

## **Iute Group reports unaudited results for 6M/2023**

Quality over quantity translates into moderate growth

### **Strategic Highlights**

- Number of active customers reached 298 thousand (31 December 2022: 293 thousand) and the revenue per customer 338 EUR (12M/2022: 346 EUR).
- Total number of customers increased by 4,5% to 970 thousand (31 December 2022: 928 thousand).
- Group consolidated balance sheet up 8,1% to 348,5 million EUR and equity up 16,9% to 65,6 million EUR as of 30 June 2023.
- Increasing use of Mylute app – 619 thousand downloads (31 December 2022: 477 thousand).
- Launch of e-money institution lutePay in Albania as major milestone in evolution of Wallet business to generate additional value streams – QR code payments in Mylute app leverage existing pocket infrastructure while breaking down the existing fee and cost structure for payment processing.

### **Operational Highlights**

- Loan payouts increased by 12,3% 133,8 million EUR (6M/2022: 119,1 million EUR)
- Number of loans signed with 168 thousand almost at previous year's level (6M/2022: 169 thousand).
- Gross loan portfolio up 7,3% to 231,3 million EUR (31 December 2022: 215,5 million EUR) of which principal amount of loans increased 6,9% to 211,7 million EUR (31 December 2022: 198,1 million EUR).
- Repayment discipline (Customer Performance Index, CPI30) down to 88,2% (6M/2022: 91,1%).
- Net loan portfolio up 7,3% to 208,0 million EUR (31 December 2022: 193,9 million EUR).
- 72 cardless ATMs operational (31 December 2022: 71 ATMs).

### **Financial Highlights**

- Interest and commission fee income up 33,0% to 46,0 million EUR (6M/2022: 34,6 million EUR) driven by lute Non-Bank loan portfolio. Interest income from Energbank portfolio remained at the prior-year level considering consolidation as of February 2022.
- Net interest and commission fee income up 30,1% to 32,9 million EUR (6M/2022: 25,3 million EUR) driven by lute Non-Bank loan portfolio.
- Total revenue up 29,0% to 51,9 million EUR (6M/2022: 40,2 million EUR).
- Cost to revenue ratio at 42,9% (6M/2022: 45,0%) slight improvement that is not considered sufficient by management.
- Adjusted cost to revenue ratio at 37,0 %.
- EBITDA adjusted for FX and integration expenses related to Energbank up 48,1% to 23,1 million EUR (6M/2022: 15,6 million EUR).
- Net profit at 7,0 million EUR compared to 3,4 million EUR adjusted for one-off gains related to the acquisition of Energbank in the prior-year period.
- Strong capitalization and profitability – Eurobond covenants exceeded.

## Statement of the Management

Growing as a multinational fintech company is a demanding but rewarding process. As such, 2023 continues to offer challenges but also successes.

In fact, lute Group continued its moderate growth in Q2 2023, focusing on quality rather than quantity. In doing so, we continue to believe that this focused approach during present times takes precedence over shortsighted quantitative considerations, such as mere balance sheet size or growth figures.

In the big picture, the business results for H1 2023 are slightly ahead of our expectations, despite the current environment. In contrast, internal changes, independent of external factors, could be somewhat faster. In H1 2023, lute Group generated total revenue of 52 million EUR from financial services it offered to customers – well on track to exceed the 100 million EUR annual target. Moreover, the total assets of 348 million EUR at the end of June 2023 give us confidence that lute will soon surpass the annual mark of 350 million EUR. Finally, the H1 2023 net profit of 7 million EUR is strong enough to achieve the annual net profit target of 12 million EUR.

lute Group completed a number of projects in H1 2023 including the launch of lutePay, the e-money institution in Albania. Here, the first customers paid for their coffee using only a QR code in the Mylute app, while the merchants used their smartphones as POS terminals. This example impressively shows how payment solutions can be leveraged within existing pocket infrastructure while breaking down the existing fee and cost structure for payment processing. We believe that lute QR-based payments are a major milestone in the evolution of the lute Wallet business to bring additional revenue streams to the Mylute ecosystem.

Other projects are so far along that the team is eagerly awaiting the first results: customers' reactions to the improved experience, changes in customers' loan repayment performance, or significant reductions in operating expenses. Then there are projects that appear to require more effort and regulatory scrutiny before yielding tangible results. These include the establishment of new businesses, the wind-down of lending business in Bosnia, and the digitization of Energbank.

On the financing side, we expect the European Central Bank and the U.S. Federal Reserve to continue to raise key interest rates through 2023. As a consequence, pressure on lute Group's cost of capital remains high. Here, regulatory pressure on earnings is increasing while yields on the loan portfolio are declining. The current annualized loan percentage rate is 47%, down from 47,7% a year ago. Loan repayment quality decreased from 91% to 88%. Therefore, the improvement in operational efficiency is being maintained. For example, total assets per employee increased by 8% in H1 2023, and total revenues per employee by 33%. The total cost/income ratio came from 45% to 43% and is thus still above our 40% internal target. Given the existing profitability, we are not yet inclined to reduce lending volumes.

Last but not least, we are pleased to welcome 55 new shareholders among lute Group's employees. We have also redeemed the EUR 2019/2023 bonds. Both recent events represent significant milestones in the lute story as we continue our journey to make money for our investors.

