful completion of many of the initiatives we launched in previous years to a great deal coincided with the external factors they were designed to address, such as new regulations, rising inflation, and highly selective customer demand. Just as an orchestra's musicians make a symphony sound by stringing together notes harmoniously through constant practice, our relentless pursuit of progress materialized in the planned implementation of our business strategy. Mastering the musical score of business operations also allowed entrepreneurial creativity to flourish, creating innovation through improvisation and solos. The bottom line is that we had the best growth year in luteGroup's history, in terms of balance sheet, customer number, revenue, and net profit. In strategic retrospect, we have played well, even if some of the notes were off the mark, either because we may have misjudged opportunities or underestimated costs. Examples are the legal challenge in Kosovo or the expected ramp-up of operations in Bosnia. More important than recognizing mistakes and not repeating them, is identifying our strengths and building on them. As such, we are pursuing targeted initiatives that should contribute to sustainable growth in the years to come.

In 2022, we exceeded our target of achieving consolidated revenues of at least 75 million EUR, with an increase of almost 20% a total of 89 million EUR. Also, we managed to increase net profit by almost 20% to a total of 19 million EUR, compared with a target of at least 16 million EUR. The consolidated balance sheet grew to 322 million EUR by the end of 2022, the number of performing loan customers to 178 thousand, and the number of payment services customers, i.e., wallet services, to over 90 thousand. At that, we gained traction in our four main markets – Moldova, Albania, North Macedonia, and Bulgaria.

The quantitative numbers reflect the qualitative dimensions of our business, which we took to a new level in 2022. luteGroup has developed and rolled out a unified technology platform that drives the instant lending business in all Group countries and will enable cross-border payment business in the future. The fully digital journey within the Mylute app is already on the rise. The cumulative number of Mylute app downloads has increased to 477 thousand. Thanks to the capabilities of our business, organization, processes, and technology, lute can integrate in a scalable and systematic manner into the online lives of our customers. At the same time, in our people business, the selection of individuals for our team is crucial and has so far been mostly successful.

In this respect, the seamless integration of Energbank into luteGroup continues to make progress. Our objective of leveraging the bank's untapped potential and contributing to the Group's growth is within reach. In 2022, the bank's business operations contributed almost 5 million EUR to Group's net profit while at the same time, we were optimizing management principles and management team, as well as customer-, technology- and data-centric aspects.

luteGroup continues to invest a great deal of capital and team effort into the four pivots of the Group's development:

- Data Science, essentially an advanced level of linking data points to improve customer experience and sales, while reducing risk and costs. Here, both advanced data management and highly qualified people are needed
- Development and launch of full range of wallet services, where customers can easily receive any kind of payment to their current account with lute and conveniently spend it through different digital channels without obligation to walk or talk. Albania will be the first country to go live in H2 2023
- Seamless integration of lute's credit and payment services into e-commerce
- Full digitalization of the customer journey in the first bank within luteGroup

Preparations for the refinancing of the outstanding Eurobond in the volume of 50 million EUR are on track. Depending on capital markets' demand, we evaluate the most advantageous opportunities both for luteGroup and our bondholders, be it refinancing or redemption. In this context, we are also considering the financing requirements for the Group's planned growth. Our strategic objective is to reach 1 million performing, i.e., paying, customers within the next three years, which would correspond to a Group balance sheet of 1 billion EUR by the end of 2026. In view of the expected decline in APRs but improved repayment discipline of our customers and increasing use of wallet services, we have set ourselves the ambitious target of generating annual revenue that equals 20% of the balance sheet. Accordingly, our balance sheet must only contain necessary and highly utilized items in order to achieve 20% net profit margin. For all the above, raising additional debt and equity must be considered. A change in the capital structure in the context of the Group's development is dependent on the financing conditions so that in the best interest of the Company and the investors, the question also arises as to whether the terms and conditions agreed upon at the time of issuing the Eurobond will not slow down our growth in the future.

By the end of 2023, we expect to have more than 230,000 performing loan customers and 130,000 performing wallet customers. Consolidated balance sheet is estimated to moderately exceed 350 million EUR. We expect revenues from our services of at least 100 million EUR for interest, fees, and charges, and a consolidated net profit of more than 12 million EUR.

Tarmo Sild  
CEO of luteCredit Group

## Consolidated key financial figures

	31 Dec 2022	31 Dec 2021	Δ in %
<b>Capitalization</b>			
Gross loan portfolio (in thousand EUR)	215.491	120.365	79,0%
<i>IuteCredit Europe</i>	163.106	120.365	35,5%
<i>Energbank</i>	52.384	0	n/a
Net loan portfolio (in thousand EUR)	193.897	105.372	84,0%
<i>IuteCredit Europe</i>	145.354	105.372	37,9%
<i>Energbank</i>	48.544	0	n/a
Assets (in thousand EUR)	322.335	166.786	93,3%
Equity (in thousand EUR)	56.096	25.585	119,3%
Equity-to-assets ratio	17,4%	15,3%	2,1%
Capitalization ratio	28,9%	24,3%	4,7%
	<b>12M/2022</b>	<b>12M/2021</b>	<b>Δ in %</b>
<b>Profitability</b>			
Interest income	78.589	48.349	62,5%
<i>IuteCredit Europe</i>	60.469	48.349	25,1%
<i>Energbank</i>	18.120	0	n/a
Net interest margin	38,4%	36,7%	1,7%
<i>IuteCredit Europe</i>	29,8%	36,7%	-7,0%
Adjusted cost-to-income ratio	41,9%	40,3%	1,6%
<i>IuteCredit Europe</i>	40,7%	40,3%	0,4%
<i>Energbank</i>	47,2%	0,0%	n/a
Post-allowances operating profit margin	29,5%	28,3%	1,2%
<i>IuteCredit Europe</i>	25,3%	28,3%	-3,0%
Adjusted EBITDA	36.571	22.843	60,1%
<i>IuteCredit Europe</i>	28.584	22.843	n/a
<i>Energbank</i>	7.987	0	n/a
Interest coverage ratio	1,8	1,6	6,4%
Profit margin before tax	26,4%	16,3%	10,1%
Net profit	19.602	6.068	223,1%
Return on assets	8,0%	4,3%	3,7%
Return on equity	48,0%	25,8%	22,2%
	<b>31 Dec 2022</b>	<b>31 Dec 2021</b>	<b>Δ in %</b>
<b>Asset quality</b>			
Cost of risk	11,4%	15,2%	-3,8%
<i>IuteCredit Europe</i>	12,9%	15,2%	-2,3%
<i>Energbank</i>	1,6%	0,0%	n/a
Impairment coverage ratio	70,9%	69,0%	1,9%
<i>IuteCredit Europe</i>	68,1%	69,0%	-0,9%
<i>Energbank</i>	88,0%	0,0%	n/a
Gross NPL ratio	14,1%	18,1%	-4,0%
<i>IuteCredit Europe</i>	16,0%	18,1%	-2,1%
<i>Energbank</i>	8,3%	0,0%	n/a
Net NPL ratio	7,7%	11,3%	-3,6%
<i>IuteCredit Europe</i>	9,4%	11,3%	-1,9%
<i>Energbank</i>	2,5%	0,0%	n/a

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**About IuteCredit Group:**

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

[www.iutecredit.com](http://www.iutecredit.com)

## MANAGEMENT REPORT

### Group Corporate and Organizational Overview

AS luteCredit Europe (**ICE**) is a holding company that provides services via its subsidiaries in local markets (**Subsidiaries**). As of 31 December 2022, ICE had nine operating subsidiaries: ICS OMF luteCredit SRL (**ICM**) and Energbank OSC (**EB**) in Moldova, luteCredit Albania SHA (**ICA**), luteCredit Macedonia DOOEL–Skopje (**ICMK**) in North Macedonia, lutePay Bulgaria EOOD (**lutePay Bulgaria**) and luteCredit Bulgaria EOOD (**ICBG**), MKD luteCredit BH d.o.o. Sarajevo (**ICBH**) in Bosnia and Herzegovina as well as luteCredit Finance S.a.r.l. (**ICF**) in Luxembourg and VeloxPay SH.P.K (**Velox**) in Albania. All subsidiaries are 100% owned by AS luteCredit Europe, except Energbank where ICE holds a 95% stake.