Tarmo Sild  
CEO of lute Group

## Consolidated key financial figures

	30 Jun 2023	31 Dec 2022	Δ in %
<b>Capitalization</b>			
Gross loan portfolio (in thousand EUR)	231.266	215.491	7,3%
<i>lute Non-Bank</i>	174.970	163.106	7,3%
<i>Energbank</i>	56.296	52.384	7,5%
Net loan portfolio (in thousand EUR)	208.046	193.897	7,3%
<i>lute Non-Bank</i>	154.908	145.354	6,6%
<i>Energbank</i>	53.138	48.544	9,5%
Assets (in thousand EUR)	348.524	322.335	8,1%
Equity (in thousand EUR)	65.582	56.096	16,9%
Equity to assets ratio	18,8%	17,4%	1,4%
Capitalization ratio	31,5%	28,9%	2,6%
	<b>6M/2023</b>	<b>6M/2022</b>	<b>Δ in %</b>
<b>Profitability</b>			
Interest income	46.043	34.631	33,0%
<i>lute Non-Bank</i>	36.881	27.510	34,1%
<i>Energbank</i>	9.163	7.121	28,7%
Net interest margin	17,0%	19,2%	-2,2%
<i>lute Non-Bank</i>	16,8%	14,6%	2,2%
Adjusted cost to income ratio	42,9%	45,0%	-2,0%
<i>lute Non-Bank</i>	40,0%	43,5%	-3,5%
<i>Energbank</i>	56,7%	52,0%	4,7%
Post-allowances operating profit margin	12,3%	13,9%	-1,7%
<i>lute Non-Bank</i>	11,3%	12,8%	-1,5%
Adjusted EBITDA	23.117	15.610	48,1%
<i>lute Non-Bank</i>	18.055	13.023	38,6%
<i>Energbank</i>	5.062	2.588	95,6%
Interest coverage ratio	1,8	1,7	13,7%
Profit margin before tax	17,6%	39,1%	-21,58%
Net profit	6.971	13.010	-46,4%
Return on assets	4,0%	5,6%	-1,5%
Return on equity	22,3%	34,2%	-11,9%
	<b>30 Jun 2023</b>	<b>31 Dec 2022</b>	<b>Δ in %</b>
<b>Asset quality</b>			
Cost of risk	9,8%	11,4%	-1,6%
<i>lute Non-Bank</i>	13,1%	12,9%	0,2%
<i>Energbank</i>	0,4%	1,6%	-1,2%
Impairment coverage ratio	69,7%	70,9%	-1,2%
<i>lute Non-Bank</i>	66,8%	68,1%	-1,3%
<i>Energbank</i>	96,7%	88,0%	8,7%
Gross NPL ratio	14,4%	14,1%	0,3%
<i>lute Non-Bank</i>	17,2%	16,0%	1,2%
<i>Energbank</i>	5,8%	8,3%	-2,5%
Net NPL ratio	8,0%	7,7%	0,3%
<i>lute Non-Bank</i>	10,2%	9,4%	0,8%
<i>Energbank</i>	1,7%	2,5%	-0,8%

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**About Iute Group:**

Iute Group is a fintech company established in 2008 in Estonia. The Group specializes in consumer finance, payment services, banking, and insurance products. It serves customers in Albania, 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

**lute Group AS** (formerly luteCredit Europe) is a holding company that provides services via its subsidiaries in local markets (**Subsidiaries**). As of 30 June 2023, ICE had nine operating subsidiaries: O.C.N. lute Credit SRL (**ICM**) and B.C. Energbank S.A. (**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.á r.l. (**ICF**) in Luxembourg and lutePay Sh.p.k. (**IPA**) (formerly VeloxPay Sh.P.K ,Velox) in Albania. lute Group AS and its subsidiaries form the **lute Group** or **lute** on a consolidated level.

Operationally active companies of the lending business are collectively shown as **lute Non-Bank (INB)**, while the banking business of the lute Group consists of **Energbank (EB)**. All subsidiaries are 100% owned by lute Group AS, except Energbank where lute Group AS holds a 95% stake. lute Group AS plans to acquire the largest possible stake in the bank by purchasing shares at market conditions. Once the new members of the Bank's governing bodies seconded by lute Group AS are elected and approved by the National Bank of Moldova, lute Group AS will be able to exercise full operational control over the Bank.

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

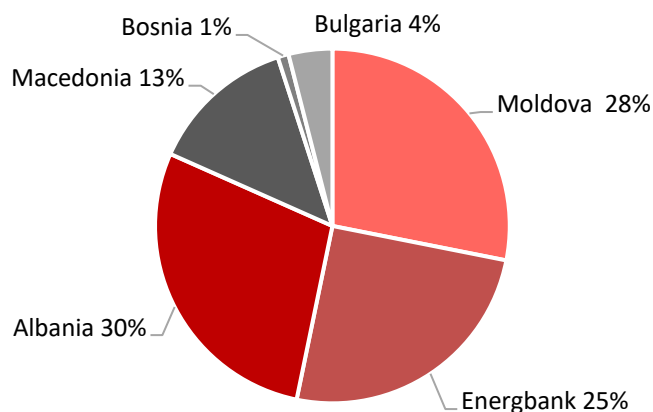
- Strategic targeting
- Scalability of business
- Business capabilities design, including organizations design, process design, and technology design
- Technology development and integration
- Composition of management teams at subsidiaries
- Human resource and customer experience framework rules and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

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

## Business Model

The Group's core loan products are unsecured installment loans and buy-now-pay-later loans with maturities between 3 months and 48 months and pledge-secured loans with maturities of up to 72 months. The median loan amount is over 500 EUR, while loan amounts range from 100 EUR to 10 thousand EUR. The weighted average annual percentage rate (APR) is 47% and the effective interest rate (EIR) is 60% depending on the loan amount, maturity, and customer status (new or recurring customer with good payment history).

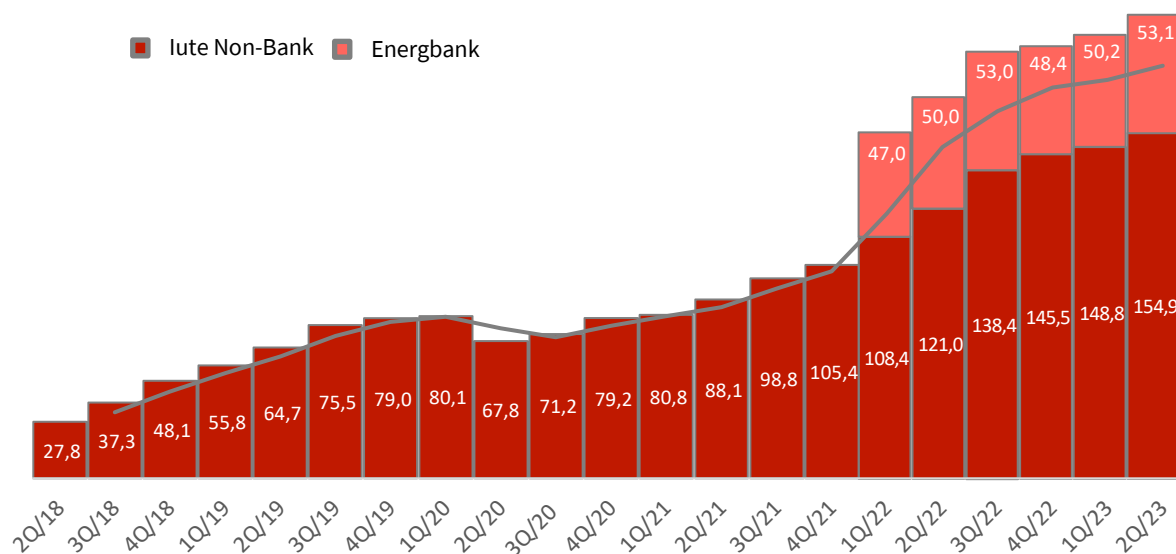
Breakdown of portfolio diversification as of 30/06/2023



lute Group aims to serve only clients with a permanent workplace and stable income. The loan underwriting process is based on personal identification, personal income assessment, and personal loan performance data. Approximately 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 lute branches (retail offices). By the end of June 2023, lute Group had 40 lute branches and 2.337 active points of sale, and 38 Energbank branches. Traditionally, lute Non-Bank handles money only via bank accounts or over the counter through its agents. With the introduction of lute ATMs, the operating country subsidiaries are increasingly carrying out cash transactions.

Breakdown of net portfolio development in EUR (million)



## Consolidated earnings, financial and asset position

Consolidated statement of profit and loss (condensed)

(In thousand EUR)	6M/2023	6M/2022	Δ in %
Interest and similar income	46.043	34.631	33,0%
Interest and similar expense	-13.099	-9.305	40,8%
<b>Net interest and commission fee income</b>	<b>32.944</b>	<b>25.326</b>	<b>30,1%</b>
Loan administration fees and penalties	3.203	4.027	-20,5%
<b>Total loan administration fees and penalties</b>	<b>3.203</b>	<b>4.027</b>	<b>-20,5%</b>
Other income	2.615	1.537	70,1%
Allowances for loan impairment	-11.351	-9.196	23,4%
<b>Net operating income</b>	<b>27.412</b>	<b>21.694</b>	<b>26,4%</b>
Personnel expenses	-10.782	-7.915	36,2%
Depreciation/amortization charge	-1.815	-2.185	-16,9%
Other operating expenses	-9.662	-7.970	21,2%
<b>Total operating expenses</b>	<b>-22.260</b>	<b>-18.070</b>	<b>23,2%</b>
Net income from financial investments	0	9.588	n/a
Foreign exchange gains/losses	2.938	345	751,5%
<b>Net financial result</b>	<b>2.938</b>	<b>9.933</b>	<b>-70,4%</b>
<b>Profit before tax</b>	<b>8.089</b>	<b>13.557</b>	<b>-40,3%</b>
Income tax expense	-1.118	-547	104,3%
<b>Net profit for the period</b>	<b>6.971</b>	<b>13.010</b>	<b>-46,4%</b>

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

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

## Total income

Total income before expenses increased by 29,0% to 51.862 thousand EUR (6M/2022: 40.195 thousand EUR).

Breakdown of consolidated total income

(In thousand EUR)	6M/2023	6M/2022	Δ in %
Interest and similar income	46.043	34.631	33,0%
<i>lute Non-Bank</i>	36.880	27.510	34,1%
<i>Energbank</i>	9.163	7.121	28,7%
Penalties and similar income	3.203	4.027	-20,5%
<i>lute Non-Bank</i>	3.170	4.002	-20,8%
<i>Energbank</i>	33	25	31,2%
Other income	2.615	1.537	70,2%
<i>lute Non-Bank</i>	2.665	1.957	36,2%
<i>Energbank</i>	-50	-420	-88,1%
<b>Total income</b>	<b>51.862</b>	<b>40.195</b>	<b>29,0%</b>

## Other income

Other income in 6M/2023 of 2.615 thousand EUR included, primarily, extraordinary income from debt collectors of 1.487 thousand EUR and income of 113 thousand EUR from sales of defaulted loan portfolio. Particularly noteworthy is the increase in revenues from insurance brokerage of 796 thousand EUR (6M/2022: 132 thousand EUR). Defaulted loan portfolio sale depends on the offered price and lute Group's own expectations of the collection. In case the collection results promise better cash flow than portfolio sales, the defaulted loans are not sold.

## Interest income

Interest income for the period increased by 33,0% to 46.042 thousand EUR (6M/2022: 34.631 thousand EUR), driven in particular by steadily increasing payouts at lute Non-Bank compared to the 39,1% increase in the average net loan portfolio.

Breakdown of interest income

(In thousand EUR)	6M/2023	6M/2022	Δ in %
Total value of loan principal issued	133.769	119.099	12,3%
<i>lute Non-Bank</i>	109.767	97.887	12,1%
<i>Energbank</i>	24.002	21.212	13,2%
Average net loan portfolio	200.780	161.645	24,2%
6M/22 <i>lute Non-Bank</i>	150.131	113.625	32,1%
<i>Energbank</i>	50.650	48.020	5,5%
Principal	211.686	175.502	20,6%
<i>lute Non-Bank</i>	156.144	123.337	26,6%
<i>Energbank</i>	55.543	52.165	6,5%
Accrued interest	19.580	15.858	23,5%
<i>lute Non-Bank</i>	18.826	15.072	24,9%
<i>Energbank</i>	754	786	-4,1%
Average annualized interest rate on net portfolio	47,0%	47,7%	-1,5%
<i>lute Non-Bank</i>	47,0%	47,7%	-1,5%
<i>Energbank</i>	18,1%	17,2%	5,2%
Interest income	46.043	34.631	33,0%
<i>lute Non-Bank</i>	36.880	27.510	34,1%
<i>Energbank</i>	9.163	7.121	28,7%



## Breakdown of interest income by countries

	6M/2023	Total share in %	6M/2022	Total share in %	Δ in %
Moldova	11.700	25,4%	8.995	26,0%	30,1%
Energbank*	9.163	19,9%	7.121	20,6%	28,7%
Albania	14.785	32,1%	11.498	33,2%	28,6%
Macedonia	7.917	17,2%	5.593	16,2%	41,6%
Bosnia	500	1,1%	978	2,8%	-48,9%
Bulgaria	1.977	4,3%	445	1,3%	344,3%
<b>Total</b>	<b>46.043</b>	<b>100,0%</b>	<b>34.631</b>	<b>100,0%</b>	<b>33,0%</b>

\* with consolidation as of February 2022

## Interest expense

Interest expense increased by 40,8% to 13.099 thousand EUR (6M/2022: 9.305 thousand EUR) through borrowing in line with business growth.

## Breakdown of interest expense

(In thousand EUR)	6M/2023	6M/2022	Δ in %
Interest on amounts due to creditors	-3.361	-738	355,4%
Interest on financial lease liabilities	-118	-86	36,6%
Interest on bonds	-8.147	-7.877	3,4%
Interests on deposits	-1.474	-604	144,0%
<b>Total</b>	<b>-13.099</b>	<b>-9.305</b>	<b>40,8%</b>

## Loan administration fees and penalties

Income from other fees and penalties decreased by 20,5% to 3.203 thousand EUR (6M/2022: 4.027 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)	6M/2023	6M/2022	Δ in %
Penalties under loans and delay interests	3.498	4.461	-21,6%
<i>lute Non-Bank</i>	3.465	4.436	-21,9%
<i>Energbank</i>	33	25	32,0%
Resigns under customer loans	237	365	-35,2%
Dealer bonuses	-593	-842	-29,6%
Other fees from additional services	62	42	45,5%
<b>Total</b>	<b>3.203</b>	<b>4.027</b>	<b>-20,5%</b>

## Allowances for loan impairment

Change in allowances for consolidated loan impairment increased by 23,4% to 11,351 thousand EUR (6M/2022: 9.196 thousand EUR). Allowances at Energbank are determined at the end of June and December only, accordingly, allowances at Energbank decreased by 92,9% to 66 thousand EUR (6M/2022: 934 thousand EUR). Changes in allowances for loan impairment at lute Non-Bank increased by 45,9% to 12.033 thousand EUR (6M/2022: 8.248 thousand EUR).