As part of strategic acquisition plans, luteCredit Europe acquired 95% of Moldovan Energbank of shares in 6M 2022 and submitted a mandatory takeover offer to minority shareholders at the end of the reporting period. luteCredit plans to acquire the largest possible stake in the bank by purchasing shares at market conditions. Once the new members of the Bank's governing bodies seconded by luteCredit are elected and approved by the National Bank of Moldova, luteCredit will be able to exercise full operational control over the Bank.

The subsidiaries and ICE together form the luteCredit Group (**ICG**). ICG consisted of nine companies, regardless that one of them was unconsolidated and reclassified.

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

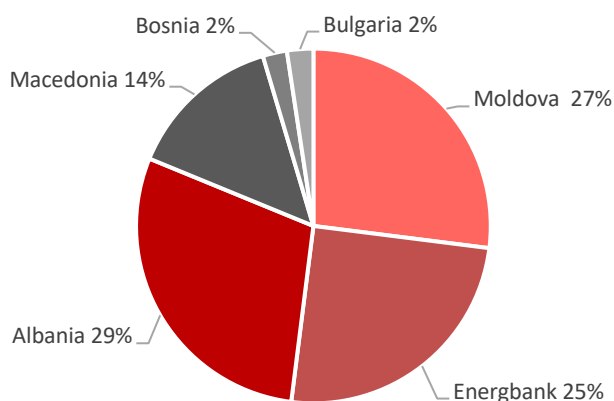
- Strategic targeting
- Scalability of business
- Business capabilities design, including organizations design, process design, and technology design
- Technology development and integration
- Composition of management teams at subsidiaries
- Human resource and customer experience framework rules and targeting guidance
- Financial management framework rules and targeting guidance
- Marketing and sales framework rules and targeting guidance
- Enterprise risk management, including loan products approval and general compliance framework
- Data harvesting
- The Group's financing and investor relations

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

## Business Model

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

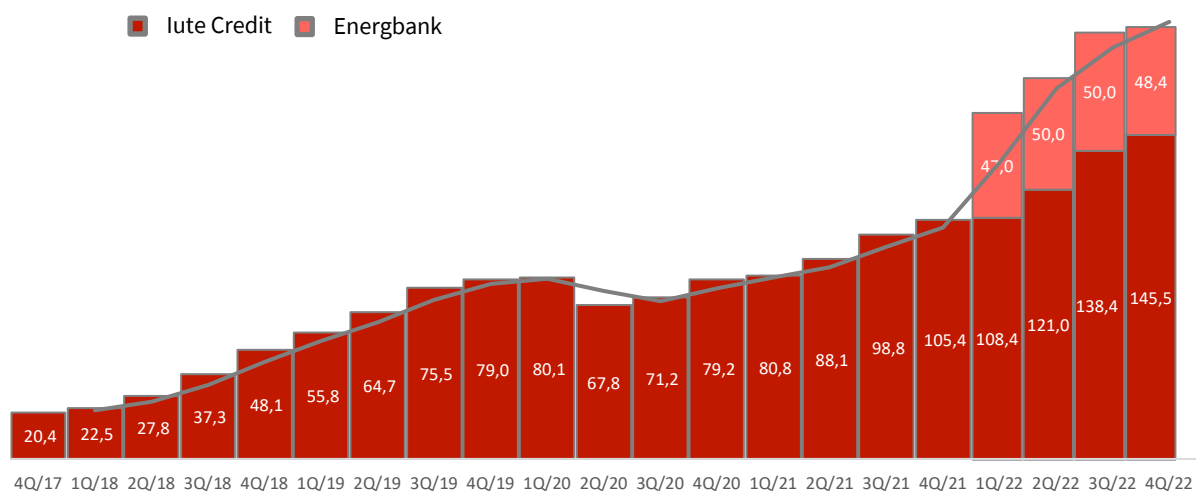
Breakdown of portfolio diversification as of 31/12/2022



ICG aims to serve only clients with a permanent workplace and stable income. The loan underwriting process is based on personal identification, personal income assessment, and personal loan performance data. Approximately 60% of loan applications by individual customers across the Group are approved on average.

Loans are handled via established partners network (such as shops, money transfer companies, and postal agencies), web portals, and other online channels, as well as luteCredit branches (retail offices). By the end of December 2022, luteCredit had 50 luteCredit branches and 2.127 shops, and 39 Energbank branches. Traditionally, ICG handles money only via bank accounts or over the counter through its agents. With the introduction of luteCredit ATMs, the operating country subsidiaries are increasingly carrying out cash transactions.

Breakdown of net portfolio development in EUR (million)



## Consolidated earnings, financial and asset position

Consolidated statement of profit and loss (condensed)

(In thousand EUR)	12M/2022	12M/2021	Δ in %
Interest and similar income	78.589	48.349	62,5%
Interest and similar expense	-20.207	-14.371	40,6%
<b>Net interest and commission fee income</b>	<b>58.382</b>	<b>33.978</b>	<b>71,8%</b>
Loan administration fees and penalties	7.271	8.194	-11,3%
<b>Total loan administration fees and penalties</b>	<b>7.271</b>	<b>8.194</b>	<b>-11,3%</b>
Other income	3.317	4.670	-29,6%
Allowances for loan impairment	-19.327	-16.322	18,4%
<b>Net operating income</b>	<b>49.642</b>	<b>30.520</b>	<b>62,6%</b>
Personnel expenses	-17.481	-8.957	95,2%
Depreciation/amortization charge	-4.115	-2.613	56,4%
Other operating expenses	-18.920	-13.092	44,5%
<b>Total operating expenses</b>	<b>-40.516</b>	<b>-24.662</b>	<b>64,2%</b>
Net gains/losses from financial assets measured at fair value	6	842	-99,3%
Net income from financial investments	10.002	0	n/a
Foreign exchange gains/losses	1.652	1.183	39,7%
<b>Net financial result</b>	<b>11.660</b>	<b>2.025</b>	<b>475,7%</b>
<b>Profit before tax</b>	<b>20.785</b>	<b>7.884</b>	<b>163,7%</b>
Income tax expense	-1.183	-1.816	-34,8%
<b>Net profit for the period</b>	<b>19.602</b>	<b>6.068</b>	<b>223,1%</b>

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

### Total income

Total income before expenses increased by 45,6% to 89.148 thousand EUR (12M/2021: 61.213 thousand EUR) reflecting the consolidation of Energbank as of 01 February 2022.

## Breakdown of consolidated total income

(In thousand EUR)	12M/2022	12M/2021	Δ in %
Interest and similar income	78.589	48.349	62,5%
<i>luteCredit Europe</i>	60.469	48.349	25,1%
<i>Energbank</i>	18.120	0	n/a
Penalties and similar income	7.271	8.194	-11,3%
<i>luteCredit Europe</i>	7.271	8.194	-11,3%
<i>Energbank</i>	0	0	n/a
Other income	3.288	4.670	-29,6%
<i>luteCredit Europe</i>	4.724	4.670	1,2%
<i>Energbank</i>	-1.436	0	n/a
<b>Total income</b>	<b>89.148</b>	<b>61.213</b>	<b>45,6%</b>

## Other income

Other income in 12M/2022 of 3.288 thousand EUR included, primarily, income of 1.270 thousand EUR from sales of defaulted loan portfolio and extraordinary income from debt collectors of 3.062 thousand EUR. Defaulted loan portfolio sale depends on the offered price and luteCredit's own expectations of the collection. In case the collection results promise better cash flow than portfolio sales, the defaulted loans are not sold.