## Breakdown of allowances for loan impairment

(In thousand EUR)	6M/2023	6M/2022	Δ in %
<b>At the beginning of period</b>	<b>-21.593</b>	<b>-14.993</b>	<b>44,0%</b>
Addition from business combination	0	-2.871	n/a
Allowances for loan impairment	-11.351	-9.254	22,7%
Utilized	9.626	6.709	43,5%
Exchange differences	98	58	69,0%
<b>At the end of the period</b>	<b>-23.220</b>	<b>-20.351</b>	<b>14,1%</b>
<b>(In thousand EUR)</b>	<b>6M/2023</b>	<b>6M/2022</b>	<b>Δ in %</b>
Impairment charges on loans	-11.351	-9.196	23,4%
<b>Net impairment charges</b>	<b>-11.351</b>	<b>-9.196</b>	<b>23,4%</b>

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

Overall net impairment losses represented 24,7% of interest income (6M/2022: 26,6 %). The cost of risk, expressed as net impairment charges to average gross loan portfolio, decreased to 9,8% (6M 2022: 11,4%).

### Operating expenses

Operating expenses for the period increased by 28,7% to 20.445 thousand EUR (6M/2022: 15.885 thousand EUR) related to the expansion of business activity at Iute Non-Bank. Advertising expenses accounted for 9,1% (6M/2022: 11,3%) of operating expenses while expenses on IT accounted for 7,7% (6M/2022: 8,1%). Adjusted for one-off expenses, the cost-to-income ratio in particular with the concluded Kosovo case decreased by 37,0% (6M/2022: 45,0%).

## Breakdown of operating expenses

(In thousand EUR)	6M/2023	6M/2022	Δ in %
Personnel	-10.782	-7.915	36,2%
Advertising expenses	-1.869	-1.791	4,4%
IT	-1.577	-1.289	22,4%
Debt collection	-509	-416	22,3%
Legal and consulting	-1.695	-723	134,4%
Rent and utilities	-323	-308	4,8%
Taxes	-452	-210	115,1%
Travel	-299	-243	23,2%
Other	-2.939	-2.990	-1,7%
<b>Total</b>	<b>-20.445</b>	<b>-15.885</b>	<b>28,7%</b>
<i>Iute Non-Bank</i>	<i>-15.643</i>	<i>-12.693</i>	<i>23,2%</i>
<i>Energbank</i>	<i>-4.802</i>	<i>-3.192</i>	<i>50,4%</i>

The increase in IT costs reflects the development of technological solutions at full speed to build up future revenue streams. Here, the market launch of IutePay in Albania, planned for June 2023, made itself felt. In legal and consulting expenses, the rise is attributable in particular to the integration of Energbank. Advertising expenses showed a decline, mainly reflecting downsized operations in Bosnia and Herzegovina. Excluding personnel expenses, operating expenses increased by 21,2% to 9.662 thousand EUR (6M/2022: 7.970 thousand EUR).

### Personnel expenses

Personnel expenses, mainly salaries and bonuses, and social security expenses increased by 36,2% to 10.782 thousand EUR (6M/2022: 7.915 thousand EUR). Compared to the first-time consolidation of Energbank from 1 February 2022, related personnel costs were incurred for the entire 6M/23 period, while bonus payments were also made

to employees in 6M/23 for the successful implementation of the New Core IT platform. The average staff number in full-time with 979 employees decreased as a result of the wind-down of operations in Bosnia and Herzegovina (6M/2022: 1013 employees).

#### Breakdown of personnel expenses

(In thousand EUR)	6M/2023	6M/2022	Δ in %
Salaries and bonuses	-8.738	-6.381	36,9%
Social security expenses	-1.572	-1.079	45,7%
Medical insurance expenses	-82	-95	-14,0%
Other expenses	-390	-359	8,6%
<b>Total</b>	<b>-10.782</b>	<b>-7.915</b>	<b>36,2%</b>
<i>lute Non-Bank</i>	-6.876	-5.423	26,8%
<i>Energbank</i>	-3.907	-2.492	56,8%
Number of employees adjusted to full-time	979	1.013	-3,4%
<i>lute Non-Bank</i>	495	483	2,5%
<i>Energbank</i>	484	530	-8,7%

#### Foreign exchange gains/losses

Foreign exchange movements resulted in a gain of 2.938 thousand EUR (6M/2022: gain of 345 thousand EUR) reflecting, in particular, EUR/MDL and EUR/ALL conversion rates.

#### Profit before tax

Consolidated profit before tax decreased to 8.089 thousand EUR (6M/2022: 13.557 thousand EUR). The profit margin before tax equaled 17,6% (6M/2022: 39,1%). The prior-year period included in particular accounting gains from the acquisition and the first-time consolidation of Energbank.

#### Income tax expense

Income tax expense increased to 1.118 thousand EUR (6M/2022: 547 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)	6M/2023	6M/2022	Δ in %
Consolidated profit before tax	8.089	13.557	-40,3%
Current income tax expense	-1.118	-547	104,5%
<b>Net profit for the period</b>	<b>6.971</b>	<b>13.010</b>	<b>-46,4%</b>

#### Profit for the period

Net profit for the period decreased to 6.971 thousand EUR (6M/2022: 13.010 thousand EUR). The prior-year period included in particular accounting gains from the acquisition and first-time consolidation of Energbank. Adjusted for one-off gains related to the acquisition of Energbank in the prior-year period net profit more than doubled compared to 3,4 million EUR.