## Interest income

Interest income for the period increased by 62,5% to 78.589 thousand EUR (12M/2021: 48.349 thousand EUR), affected by steadily increasing payouts and related to the acquisition of Energbank compared to the 87,6% increase in the average net loan portfolio.

## Breakdown of interest income

(In thousand EUR)	12M/2022	12M/2021	Δ in %
Total value of loan principal issued	261.954	166.962	56,9%
<i>luteCredit Europe</i>	218.816	166.962	31,1%
<i>Energbank</i>	43.138	0	n/a
Average net loan portfolio	173.088	92.279	87,6%
<i>luteCredit Europe</i>	125.363	92.279	35,9%
<i>Energbank</i>	47.725	0	n/a
Principal	198.108	105.963	87,0%
<i>luteCredit Europe</i>	146.595	105.963	38,3%
<i>Energbank</i>	51.513	0	n/a
Accrued interest	17.383	14.401	20,7%
<i>luteCredit Europe</i>	16.512	14.401	14,7%
<i>Energbank</i>	871	0	n/a
Average annualized interest rate on net portfolio	46,9%	54,6%	-14,2%
<i>luteCredit Europe</i>	46,9%	53,7%	-12,8%
<i>Energbank</i>	14,5%	0	n/a
Interest income	78.589	48.349	62,5%
<i>luteCredit Europe</i>	60.469	48.349	25,1%
<i>Energbank</i>	18.120	0	n/a

As of the beginning of the current fiscal year 2022, accrued interests will no longer be recognized once a loan is defaulted.



## Breakdown of interest income by countries

	12M/2022	Total share in %	12M/2021	Total share in %	Δ in %
Moldova	20.853	26,5%	19.247	39,8%	8,3%
Energbank*	18.120	23,1%	0	0,0%	n/a
Albania	24.405	31,1%	19.055	39,4%	28,1%
Macedonia	12.925	16,4%	8.005	16,6%	61,4%
Bosnia	773	1,0%	1.827	3,8%	-57,7%
Bulgaria	1.514	1,9%	216	0,4%	602,3%
<b>Total</b>	<b>78.589</b>	<b>100,0%</b>	<b>48.349</b>	<b>100,0%</b>	<b>62,5%</b>

\* with consolidation as of February 2022

## Interest expense

Interest expense increased by 40,6% to 20.207 thousand EUR (12M/2021: 14.371 thousand EUR), in connection with the borrowing related to the expected growth of business. Most notable was the issue of the 75 million EUR five-year corporate bond 2021/26 in October 2021.

## Breakdown of interest expense

(In thousand EUR)	12M/2022	12M/2021	Δ in %
Interest on amounts due to creditors	-2.393	-5.096	-53,0%
Interest on financial lease liabilities	-201	-162	24,0%
Interest on bonds	-15.981	-9.113	75,4%
Interest on deposits	-1.631	0	n/a
<b>Total</b>	<b>-20.207</b>	<b>-14.371</b>	<b>40,6%</b>

## Loan administration fees and penalties

Income from other fees and penalties decreased by 34,7% to 7.271 thousand EUR (12M/2021: 8.194 thousand EUR) reflecting penalties and delay interests, resigns, deduction by dealer bonuses, and other secondary fees.

## Breakdown of administration fees and penalties

(In thousand EUR)	12M/2022	12M/2021	Δ in %
Penalties under loans and delay interests	8.150	9.312	-12,5%
<i>IuteCredit Europe</i>	8.150	9.312	-12,5%
<i>Energbank</i>	0	0	n/a
Resigns under customer loans	747	365	104,6%
Dealer bonuses	-1.674	-1.556	7,6%
Other fees from additional services	48	73	-34,6%
<b>Total</b>	<b>7.271</b>	<b>8.194</b>	<b>-11,3%</b>

## Allowances for loan impairment

Change in allowances for loan impairment increased by 35,9% to 22.174 thousand EUR (12M/2021: 16.322 thousand EUR). Allowances at Energbank are determined at the end of June and December only, accordingly, allowances of 1.416 thousand EUR are recognized for Energbank for 12M/2022. Adjusted for Energbank, the change in allowances for loan impairment increased by 18,4% to 19.327 thousand EUR.

## Breakdown of allowances for loan impairment

(In thousand EUR)	12M/2022	12M/2021	Δ in %
<b>At the beginning of the period</b>	<b>-14.993</b>	<b>-15.859</b>	<b>-5,5%</b>
Addition from business combination	0	0	n/a
Allowances for loan impairment	-22.174	-16.322	35,9%
Utilized	15.573	16.997	-8,4%
Exchange differences	0	191	n/a
<b>At the end of the period</b>	<b>-21.593</b>	<b>-14.993</b>	<b>44,0%</b>
(In thousand EUR)	12M/2022	12M/2021	Δ in %
Impairment charges on loans	-26.322	-17.596	49,6%
Recovery from written-off loans	6.995	1.274	449,0%
<b>Net impairment charges</b>	<b>-19.327</b>	<b>-16.322</b>	<b>18,4%</b>

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

Overall net impairment losses represented 24,6% of interest income (12M/2021: 33,8%). The cost of risk, expressed as net impairment charges to average gross loan portfolio, equaled 11,4% (31 December 2021: 15,2%).

### Operating expenses

Operating expenses for the period increased by 58,4% to 34.925 thousand EUR (12M/2021: 22.049 thousand EUR) related to the expansion of business activity at luteCredit Europe as well as the consolidated Energbank operations as of February 2022. Advertising expenses accounted for 10,8% (12M/2021: 10,7%) of operating expenses while expenses on IT accounted for 8,3% (12M/2021: 10,2%). The cost drivers included in particular one-off expenses not attributable to the operating business for the arbitration with the Republic of Kosovo, and the acquisition of Energbank as well as related IT environment analyses for the integration of Energbank systems. Adjusted for one-off expenses, the cost-to-income ratio remained at 40,7%, almost at the same level as the previous year.

## Breakdown of operating expenses

(In thousand EUR)	12M/2022	12M/2021	Δ in %
Personnel	-17.481	-8.957	95,2%
Advertising expenses	-3.787	-2.368	59,9%
IT	-2.893	-2.231	29,7%
Debt collection	-840	-940	-10,5%
Legal and consulting	-3.625	-2.449	48,0%
Rent and utilities	-692	-226	206,3%
Taxes	-486	-550	-11,6%
Travel	-629	-500	25,7%
Other	-5.969	-3.828	17,3%
<b>Total</b>	<b>36.402</b>	<b>-22.049</b>	<b>58,4%</b>
<i>luteCredit Europe</i>	<i>-29.115</i>	<i>-22.049</i>	<i>32,0%</i>
<i>Energbank</i>	<i>-7.287</i>	<i>0</i>	<i>n/a</i>

The increase in IT costs reflects the development of technological solutions at full speed to build up future revenue streams. In legal and consulting expenses, the rise is attributable in particular to the Kosovo arbitration and the acquisition of Energbank. Advertising expenses showed a substantial gain, mainly reflecting ambitious marketing efforts to strategically exploit opportunities for market expansion in Bulgaria. Other operating expenses are not comparable to

12M/2021 expenses in view of cost reductions during COVID-19. Excluding personnel expenses, operating expenses increased by 33,2% to 18.921 thousand EUR (12M/2021: 13.092 thousand EUR).

## Personnel expenses

Personnel expenses, mainly salaries and bonuses, and social security expenses increased less than the build-up in headcount by 95,2% to 17.481 thousand EUR (12M/2021: 8.957 thousand EUR), mostly related to the acquisition of Energbank. The average staff number in full-time equivalents increased by 123,2% to 974 employees (12M/2021: 437 employees).