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

Breakdown of transition to adjusted EBITDA

(In thousand EUR)	6M/2023	6M/2022	Δ in %
Profit for the period	6.971	13.010	-46,4%
Provision for corporate income tax	1.118	547	104,5%
Interest expense	13.099	9.305	40,8%
Depreciation and amortization	1.815	2.185	-16,9%
<b>EBITDA</b>	<b>23.004</b>	<b>25.047</b>	<b>-8,2%</b>
Adjustments	113	-9.437	n/a
<b>Adjusted EBITDA</b>	<b>23.117</b>	<b>15.610</b>	<b>48,1%</b>

Breakdown of adjustments to EBITDA

(In thousand EUR)	6M/2023	6M/2022	Δ in %
Net gains/losses from financial assets measured at fair value	0	9.588	n/a
Foreign exchange gains/losses	2.938	345	751,5%
One-time expenses not attributable to operations	-3.051	-496	515,0%
<b>Adjustments</b>	<b>-113</b>	<b>9.437</b>	<b>n/a</b>

Note: One-off expenses not attributable to the operating business comprise the acquisition of Energbank as well as related IT, risk and customer experience environment analyses for the integration of Energbank.

## Condensed statement of financial position

(In thousand EUR)	30 Jun 2023	31 Dec 2022	Δ in %
<b>ASSETS</b>			
Cash and cash equivalents	75.818	65.647	15,5%
<i>lute Non-Bank</i>	31.197	16.846	85,2%
<i>Energbank</i>	44.622	48.802	-8,6%
Loans to customers	208.046	193.897	7,3%
<i>lute Non-Bank</i>	154.908	145.354	6,6%
<i>Energbank</i>	53.139	48.543	9,5%
Prepayments	2.126	1.896	12,1%
Other assets	4.909	4.273	14,9%
Other financial investments	39.002	38.650	0,9%
Property, plant, and equipment	6.798	6.985	-2,7%
Right-of-use assets	1.989	2.075	-4,1%
Intangible assets	9.836	8.912	10,4%
<b>Total assets</b>	<b>348.524</b>	<b>322.335</b>	<b>8,1%</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Liabilities</b>			
Loans and bonds from investors	267.960	251.204	6,7%
Lease liabilities	2.036	2.177	-6,5%
Trade and other payables	1.323	1.536	-13,8%
Current income tax liabilities	330	172	92,0%
Deferred tax liabilities	758	747	1,4%
Other liabilities	10.535	10.402	1,3%
<b>Total liabilities</b>	<b>282.943</b>	<b>266.239</b>	<b>6,3%</b>
<b>Equity</b>			
Minority share	4.550	4.468	1,8%
Share capital	10.000	10.000	0,0%
Legal reserve	1.000	1.000	0,0%
Revaluation reserve	680	783	-13,2%
Unrealized foreign exchange differences	2.244	-374	n/a
Retained earnings	47.107	40.218	17,1%
<b>Total equity</b>	<b>65.582</b>	<b>56.096</b>	<b>16,9%</b>
<b>Total equity and liabilities</b>	<b>348.524</b>	<b>322.335</b>	<b>8,1%</b>

## Assets

Total assets increased by 8,1 % to 348.524 thousand EUR as of 30 June 2023 (31 December 2022: 322.335 thousand EUR).

## Loan portfolio

The net loan portfolio increased by 7,3% to 208.046 thousand EUR as of 30 June 2023 (31 December 2022: 193.897 thousand EUR).

Breakdown of net portfolio

(In thousand EUR)	30 Jun 2023	Total in %	31 Dec 2022	Total in %	Δ in %
Moldova	57.473	27,6%	52.266	27,0%	10,0%
Energbank	53.042	25,5%	48.544	25,0%	9,3%
Albania	61.402	29,5%	56.552	29,2%	8,6%
Macedonia	26.785	12,9%	27.552	14,2%	-2,8%
Bosnia	1.868	0,9%	4.317	2,2%	-56,7%
Bulgaria	7.475	3,6%	4.668	2,4%	60,1%
<b>Total net loan portfolio</b>	<b>208.046</b>	<b>100,0%</b>	<b>193.897</b>	<b>100,0%</b>	<b>7,3%</b>

Breakdown of loan applications

in pcs	6M/2023			6M/2022			Δ in %		
	Processed	Paid out	Approval rate in %	Processed	Paid out	Approval rate in %	Processed	Paid out	Approval rate in %
Moldova	103.383	64.528	67,1%	104.404	35.782	64,8%	-1,0%	80,3%	3,5%
Energbank	5.465	4.052	75,4%	4.599	21.212	81,1%	18,8%	-80,9%	-7,1%
Albania	79.765	62.971	70,0%	85.490	37.731	73,9%	-6,7%	66,9%	-5,3%
Macedonia	34.985	23.164	63,3%	39.516	17.462	63,7%	-11,5%	32,7%	-0,6%
Bosnia	0	0	0,0%	8.142	3.402	52,4%	n/a	n/a	n/a
Bulgaria	66.014	13.036	20,5%	39.608	3.510	15,7%	66,7%	271,4%	30,6%
<b>In total</b>	<b>289.612</b>	<b>167.751</b>	<b>59,7%</b>	<b>281.759</b>	<b>119.099</b>	<b>60,4%</b>	<b>2,8%</b>	<b>40,9%</b>	<b>-1,1%</b>

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

Breakdown of issued loans APR on country level

(In %)	6M/2023	6M/2022	Δ in %	3M/2023	3M/2022	Δ in %	12M/2022	12M/2021	Δ in %	9M/2022	9M/2021	Δ in %
Moldova	42,5%	45,4%	-6,4%	42,1%	46,2%	-8,9%	42,7%	54,3%	-21,3%	43,9%	56,2%	-21,9%
Albania	51,5%	55,1%	-6,5%	54,8%	56,5%	-3,0%	54,3%	58,6%	-7,4%	53,8%	59,8%	-10,0%
Macedonia	50,3%	39,2%	28,3%	52,9%	39,3%	34,6%	42,6%	41,9%	1,6%	41,3%	42,3%	-2,4%
Bosnia	n/a	43,0%	n/a	0,0%	46,1%	n/a	42,0%	55,5%	-24,3%	42,0%	56,7%	-25,9%
Bulgaria	42,1%	39,4%	6,9%	42,4%	39,6%	7,1%	39,6%	40,2%	-1,4%	39,2%	41,0%	-4,4%
<b>Iute Group WAVG</b>	<b>47,0%</b>	<b>47,7%</b>	<b>-1,5%</b>	<b>48,1%</b>	<b>49,0%</b>	<b>-1,8%</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>
Energbank	18,1%	17,2%	5,2%	19,9%	11,1%	78,9%	14,5%	0,0%	n/a	14,4%	0,0%	n/a

The decrease in average annual percentage rates (APR) at group level in 6M/2023 relates to intensified competition across operating countries as well as to the shift to longer loan maturities and the increasing share of repeating customers. In Moldova and Albania, tighter APR caps became effective.