Breakdown of personnel expenses

(In thousand EUR)	12M/2022	12M/2021	Δ in %
Salaries and bonuses	-14.437	-7.660	88,5%
Social security expenses	-2.404	-1.078	123,1%
Medical insurance expenses	-187	-160	17,0%
Other expenses	-453	-59	665,0%
<b>Total</b>	<b>-17.481</b>	<b>-8.957</b>	<b>95,2%</b>
<i>IuteCredit Europe</i>	-11.902	-8.957	32,9%
<i>Energbank</i>	-5.580	0	n/a
Number of employees adjusted to full-time	974	437	123,1%
<i>IuteCredit Europe</i>	491	437	12,5%
<i>Energbank</i>	483	0	n/a

## Foreign exchange gains/losses

Foreign exchange movements resulted in a gain of 1.652 thousand EUR (12M/2021: gain 1.183 thousand EUR) reflecting, in particular, EUR/MDL and EUR/ALL conversion rates.

## Profit before tax

Consolidated profit before tax increased to 20.785 thousand EUR (12M/2021: 7.884 thousand EUR). The profit margin before tax equaled 26,4% (12M/2021: 16,3%).

## Income tax expense

Income tax expense decreased to 1.183 thousand EUR (12M/2021: 1.816 thousand EUR), in particular, as a result of different taxation regulations in home markets, i.e., differences between provisions accounting in national GAAP and IFRS.

Breakdown of income tax

(In thousand EUR)	12M/2022	12M/2021	Δ in %
Consolidated profit before tax	20.785	7.884	163,7%
Current income tax expense	-1.183	-1.816	-34,8%
<b>Net profit for the period</b>	<b>19.602</b>	<b>6.068</b>	<b>223,1%</b>

**Profit for the period**

Net profit for the period increased to 19.602 thousand EUR (12M/2021: 6.068 thousand EUR).

**Transition statement of non-IFRS measures EBITDA and Adjusted EBITDA**

Breakdown of transition to adjusted EBITDA

<b>(In thousand EUR)</b>	<b>12M/2022</b>	<b>12M/2021</b>	<b>Δ in %</b>
Profit for the period	19.602	6.068	223,1%
Provision for corporate income tax	1.183	1.816	-34,8%
Interest expense	20.207	14.371	40,6%
Depreciation and amortization	4.115	2.613	57,4%
<b>EBITDA</b>	<b>45.107</b>	<b>24.868</b>	<b>81,4%</b>
Adjustments	8.536	2.025	321,5%
<b>Adjusted EBITDA</b>	<b>36.571</b>	<b>22.843</b>	<b>60,1%</b>

Breakdown of adjustments to EBITDA

<b>(In thousand EUR)</b>	<b>12M/2022</b>	<b>12M/2021</b>	<b>Δ in %</b>
Net gains/losses from financial assets measured at fair value	10.007	842	>1.000%
One-time expenses not attributable to operations	-3.124	0	n/a
Foreign exchange gains/losses	1.652	1.183	39,7%
<b>Adjustments</b>	<b>8.536</b>	<b>2.025</b>	<b>321,5%</b>

Note: One-off expenses not attributable to the operating business comprise a) arbitration with the Republic of Kosovo (1,324 thousand EUR), and b) the acquisition of Energbank as well as related IT environment analyses for the integration of Energbank systems (1,800 thousand EUR).

## Condensed statement of financial position

(In thousand EUR)	31 Dec 2022	31 Dec 2021	Δ in %
<b>ASSETS</b>			
Cash and cash equivalents	65.647	46.324	41,7%
<i>IuteCredit Europe</i>	16.846	46.324	-63,6%
<i>Energbank</i>	48.802	0	n/a
Loans to customers	193.897	105.372	84,0%
<i>IuteCredit Europe</i>	145.354	105.372	37,9%
<i>Energbank</i>	53.068	0	n/a
Prepayments	1.896	620	205,7%
Other assets	4.273	3.112	37,3%
Other financial investments	38.650	2.755	>1.000%
Property, plant, and equipment	6.985	1.076	549,2%
Right-of-use assets	2.075	1.587	30,7%
Intangible assets	8.912	5.939	50,0%
<b>Total assets</b>	<b>322.335</b>	<b>166.786</b>	<b>93,3%</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Liabilities</b>			
Loans and bonds from investors	251.204	133.945	87,5%
Lease liabilities	2.177	1.765	23,4%
Trade and other payables	1.536	1.387	10,7%
Current income tax liabilities	172	638	-73,0%
Deferred tax liabilities	747	882	-15,2%
Other liabilities	10.402	2.586	302,3%
<b>Total liabilities</b>	<b>266.239</b>	<b>141.202</b>	<b>88,6%</b>
<b>Equity</b>			
Minority share	4.468	0	n/a
Share capital	10.000	10.000	n/a
Legal reserve	1.000	799	25,2%
Revaluation reserve	0	0	n/a
Unrealized foreign exchange differences	410	-510	n/a
Retained earnings	40.218	15.295	162,9%
<b>Total equity</b>	<b>56.096</b>	<b>25.585</b>	<b>119,3%</b>
<b>Total equity and liabilities</b>	<b>322.335</b>	<b>166.786</b>	<b>93,3%</b>

## Assets

Total assets increased by 93,3% to 322.335 thousand EUR as of 31 December 2022 (31 December 2021: 166.786 thousand EUR) mainly as a result of the Energbank acquisition.

## Loan portfolio

The net loan portfolio increased by 84,0% to 193.897 thousand EUR as of 31 December 2022 (31 December 2021: 105.372 thousand EUR).

### Breakdown of net portfolio

(In thousand EUR)	31 Dec 2022	Total in %	31 Dec 2021	Total in %	Δ in %
Moldova	52.266	27,0%	40.353	38,3%	29,5%
Energbank	48.544	25,0%	0	0,0%	n/a
Albania	56.552	29,2%	41.090	39,0%	37,6%
Macedonia	27.552	14,2%	19.967	18,9%	38,0%
Bosnia	4.317	2,2%	2.844	2,7%	51,8%
Bulgaria	4.668	2,4%	1.118	1,1%	317,5%
<b>Total net loan portfolio</b>	<b>193.897</b>	<b>100,0%</b>	<b>105.372</b>	<b>100,0%</b>	<b>84,0%</b>

### Breakdown of loan applications

in pcs	12M/2022					12M/2021					Δ in %		
	Processed	Approved	Paid out	Approval rate %	Active rate %	Processed	Approved	Paid out	Approval rate %	Active rate %	Processed	Approved	Approval rate %
Moldova	222.714	142.980	136.143	64,2%	92,3%	203.495	127.673	90.412	62,7%	93,1%	9,4%	12,0%	2,3%
Energbank	10.778	7.144	6.945	66,3%	97,2%	0	0	0	0,0%	0,0%	n/a	n/a	n/a
Albania	173.218	128.372	136.264	74,1%	94,1%	159.963	116.416	84.429	72,8%	95,7%	8,3%	10,3%	1,8%
Macedonia	80.841	52.250	52.961	64,6%	91,8%	74.833	43.826	34.662	58,6%	100,0%	8,0%	19,2%	10,4%
Bosnia	15.508	8.162	8.219	52,6%	97,5%	14.570	6.147	4.698	42,2%	97,8%	6,4%	32,8%	24,7%
Bulgaria	97.052	17.292	16.039	17,8%	88,3%	41.080	3.904	1.845	9,5%	91,6%	136,3%	342,9%	87,5%
<b>In total</b>	<b>600.111</b>	<b>356.200</b>	<b>356.571</b>	<b>59,4%</b>	<b>92,8%</b>	<b>493.941</b>	<b>297.966</b>	<b>216.046</b>	<b>57,6%</b>	<b>95,1%</b>	<b>21,5%</b>	<b>19,5%</b>	<b>3,1%</b>

The recognition of loan applications according to IuteCredit Europe principles has not yet been implemented in Energbank's processes.

### Breakdown of issued loans APR on country level

(In %)	12M/2022	12M/2021	Δ in %	9M/2022	9M/2021	Δ in %	6M/2022	6M/2021	Δ in %	3M/2022	3M/2021	Δ in %
Moldova	42,7%	54,3%	-21,3%	43,9%	56,2%	-21,9%	45,4%	58,7%	-22,7%	46,2%	59,8%	-22,7%
Albania	54,3%	58,6%	-7,4%	53,8%	59,8%	-10,0%	55,1%	60,8%	-9,4%	56,5%	61,2%	-9,0%
Macedonia	42,6%	41,9%	1,6%	41,3%	42,3%	-2,4%	39,2%	43,5%	-9,8%	39,3%	44,6%	-11,9%
Bosnia	42,0%	55,5%	-24,3%	42,0%	56,7%	-25,9%	43,0%	59,7%	-28,0%	46,1%	63,4%	-27,3%
Bulgaria	39,6%	40,2%	-1,4%	39,2%	41,0%	-4,4%	39,4%	40,9%	-3,7%	39,6%	n/a	n/a
<b>ICG weighted average</b>	<b>46,9%</b>	<b>53,7%</b>	<b>-12,8%</b>	<b>46,8%</b>	<b>54,6%</b>	<b>-14,3%</b>	<b>47,7%</b>	<b>56,3%</b>	<b>-15,3%</b>	<b>49,0%</b>	<b>57,5%</b>	<b>14,8%</b>
Energbank	14,5%	0,0%	n/a	14,4%	0,0%	n/a	17,2%	0,0%	n/a	11,1%	0,0%	n/a

## IFRS UNAUDITED CONSOLIDATED 12M/2022 REPORT

The decrease in average annual percentage rates (APR) at group level in 12M/2022 relates to intensified competition across operating countries as well as to the shift to longer loan maturities and the increasing share of repeating customers. In Moldova and Albania, tighter APR caps became effective.

### Breakdown of customer performance index (CPI30)

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

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

CPI30 is a proprietary IuteCredit Europe metric that has not yet been implemented in Energbank processes.

### Breakdown of portfolio classification

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

(In thousand EUR)	31 Dec 2022				31 Dec 2021			
	Gross amount	Provisions	Net amount	% of net portfolio	Gross amount	Provisions	Net amount	% of net portfolio
Performing	185.044	-5.980	179.063	92,3%	98.630	-5.157	93.473	88,7%
<i>IuteCredit Europe</i>	137.022	-5.281	131.742	90,6%	98.630	-5.157	93.473	88,7%
<i>Energbank</i>	48.021	-700	47.322	97,5%	0	0	0	n/a
Non-Performing	30.447	-15.613	14.834	7,7%	21.734	-9.835	11.899	11,3%
<i>IuteCredit Europe</i>	26.084	-12.472	13.612	9,4%	21.734	-9.835	11.899	11,3%
<i>Energbank</i>	4.363	-3.141	1.222	2,5%	0	0	0	n/a
<b>Total portfolio</b>	<b>215.491</b>	<b>-21.593</b>	<b>193.897</b>	<b>100,0%</b>	<b>120.365</b>	<b>-14.993</b>	<b>105.372</b>	<b>100,0%</b>
<i>IuteCredit Europe</i>	163.106	-17.753	145.354	75,0%	120.365	-14.993	105.372	100,0%
<i>Energbank</i>	52.384	-3.841	48.544	25,0%	0	0	0	n/a

IFRS UNAUDITED CONSOLIDATED 12M/2022 REPORT

(In thousand EUR)	31 Dec 2022	Total share in %	31 Dec 2021	Total share in %
Stage 1	176.663	91,1%	91.353	86,7%
<i>luteCredit Europe</i>	129.420	66,7%	91.353	86,7%
<i>Energbank</i>	47.243	24,4%	0	n/a
Stage 2	2.401	1,2%	2.120	2,0%
<i>luteCredit Europe</i>	2.322	1,2%	2.120	2,0%
<i>Energbank</i>	79	0,0%	0	n/a
Stage 3	14.834	7,7%	11.899	11,3%
<i>luteCredit Europe</i>	13.612	7,0%	11.899	11,3%
<i>Energbank</i>	1.222	0,6%	0	n/a
<b>Total net portfolio</b>	<b>193.897</b>	<b>100,0%</b>	<b>105.372</b>	<b>100,0%</b>
<i>luteCredit Europe</i>	145.354	75,0%	105.372	100,0%
<i>Energbank</i>	48.544	25,0%	0	n/a
Gross NPL ratio	14,1%		<b>18,1%</b>	
<i>luteCredit Europe</i>	16,0%		18,1%	
<i>Energbank</i>	8,3%		0	
Impairment coverage ratio	70,9%		<b>69,0%</b>	
<i>luteCredit Europe</i>	68,1%		69,0%	
<i>Energbank</i>	88,0%		0	

Distribution principles between stages

	31 Dec 2022	31 Dec 2021
Stage 1	DPD <=30	DPD <=30
Stage 2	30 < DPD <=50	30 < DPD <=50
Stage 3	DPD > 50	DPD > 50

## Other assets and prepayments

Breakdown of other assets and prepayments

(In thousand EUR)	31 Dec 2022	31 Dec 2021	Δ in %
Deferred tax assets	535	179	198,7%
Prepayments of rent	99	84	18,4%
Prepayment of taxes	772	251	207,1%
Prepayments to suppliers and deferred expenses	489	105	364%
<b>Prepayments in total</b>	<b>1.896</b>	<b>620</b>	<b>205,8%</b>
Receivables from collection companies	1.032	771	33,9%
Other receivables	687	70	880,9%
Deposit receivables from partners	2.554	2.271	12,5%
<b>Trade and other receivables in total</b>	<b>4.273</b>	<b>3.112</b>	<b>37,3%</b>
<b>TOTAL</b>	<b>6.168</b>	<b>3.732</b>	<b>65,3%</b>



## Liabilities

As of 31 December 2022, total liabilities increased by 88,6% to 266.239 thousand EUR (31 December 2021: 141.102 thousand EUR). The change mainly relates to the acquisition of Energbank.

### Breakdown of loans and borrowings

Loans and borrowings increased by 86,7% to 253.382 thousand EUR (31 December 2021: 135.710 thousand EUR), accounting for 95,2% of all liabilities (31 December 2021: 96,1%).

(In thousand EUR)	31 Dec 2022	31 Dec 2021	Δ in %
Loans from investors	<b>122.247</b>	<b>10.287</b>	<b>&gt;1.000%</b>
Due date during next 12 months	77.808	3.351	>1.000%
<i>luteCredit Europe</i>	13.258	3.351	295,6%
<i>Energbank customer deposits</i>	64.551	0	n/a
Due date after 12 months	44.439	6.936	540,7%
<i>luteCredit Europe</i>	23.175	6.936	234,1%
<i>Energbank customer deposits</i>	21.264	0	n/a
Bond liabilities	<b>123.630</b>	<b>119.408</b>	<b>3,5%</b>
Due date during next 12 months	48.631	0	n/a
Due date after 12 months	74.999	119.408	-37,2%
Lease liabilities	<b>2.177</b>	<b>1.765</b>	<b>23,3%</b>
Due date during next 12 months	908	831	9,3%
Due date after 12 months	1.269	934	35,8%
Accrued interest	<b>5.327</b>	<b>4.249</b>	<b>25,4%</b>
<b>TOTAL</b>	<b>253.382</b>	<b>135.710</b>	<b>86,7%</b>
<i>weighted average interest rate</i>	8,2%	11,8%	
<i>currency</i>	EUR, MDL, USD; ALL, MKD, RUB, GBP	EUR, MDL, USD; ALL; MKD	

Loans from investors in connection with the acquisition of Energbank increased to 123.975 thousand EUR (31 December 2021: 10.287 thousand EUR), of which 5.194 thousand EUR (31 December 2021: 908 thousand EUR) are accounted for by P2P loans from the Mintos platform. As of the acquisition of Energbank in February 2022 loans from investors include customer deposits and current customer bank accounts.

luteCredit Finance S.a.r.l., wholly owned Luxembourg subsidiary of ICG, issued in August 2019 40 million EUR senior secured bonds (Eurobond), with a maturity of 4 years and a coupon of 13%, guaranteed by ICG and its subsidiaries. In November 2020, a 10 million EUR tap at a price of 97% followed. After the tap issue, the total amount outstanding of luteCredit's 13% corporate bonds 2019/2023 amounts to 50 million EUR. The bonds are listed on the Regulated Market Frankfurt of Stock Exchange. Maturing on 7 August 2023, the Company has started preparing for liability management.