## Breakdown of customer performance index (CPI30)

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

(In %)	6M/2023	6M/2022	Δ in %	3M/2023	3M/2022	Δ in %	12M/2022	12M/2021	Δ in %	9M/2022	9M/2021	Δ in %
Moldova	90,4%	90,4%	0,0%	91,0%	90,3%	0,8%	91,0%	86,3%	5,4%	90,8%	86,1%	5,5%
Albania	87,4%	92,5%	-5,5%	87,1%	92,7%	-6,0%	91,9%	89,3%	2,9%	92,3%	89,1%	3,6%
Macedonia	86,8%	93,1%	-6,8%	87,1%	92,3%	-5,6%	89,1%	86,5%	3,0%	89,2%	86,4%	3,2%
Bosnia	n/a	78,4%	n/a	0,0%	78,0%	n/a	80,3%	70,0%	14,7%	79,5%	70,5%	12,8%
Bulgaria	80,5%	72,0%	11,8%	80,2%	70,2%	14,2%	75,5%	59,6%	26,7%	73,3%	0,0%	n/a
<b>Iute Group WAVG</b>	<b>88,2%</b>	<b>91,1%</b>	<b>-3,2%</b>	<b>88,1%</b>	<b>91,0%</b>	<b>-3,2%</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>

CPI30 is a proprietary Iute Non-Bank metric that has not yet been implemented in Energbank processes.

## Breakdown of portfolio classification

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

(In thousand EUR)	30 Jun 2023				31 Dec 2022			
	Gross amount	Provisions	Net amount	% of net portfolio	Gross amount	Provisions	Net amount	% of net portfolio
Performing	197.969	-6.628	191.341	92,0%	185.044	-5.980	179.064	92,4%
<i>Iute Non-Bank</i>	144.940	-5.839	139.101	89,8%	137.022	-5.281	131.742	90,6%
<i>Energbank</i>	53.029	-789	52.240	98,3%	48.021	-700	47.322	97,5%
Non-Performing	33.297	-16.592	16.705	8,0%	30.447	-15.613	14.834	7,7%
<i>Iute Non-Bank</i>	30.030	-14.223	15.807	10,2%	26.084	-12.472	13.612	9,4%
<i>Energbank</i>	3.267	-2.369	898	1,7%	4.363	-3.141	1.222	2,5%
<b>Total portfolio</b>	<b>231.266</b>	<b>-23.220</b>	<b>208.046</b>	<b>100,0%</b>	<b>215.491</b>	<b>-21.593</b>	<b>193.897</b>	<b>100,0%</b>
<i>Iute Non-Bank</i>	174.970	-20.062	154.908	74,5%	163.106	-17.753	145.354	75,0%
<i>Energbank</i>	56.296	-3.158	53.138	25,5%	52.384	-3.841	48.544	25,0%

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(In thousand EUR)	30 Jun 2023	Total share in %	31 Dec 2022	Total share in %
Stage 1	188.818	90,8%	91.353	47,1%
<i>lute Non-Bank</i>	136.617	65,7%	129.420	66,7%
<i>Energbank</i>	52.201	25,1%	47.234	24,4%
Stage 2	2.523	1,2%	2.401	1,2%
<i>lute Non-Bank</i>	2.484	1,2%	2.322	1,2%
<i>Energbank</i>	39	0,0%	79	0,0%
Stage 3	16.705	8,0%	14.834	7,7%
<i>lute Non-Bank</i>	15.807	7,6%	13.612	7,0%
<i>Energbank</i>	898	0,4%	1.222	0,6%
<b>Total net portfolio</b>	<b>208.046</b>	<b>100,0%</b>	<b>193.897</b>	<b>100,0%</b>
<i>lute Non-Bank</i>	154.908	74,5%	145.354	75,0%
<i>Energbank</i>	53.138	25,5%	48.544	25,0%
Gross NPL ratio	<b>14,4%</b>		<b>14,1%</b>	
<i>lute Non-Bank</i>	17,2%		16,0%	
<i>Energbank</i>	5,8%		8,3%	
Impairment coverage ratio	<b>69,7%</b>		<b>70,9%</b>	
<i>lute Non-Bank</i>	66,8%		68,1%	
<i>Energbank</i>	96,7%		88,0%	

Distribution principles between stages

	30 Jun 2023	31 Dec 2022
Stage 1	DPD <=30	DPD <=30
Stage 2	30 < DPD <=50	30 < DPD <=50
Stage 3	DPD > 50	DPD > 50

### Other assets and prepayments

Breakdown of other assets and prepayments

(In thousand EUR)	30 Jun 2023	31 Dec 2022	Δ in %
Deferred tax assets	546	535	2,1%
Prepayments of rent	98	99	-1,2%
Prepayment of taxes	590	772	-23,6%
Prepayments to suppliers and deferred expenses	891	489	82,1%
<b>Prepayments in total</b>	<b>2.126</b>	<b>1.896</b>	<b>12,1%</b>
Receivables from collection companies	863	1.032	-16,3%
Other receivables	1.448	687	110,8%
Deposit receivables from partners	2.597	2.554	1,7%
<b>Trade and other receivables in total</b>	<b>4.909</b>	<b>4.273</b>	<b>14,9%</b>
<b>TOTAL</b>	<b>7.034</b>	<b>6.168</b>	<b>14,0%</b>

### Liabilities

As of 30 June 2023, total liabilities at 282.943 thousand EUR increased with 6,3% (31 December 2022: 266.239 thousand EUR).



## Breakdown of loans and borrowings

Loans and borrowings at 269.996 thousand EUR increased with 6,6% (31 December 2022: 253.382 thousand EUR), accounting for 95,4% of all liabilities (31 December 2022: 95,2%).

(In thousand EUR)	30 Jun 2023	31 Dec 2022	Δ in %
Loans from investors	<b>142.235</b>	<b>122.247</b>	<b>16,4%</b>
Due date during next 12 months	78.824	77.808	1,3%
<i>lute Non-Bank</i>	17.802	13.258	34,3%
<i>Energbank customer deposits</i>	61.020	64.551	-5,5%
Due date after 12 months	63.411	44.439	42,7%
<i>lute Non-Bank</i>	40.639	23.175	75,4%
<i>Energbank customer deposits</i>	22.772	21.264	7,1%
Bond liabilities	<b>121.078</b>	<b>123.630</b>	<b>-2,1%</b>
Due date during next 12 months	17.718	48.631	-63,6%
Due date after 12 months	103.361	74.999	37,8%
Lease liabilities	<b>2.036</b>	<b>2.178</b>	<b>-6,5%</b>
Due date during next 12 months	955	908	5,1%
Due date after 12 months	1.081	1.270	-14,8%
Accrued interest	<b>4.647</b>	<b>5.327</b>	<b>-12,8%</b>
<b>TOTAL</b>	<b>269.996</b>	<b>253.382</b>	<b>6,6%</b>
<i>weighted average interest rate</i>	8,6%	8,2%	
<i>currency</i>	<i>EUR, MDL, USD; ALL; MKD; RUB; GBP</i>	<i>EUR, MDL, USD; ALL; MKD; RUB; GBP</i>	