At the end of September 2021, luteCredit Finance S.a.r.l., wholly owned Luxembourg subsidiary of ICG, issued EUR 75 million senior secured corporate bonds with a maturity of 5 years and a coupon of 11% (ISIN: XS2378483494). The bonds were subscribed by professional as well as retail investors and are listed on the Regulated Market of the Frankfurt Stock Exchange as well as on the Regulated Market of the Nasdaq Tallinn Stock Exchange.

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

## Eurobond covenant ratios

	31 Dec 2022	31 Dec 2021	Δ in %
<b>Capitalization</b>			
Capitalization ratio (Equity/net loan portfolio)	28,9%	24,3%	19,2%
Financial covenant at least	15%	15%	
	12M/2022	12M/2021	Δ in %
<b>Profitability</b>			
Interest coverage ratio (ICR), times (Adjusted EBITDA/interest expenses)	1,81	1,59	4,0%
Financial covenant at least	1,5	1,5	

## Distribution of investor loan (Mintos)

(In thousand EUR)	Mintos loans			Net loan portfolio			
	31 Dec 2022	31 Dec 2021	Δ in %	31 Dec 2022	Total share in %	31 Dec 2021	Total share in %
Moldova	6.248	291	>1.000%	52.266	12,0%	40.353	0,7%
Energbank	0	0	n/a	48.544	n/a	0	n/a
Albania	6.660	305	>1.000%	56.552	11,8%	41.090	0,7%
Macedonia	1.790	312	473,9%	27.552	6,5%	19.967	1,6%
Bosnia	0	0	n/a	4.317	0,0%	2.844	n/a
Bulgaria	0	0	n/a	4.668	0,0%	1.118	n/a
<b>Total</b>	<b>14.699</b>	<b>908</b>	<b>&gt;1.000%</b>	<b>193.897</b>	<b>7,9%</b>	<b>105.372</b>	<b>0,9%</b>

## Other liabilities

## Breakdown of other liabilities

(In thousand EUR)	31 Dec 2022	31 Dec 2021	Δ in %
Trade payables	1.536	1.387	10,7%
Payables to employees	582	466	24,9%
Corporate income tax payables	172	638	-73,0%
Other tax payables	902	882	2,2%
Allocations and other provisions	2.234	520	151,1%
Deferred revenue	3.642	890	309,4%
Other liabilities	3.788	710	433,3%
<b>TOTAL</b>	<b>12.857</b>	<b>5.493</b>	<b>134,1%</b>

## **Equity**

As of 31 December 2022, equity increased by 119,3% to 56.096 thousand EUR (31 December 2021: 25.584 thousand EUR), representing an equity-to-assets ratio of 17,4% (31 December 2021: 15,3%). The equity to net loan portfolio ratio increased to 28,9% (31 December 2021: 24,3%), reflecting the Group's strong capitalization, and exceeds IuteCredit Eurobond covenants of at least 15% significantly.

## **Off-balance sheet arrangements**

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

## **Recent developments**

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

## FINANCIAL STATEMENTS

## Consolidated statement of comprehensive income

(In thousand EUR)	12M/2022	12M/2021	Δ in %
Interest and similar income	78.589	48.349	62,5%
Interest and similar expense	-20.207	-14.371	40,6%
<b>Net interest and commission fee income</b>	<b>58.382</b>	<b>33.978</b>	<b>71,8%</b>
Loan administration fees and penalties	7.271	8.194	-11,3%
<b>Loan administration fees and penalties in total</b>	<b>7.271</b>	<b>8.194</b>	<b>-11,3%</b>
Other income	3.288	4.670	-29,6%
Allowances for loan impairment	-19.327	-16.323	18,4%
<b>Net operating income</b>	<b>49.614</b>	<b>30.520</b>	<b>62,6%</b>
Personnel expenses	-17.481	-8.957	95,2%
Depreciation/amortization charge	-4.087	-2.613	56,4%
Other operating expenses	-18.920	-13.092	44,5%
<b>Total operating expenses</b>	<b>-40.488</b>	<b>-24.662</b>	<b>64,2%</b>
Net gains/losses from financial assets measured at fair value	6	842	-99,3%
Net income from subsidiaries using equity method	10.002	0	n/a
Foreign exchange gains/losses	1.652	1.183	39,7%
<b>Net financial result</b>	<b>11.660</b>	<b>2.025</b>	<b>&gt;1.000%</b>
<b>Profit before tax</b>	<b>20.785</b>	<b>7.883</b>	<b>163,7%</b>
Income tax expense	-1.183	-1.816	-34,8%
<b>Profit for the reporting period</b>	<b>19.602</b>	<b>6.068</b>	<b>223,1%</b>
<b>Other comprehensive income</b>			
Other comprehensive income to be classified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations	151	1.179	>1.000%
<b>Other comprehensive income total</b>	<b>19.753</b>	<b>7.247</b>	<b>172,6%</b>
<b>Profit attributable to:</b>			
Equity holders of the parent	19.126	7.247	163,9%
Equity holders of minority	476	0	n/a
<b>Total comprehensive income attributable to:</b>			
Equity holders of the parent	19.262	7.247	165,8%
Equity holders of minority	491	0	n/a

## IuteCredit Europe statement of comprehensive income

(In thousand EUR)	12M/2022	12M/2021	Δ in %
Interest and similar income	60.469	48.349	25,1%
Interest and similar expense	-18.298	-14.371	27,3%
<b>Net interest and commission fee income</b>	<b>42.171</b>	<b>33.978</b>	<b>24,1%</b>
Loan administration fees and penalties	7.271	8.194	-11,3%
<b>Loan administration fees and penalties in total</b>	<b>7.271</b>	<b>8.194</b>	<b>-11,3%</b>
Other income	4.724	4.670	1,2%
Allowances for loan impairment	-18.314	-16.322	12,2%
<b>Net operating income</b>	<b>35.852</b>	<b>30.520</b>	<b>17,5%</b>
Personnel expenses	-11.902	-8.957	32,9%
Depreciation/amortization charge	-3.514	-2.613	34,5%
Other operating expenses	-17.213	-13.092	31,5%
<b>Total operating expenses</b>	<b>-32.629</b>	<b>-24.662</b>	<b>32,3%</b>
Net gains/losses from financial assets measured at fair value	0	842	n/a
Net income from subsidiaries using equity method	10.002	0	n/a
Foreign exchange gains/losses	1.658	1.183	40,1%
<b>Net financial result</b>	<b>11.660</b>	<b>2.025</b>	<b>475,8%</b>
<b>Profit before tax</b>	<b>14.882</b>	<b>7.884</b>	<b>88,8%</b>
Income tax expense	-589	-1.816	-67,5%
<b>Profit for the reporting period</b>	<b>14.293</b>	<b>6.068</b>	<b>135,6%</b>
<b>Other comprehensive income</b>			
Other comprehensive income to be classified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations	943	509	85,3%
<b>Other comprehensive income total</b>	<b>15.236</b>	<b>6.577</b>	<b>131,7%</b>
<b>Profit attributable to:</b>			
Equity holders	15.236	6.577	131,7%
<b>Total comprehensive income attributable to:</b>			
Equity holders	15.236	6.577	131,7%

## Energbank statement of comprehensive income

(In thousand EUR)	12M/2022*	12M/2021	Δ in %
Interest and similar income	16.682	11.415	46,1%
Interest and similar expense	-1.908	-1.235	54,5%
<b>Net interest and commission fee income</b>	<b>14.774</b>	<b>10.180</b>	<b>45,1%</b>
Loan administration fees and penalties	0	7	n/a
<b>Loan administration fees and penalties in total</b>	<b>0</b>	<b>7</b>	<b>n/a</b>
Other income	7	46	-83,9%
Allowances for loan impairment	-1.416	88	n/a
<b>Net operating income</b>	<b>13.365</b>	<b>10.321</b>	<b>29,5%</b>
Personnel expenses	-5.580	-5.094	9,5%
Depreciation/amortization charge	-572	-594	-3,7%
Other operating expenses	-1.707	-1.740	-1,9%
<b>Total operating expenses</b>	<b>-7.859</b>	<b>-7.428</b>	<b>5,8%</b>
Share of profit of an associate	0	-58	n/a
Foreign exchange gains/losses	-6	-69	-91,6%
<b>Net financial result</b>	<b>-6</b>	<b>-127</b>	<b>-95,4%</b>
<b>Profit before tax</b>	<b>5.501</b>	<b>2.765</b>	<b>98,9%</b>
Income tax expense	-594	-356	66,7%
<b>Profit for the reporting period</b>	<b>4.906</b>	<b>2.409</b>	<b>103,7%</b>

\* The 12M 2022 figures have been adjusted from the original version. Previously, the 9M 2022 figures were erroneously stated.

## Consolidated statement of financial position

(In thousand EUR)	31 Dec 2022	31 Dec 2021	Δ in %
<b>ASSETS</b>			
Cash and cash equivalents	65.647	46.324	41,7%
Loans to customers	193.897	105.372	84,0%
Prepayments	1.896	620	205,7%
Other assets	4.273	3.112	37,3%
Other financial investments	38.650	2.755	>1.000%
Property, plant, and equipment	6.985	1.076	549,2%
Right-of-use assets	2.075	1.587	30,7%
Intangible assets	8.912	5.939	50,0%
<b>Total assets</b>	<b>322.335</b>	<b>166.786</b>	<b>93,3%</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Liabilities</b>			
Loans and bonds from investors	251.204	133.945	87,5%
Lease liabilities	2.177	1.765	23,4%
Trade and other payables	1.536	1.387	10,7%
Current income tax liabilities	172	638	-73,0%
Deferred tax liabilities	747	882	-15,2%
Other liabilities	10.402	2.586	302,3%
<b>Total liabilities</b>	<b>266.239</b>	<b>141.202</b>	<b>88,6%</b>
<b>Equity</b>			
Minority share	4.468	0	n/a
Share capital	10.000	10.000	n/a
Legal reserve	1.000	799	25,2%
Revaluation reserve	0	0	n/a
Unrealized foreign exchange differences	410	-510	n/a
Retained earnings	40.218	15.295	162,9%
<b>Total equity</b>	<b>56.096</b>	<b>25.585</b>	<b>119,3%</b>
<b>Total equity and liabilities</b>	<b>322.335</b>	<b>166.786</b>	<b>93,3%</b>

## IuteCredit statement of financial position

(In thousand EUR)	31 Dec 2022	31 Dec 2021	Δ in %
<b>ASSETS</b>			
Cash and cash equivalents	16.846	46.324	-63,6%
Loans to customers	145.354	105.372	37,9%
Prepayments	1.599	620	157,9%
Other assets	3.892	3.112	25,1%
Other financial investments	35.073	2.755	>1.000%
Property, plant, and equipment	1.186	1.076	10,2%
Right-of-use assets	1.890	1.587	19,1%
Intangible assets	8.304	5.939	39,8%
<b>Total assets</b>	<b>214.144</b>	<b>166.786</b>	<b>28,4%</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Liabilities</b>			
Loans and bonds from investors	161.422	133.944	20,5%
Lease liabilities	1.866	1.765	5,7%
Trade and other payables	1.482	1.387	6,9%
Current income tax liabilities	8.878	638	-98,6%
Deferred tax liabilities	743	882	-15,7%
Other liabilities	7.802	2.586	201,7%
<b>Total liabilities</b>	<b>173.324</b>	<b>141.202</b>	<b>22,7%</b>
<b>Equity</b>			
Share capital	10.000	10.000	n/a
Legal reserve	1.000	799	25,2%
Unrealized foreign exchange differences	433	-510	n/a
Retained earnings	29.387	15.295	92,1%
<b>Total equity</b>	<b>40.820</b>	<b>25.585</b>	<b>59,5%</b>
<b>Total equity and liabilities</b>	<b>214.144</b>	<b>166.786</b>	<b>28,4%</b>



## Energbank statement of financial position

(In thousand EUR)	31 Dec 2022	31 Dec 2021	Δ in %
<b>ASSETS</b>			
Cash and cash equivalents	48.802	48.775	0,1%
Loans to customers	48.544	46.907	3,5%
Prepayments	297	90	229,5%
Other assets	596	1.052	-43,4%
Other financial investments	34.762	43.961	-20,9%
Property, plant, and equipment	5.799	5.970	-2,9%
Right-of-use assets	185	399	-53,7%
Intangible assets	608	533	14,0%
<b>Total assets</b>	<b>139.592</b>	<b>147.687</b>	<b>-5,5%</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Liabilities</b>			
Loans and bonds from investors	89.779	112.349	-20,1%
Lease liabilities	191	267	-28,3%
Trade and other payables	53	6	790,2%
Current income tax liabilities	164	79	107,0%
Deferred tax liabilities	155	193	-19,8%
Other liabilities	2.450	742	230,1%
<b>Total liabilities</b>	<b>92.792</b>	<b>113.636</b>	<b>-18,3%</b>
<b>Equity</b>			
Share capital	5.010	5.010	n/a
Own shares	0	-2.460	n/a
Share premium	5.829	0	n/a
Legal reserve	491	490	0,2%
Revaluation reserve	783	794	-1,3%
Foreign currency exchange reserve	-278	-325	-14,4%
Other reserves	2.159	5.126	-57,9%
Retained earnings	32.807	25.416	29,1%
<b>Total equity</b>	<b>46.800</b>	<b>34.051</b>	<b>37,4%</b>
<b>Total equity and liabilities</b>	<b>139.592</b>	<b>147.687</b>	<b>-5,5%</b>

## Consolidated statement of cash flows

(In thousand EUR)	12M/2022	12M/2021	Δ in %
Paid prepayments (-)	-27.696	-25.956	6,7%
Received pre- and overpayments (+)	47.922	33.424	43,4%
Paid trade payables outside the Group (-)	-24.945	-18.203	37,0%
Received debts from buyers and received other claims (+)	2.749	2.374	15,8%
Received from collection companies (+)	31.291	27.758	12,7%
Paid net salaries (-)	-11.914	-6.704	77,7%
Paid tax liabilities, excl. CIT (-)	-6.201	-4.877	27,1%
Corporate income tax paid (-)	-2.850	-1.437	98,3%
Paid out to customers outside the Group (-)	-218.519	-67.578	223,4%
Change in MasterCard settlement account (+/-)	-14.795	-17.178	-13,9%
Principal repayments from customers outside the Group (+)	138.334	41.649	232,1%
Loan principal repayments from customers related to MasterCard (+)	21.548	12.556	71,6%
Interest, commission and other fees received outside the Group (+)	44.590	21.104	111,3%
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>-20.487</b>	<b>-3.068</b>	<b>&gt;1.000%</b>
Purchase of fixed assets outside the Group, incl. prepayments (-)	-6.226	-1.931	222,5%
Receipts from sale of fixed assets outside the Group (+)	1	3	-75,5%
Net cash flow from acquisition of subsidiaries (+)	41.856	0	n/a
Payments for other financial investments (-)	-17.749	-2	>1.000%
Receipts from other financial investments (+)	17.946	5.907	203,8%
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>35.828</b>	<b>3.978</b>	<b>800,8%</b>
Loans received from investors outside the Group (+)	34.864	113.212	-69,2%
Repaid loans to investors outside the Group (-)	-11.283	-74.332	-84,8%
Principal payments of financial lease contracts (-)	-1.234	-977	26,3%
Interests paid outside the Group (-)	-18.425	-8.942	106,0%
Dividends paid outside the Group (-)	0	-3.150	n/a
Receipts from other financing activities (+)	6	2	191,9%
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>3.927</b>	<b>25.813</b>	<b>-84,8%</b>
<b>Change in cash and cash equivalents</b>	<b>19.269</b>	<b>26.724</b>	<b>-27,9%</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>46.324</b>	<b>19.453</b>	<b>138,1%</b>
Change in cash and cash equivalents	19.269	26.724	-27,9%
Net foreign exchange difference	54	148	-63,3%
<b>Cash and cash equivalents at the end of the period</b>	<b>65.648</b>	<b>46.325</b>	<b>41,7%</b>
<b>Cash and cash equivalents comprise</b>	<b>31 Dec 2022</b>	<b>31 Dec 2021</b>	<b>Δ in %</b>
Cash on hand	8.762	420	>1.000%
Non-restricted current account	56.885	45.905	23,9%