Loans from investors increased to 142.235 thousand EUR (31 December 2022: 122.247 thousand EUR), of which 35.777 thousand EUR (31 December 2022: 14.699 thousand EUR) are accounted for by P2P loans from the Mintos platform and 83.791 thousand EUR (31 December 2022: 85.815) for customer deposits and current customer bank accounts.

luteCredit Finance S.á r.l., wholly owned Luxembourg subsidiary of lute Group AS (formerly: luteCredit Europe AS), issued in August 2019 40 million EUR senior secured bonds (Eurobond), with a maturity of 4 years and a coupon of 13%, guaranteed by lute Group 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 lute Group'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 on 1 March 2023 started the offer to exchange the 2019/2023 EUR bond for the 2021/2026 EUR bond. As of the end of the exchange period on 29 March 2023, investors exchanged more than EUR 23.3 million nominally.

At the end of September 2021, luteCredit Finance S.á r.l., wholly owned Luxembourg subsidiary of lute Group AS (formerly: luteCredit Europe AS), 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 March 2023, a 40 million EUR tap at a price of 96.5% followed, of which 23.3 million EUR related to the conversion of EUR 2019/2023 bonds and 16.7 million EUR to new subscriptions. After the tap issue, the total amount outstanding of lute Group's 11% corporate bonds 2021/2026 amounts to 115 million EUR.

In October 2022, lute Group AS (formerly: 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

	30 Jun 2023	31 Dec 2022	Δ in %
<b>Capitalization</b>			
Capitalization ratio (Equity/net loan portfolio)	31,5%	28,9%	9,0%
Financial covenant at least	15%	15%	
	6M/2023	6M/2022	Δ in %
<b>Profitability</b>			
Interest coverage ratio (ICR), times (Adjusted EBITDA/interest expenses)	1,8	1,7	8,0%
Financial covenant at least	1,5	1,5	

## Distribution of investor loan (Mintos)

(In thousand EUR)	Mintos loans			Net loan portfolio			
	30 Jun 2023	31 Dec 2022	Δ in %	30 Jun 2023	Total share in %	31 Dec 2022	Total share in %
Moldova	15.447	6.248	147,2%	57.473	26,9%	52.266	12,0%
Energbank	0	0	n/a	53.042	n/a	48.544	n/a
Albania	13.803	6.660	107,2%	61.402	22,5%	56.552	11,8%
Macedonia	6.527	1.790	264,6%	26.785	24,4%	27.552	6,5%
Bosnia	0	0	n/a	1.868	n/a	4.317	n/a
Bulgaria	0	0	n/a	7.475	n/a	4.668	n/a
<b>Total</b>	<b>35.777</b>	<b>14.699</b>	<b>143,4%</b>	<b>208.046</b>	<b>24,6%</b>	<b>193.897</b>	<b>10,8%</b>

## Other liabilities

## Breakdown of other liabilities

(In thousand EUR)	30 Jun 2023	31 Dec 2022	Δ in %
Trade payables	1.323	1.536	-13,9%
Payables to employees	630	582	8,2%
Corporate income tax payables	330	172	92,0%
Other tax payables	758	902	-16,0%
Allocations and other provisions	2.958	2.234	32,4%
Deferred revenue	4.300	3.642	18,1%
Other liabilities	2.648	3.788	-30,1%
<b>TOTAL</b>	<b>12.946</b>	<b>12.857</b>	<b>0,7%</b>

## Equity

As of 30 June 2023, equity increased by 16,9% to 65.582 thousand EUR (31 December 2022: 56.096 thousand EUR), representing an equity to assets ratio of 18,8% (31 December 2022: 17,4%). The equity to net loan portfolio ratio increased to 31,5% (31 December 2022: 28,9%), reflecting the Group's strong capitalization, and exceeds lute Group Eurobond covenants of at least 15% significantly.

## Off-balance sheet arrangements

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

## Recent developments

After the end of the reporting period, on 12 July 2023, lute Group announced the settlement of the EUR 10 million tap of its EUR 2021/2026 bond. The tap increased the total volume of luteCredit's 2021/2026 bonds to EUR 125 million.

After the end of the reporting period, on 3 August 2023, lute Group held a bondholder meeting to amend the terms and conditions of its EUR 2021/2026 bonds (ISIN: XS2378483494). Bondholders resolved all proposed amendments with great consent. The proposals included lowering the interest coverage ratio in relation to the incurrence test, increasing the flexibility of the permitted debt baskets, and facilitating the implementation of employee participation programs.

## FINANCIAL STATEMENTS

## Consolidated statement of comprehensive income

(In thousand EUR)	6M/2023	6M/2022	Δ in %
Interest and similar income	46.043	34.631	33,0%
Interest and similar expense	-13.099	-9.305	40,8%
<b>Net interest and commission fee income</b>	<b>32.944</b>	<b>25.326</b>	<b>30,1%</b>
Loan administration fees and penalties	3.203	4.027	-20,5%
<b>Loan administration fees and penalties in total</b>	<b>3.203</b>	<b>4.027</b>	<b>-20,5%</b>
Other income	2.615	1.537	70,1%
Allowances for loan impairment	-11.351	-9.196	23,4%
<b>Net operating income</b>	<b>27.412</b>	<b>21.694</b>	<b>26,4%</b>
Personnel expenses	-10.782	-7.915	36,2%
Depreciation/amortization charge	-1.815	-2.185	-16,9%
Other operating expenses	-9.662	-7.970	21,2%
<b>Total operating expenses</b>	<b>-22.260</b>	<b>-18.070</b>	<b>23,2%</b>
Net income from financial investments	0	9.558	n/a
Foreign exchange gains/losses	2.938	345	751,5%
<b>Net financial result</b>	<b>2.938</b>	<b>9.933</b>	<b>-70,4%</b>
<b>Profit before tax</b>	<b>8.089</b>	<b>13.557</b>	<b>-40,3%</b>
Income tax expense	-1.118	-547	104,3%
<b>Profit for the reporting period</b>	<b>6.971</b>	<b>13.010</b>	<b>-46,4%</b>
<b>Other comprehensive income</b>			
Exchange differences on translation of foreign operations	2.618	-723	n/a
Revaluation reserve change	-103	0	n/a
<b>Other comprehensive income total</b>	<b>9.486</b>	<b>12.287</b>	<b>-22,8%</b>
<b>Profit attributable to:</b>			
Equity holders of the parent	6.889	11.913	-42,2%
Equity holders of minority	82	270	-69,6%
<b>Total comprehensive income attributable to:</b>			
Equity holders of the parent	9.404	12.017	-21,7%
Equity holders of minority	82	270	-69,6%