The table has been amended compared to the previously published version due to errors in the labeling, i.e., "net cash flow from acquisition of subsidiaries" instead of "received from the sale of fixed assets outside the Group".

## Consolidated statement of changes in equity

(In thousand EUR)	Share capital	Legal reserve	Share premium	Unrealized foreign exchange differences	Revaluation reserve	Retained earnings	Minority share	Total
<b>01/01/21</b>	<b>10.000</b>	<b>537</b>	<b>0</b>	<b>-1.689</b>	<b>0</b>	<b>12.640</b>	<b>0</b>	<b>21.488</b>
<b>Profit for the year</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6.068</b>	<b>0</b>	<b>6.068</b>
<b>Other comprehensive income</b>								
Foreign currency translation	0	0	0	1.179	0	0	0	1.179
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1.179</b>	<b>0</b>	<b>6.068</b>	<b>0</b>	<b>7.247</b>
Contribution to share capital	0	262	0	0	0	-262	0	0
Dividends	0	0	0	0	0	-3.150	0	-3.150
<b>31/12/21</b>	<b>10.000</b>	<b>799</b>	<b>0</b>	<b>-510</b>	<b>0</b>	<b>15.295</b>	<b>0</b>	<b>25.585</b>
<b>01/01/22</b>	<b>10.000</b>	<b>799</b>	<b>0</b>	<b>-510</b>	<b>0</b>	<b>15.295</b>	<b>0</b>	<b>25.585</b>
<b>Profit for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>19.126</b>	<b>476</b>	<b>19.602</b>
<b>Other comprehensive income</b>								
Foreign currency translation	0	0	0	136	0	0	15	151
Revaluation reserve of financial assets	0	0	0	0	0	0	0	0
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>136</b>	<b>0</b>	<b>19.126</b>	<b>491</b>	<b>19.753</b>
Acquisition of subsidiary	0	0	0	0	783	6.970	13.948	21.702
Acquisition of non-controlling interest	0	0	0	0	0	-973	-9.970	-10.943
Allocation to reserves	0	201	0	0	0	-201	0	0
Dividends	0	0	0	0	0	0	0	0
<b>31/12/22</b>	<b>0</b>	<b>1.000</b>	<b>0</b>	<b>-374</b>	<b>783</b>	<b>40.218</b>	<b>4.468</b>	<b>56.096</b>

## Additional consolidated key performance indicators

<b>Profitability</b>	<b>12M/2022</b>	<b>12M/2021</b>	<b>Δ in %</b>
Return on average assets	8,0%	4,3%	3,7%
Return on average equity	48,0%	25,8%	22,2%
Interest income/Average interest-earning assets	38,0%	43,8%	-5,7%
Interest income/Average gross loan portfolio	46,8%	44,9%	1,9%
Interest income/Average net loan portfolio	45,4%	45,6%	-0,2%
Interest expense/Interest income	25,7%	29,7%	-4,0%
Cost of funds	9,9%	12,2%	-2,2%
Cost of interest-bearing liabilities	10,5%	12,9%	-2,4%
Net interest margin	38,4%	36,7%	1,7%
Net effective annualized yield	52,5%	52,4%	0,1%
Net impairment/interest income	24,6%	33,8%	-9,2%
Net fee and commission income/Total operating income	96,3%	92,4%	3,9%
Earnings before taxes/Average total assets	8,5%	5,6%	2,9%
<b>Efficiency</b>	<b>12M/2022</b>	<b>12M/2021</b>	<b>Δ in %</b>
Total assets/Employee (in thousand EUR)	331	382	-13,4%
Total operating income/Employee (in thousand EUR)	92	140	-34,7%
Cost/Income ratio	45,4%	40,3%	5,1%
Total recurring operating costs/Average total assets	2,1%	2,4%	-0,2%
Total operating income/ Average total assets	36,5%	43,2%	-6,7%
Personnel costs/Total recurring operating costs	334,7%	266,0%	68,7%
Personnel costs/Total operating income	19,6%	14,6%	5,0%
Net operating income/Total operating income	55,7%	49,9%	5,8%
Net income (Loss)/Total operating income	22,0%	9,9%	12,1%
Profit before tax (Loss)/Interest income	26,4%	16,3%	10,1%
<b>Liquidity</b>	<b>12M/2022</b>	<b>12M/2021</b>	<b>Δ in %</b>
Net loan receivables/Total assets	60,2%	63,2%	-3,0%
Average net loan receivables/Average total assets	70,8%	74,8%	-4,0%
Net loan receivables/Total liabilities	72,8%	74,6%	-1,8%
Interest-earning assets/Total assets	64,1%	66,2%	-2,1%
Average interest-earning assets/Average total assets	64,8%	74,5%	-9,7%
Liquid assets/Total assets	32,4%	29,4%	2,9%
Liquid assets/Total liabilities	39,2%	34,8%	4,4%
Total deposits/Total assets	11,2%	0,1%	11,1%
Total deposits/Total liabilities	13,6%	0,1%	13,4%
Total deposits/Shareholders' equity	64,4%	0,8%	63,6%
Tangible common equity/Tangible assets	15,1%	12,2%	2,8%
Tangible common equity/Net receivables	24,3%	18,6%	5,7%
Net Loan Receivables/Equity (times)	3,5	4,1	-16,1%
<b>Asset quality</b>	<b>12M/2022</b>	<b>12M/2021</b>	<b>Δ in %</b>
Loan loss reserve/Gross receivables from client	10,0%	12,5%	-2,4%
Average loan loss reserve/Average gross receivables from clients	10,9%	14,3%	-3,4%
Cost of risk	11,4%	15,2%	-3,8%
Gross NPL ratio	14,1%	18,1%	-4,0%
Impairment coverage ratio	70,9%	69,0%	1,9%
<b>Selected operating data</b>	<b>12M/2022</b>	<b>12M/2021</b>	<b>Δ in %</b>
Number of employees (adjusted to full-time)	974	437	123,1%
Average monthly gross salary in group (in EUR)	1.235	1.462	-15,5%

## DEFINITIONS

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

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

**Adjusted interest coverage** – Adjusted EBITDA/interest expense

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

**Cost/income ratio** – Operating costs/operating income

**Equity/assets ratio** – Total equity/total assets

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

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

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

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

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

**Interest and similar income** – Generated from our customer loan portfolio

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

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

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

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

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

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

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

**Profit before tax margin** – Profit before tax/interest income

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

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

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

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

**Tangible equity** – Total equity minus intangible assets

**STAGE 1** – The 12MECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Group calculates the 12MECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR.

**STAGE 2** – When a loan has shown a significant increase in credit risk since origination, the Group records an allowance for the LTECLs. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.

**STAGE 3** – For loans considered credit-impaired, the Group recognizes the lifetime expected credit losses for these loans. The method is similar for Stage 2 assets, with the PD set at 100%.

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## **IMPRINT**

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