## Iute Non-Bank statement of comprehensive income

(In thousand EUR)	6M/2023	6M/2022	Δ in %
Interest and similar income	36.880	27.509	34,1%
Interest and similar expense	-11.492	-8.605	33,6%
<b>Net interest and commission fee income</b>	<b>25.388</b>	<b>18.904</b>	<b>34,3%</b>
Loan administration fees and penalties	3.170	4.002	-20,8%
<b>Loan administration fees and penalties in total</b>	<b>3.170</b>	<b>4.002</b>	<b>-20,8%</b>
Other income	2.630	1.957	34,4%
Allowances for loan impairment	-12.033	-8.248	45,9%
<b>Net operating income</b>	<b>19.155</b>	<b>16.614</b>	<b>15,3%</b>
Personnel expenses	-6.876	-5.423	26,8%
Depreciation/amortization charge	-1.408	-1.877	-25,0%
Other operating expenses	-8.768	-7.270	20,6%
<b>Total operating expenses</b>	<b>-17.052</b>	<b>-14.570</b>	<b>17,0%</b>
Net income from subsidiaries using equity method	0	9.588	n/a
Foreign exchange gains/losses	3.016	350	761,4%
<b>Net financial result</b>	<b>3.016</b>	<b>9.938</b>	<b>-69,7%</b>
<b>Profit before tax</b>	<b>5.120</b>	<b>11.982</b>	<b>-57,3%</b>
Income tax expense	-918	-421	118,2%
<b>Profit for the reporting period</b>	<b>4.202</b>	<b>11.561</b>	<b>-63,7%</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	2.284	120	>1.000%
<b>Other comprehensive income total</b>	<b>6.485</b>	<b>11.681</b>	<b>-44,5%</b>
<b>Profit attributable to:</b>			
Equity holders	6.485	11.681	-44,5%
<b>Total comprehensive income attributable to:</b>			
Equity holders	6.485	11.681	-44,5%

## Energbank statement of comprehensive income

(In thousand EUR)	6M/2023	6M/2022	Δ in %
Interest and similar income	9.163	8.867	3,3%
Interest and similar expense	-1.607	-801	100,6%
<b>Net interest and commission fee income</b>	<b>7.556</b>	<b>8.066</b>	<b>-6,3%</b>
Loan administration fees and penalties	33	25	31,2%
<b>Loan administration fees and penalties in total</b>	<b>33</b>	<b>25</b>	<b>31,2%</b>
Other income	-50	-436	-88,5%
Allowances for loan impairment	-66	-934	-92,9%
<b>Net operating income</b>	<b>7.473</b>	<b>6.721</b>	<b>11,2%</b>
Personnel expenses	-3.907	-2.829	38,1%
Depreciation/amortization charge	-406	-322	26,1%
Other operating expenses	-895	-1.687	-47,0%
<b>Total operating expenses</b>	<b>-5.208</b>	<b>-4.838</b>	<b>7,7%</b>
Foreign exchange gains/losses	-79	-46	71,7%
<b>Net financial result</b>	<b>-79</b>	<b>-46</b>	<b>71,7%</b>
<b>Profit before tax</b>	<b>2.186</b>	<b>1.837</b>	<b>19,0%</b>
Income tax expense	-200	-155	29,0%
<b>Profit for the reporting period</b>	<b>1.986</b>	<b>1.682</b>	<b>18,1%</b>

## Consolidated statement of financial position

(In thousand EUR)	30 Jun 2023	31 Dec 2022	Δ in %
<b>ASSETS</b>			
Cash and cash equivalents	75.818	65.647	15,5%
Loans to customers	208.046	193.897	7,3%
Prepayments	2.126	1.896	12,1%
Other assets	4.909	4.273	14,9%
Other financial investments	39.002	38.650	0,9%
Property, plant, and equipment	6.798	6.985	-2,7%
Right-of-use assets	1.989	2.075	-4,1%
Intangible assets	9.836	8.912	10,4%
<b>Total assets</b>	<b>348.524</b>	<b>322.335</b>	<b>8,1%</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Liabilities</b>			
Loans and bonds from investors	267.960	251.204	6,7%
Lease liabilities	2.036	2.177	-6,5%
Trade and other payables	1.323	1.536	-13,8%
Current income tax liabilities	330	172	92,0%
Deferred tax liabilities	758	747	1,4%
Other liabilities	10.535	10.402	1,3%
<b>Total liabilities</b>	<b>282.943</b>	<b>266.239</b>	<b>6,3%</b>
<b>Equity</b>			
Minority share	4.550	4.468	1,8%
Share capital	10.000	10.000	n/a
Legal reserve	1.000	1.000	0,0%
Revaluation reserve	680	783	-13,2%
Unrealized foreign exchange differences	2.244	-374	n/a
Retained earnings	47.107	40.218	17,1%
<b>Total equity</b>	<b>65.582</b>	<b>56.096</b>	<b>16,9%</b>
<b>Total equity and liabilities</b>	<b>348.524</b>	<b>322.335</b>	<b>8,1%</b>

## Iute Non-Bank statement of financial position

(In thousand EUR)	30 Jun 2023	31 Dec 2022	Δ in %
<b>ASSETS</b>			
Cash and cash equivalents	31.197	15.846	96,9%
Loans to customers	154.908	145.354	6,6%
Prepayments	1.475	1.599	-7,8%
Other assets	3.684	3.892	-5,3%
Other financial investments	36.607	35.073	4,4%
Property, plant, and equipment	1.057	1.186	-10,9%
Right-of-use assets	1.778	1.890	-5,9%
Intangible assets	9.261	8.304	11,5%
<b>Total assets</b>	<b>239.966</b>	<b>213.144</b>	<b>12,6%</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Liabilities</b>			
Loans and bonds from investors	180.460	161.422	11,8%
Lease liabilities	1.824	1.866	-2,3%
Trade and other payables	1.258	1.482	-15,1%
Current income tax liabilities	16	9	76,8%
Deferred tax liabilities	751	743	1,0%
Other liabilities	7.981	7.802	2,3%
<b>Total liabilities</b>	<b>192.288</b>	<b>173.324</b>	<b>10,9%</b>
<b>Equity</b>			
Share capital	10.000	10.000	n/a
Legal reserve	1.000	1.000	n/a
Unrealized foreign exchange differences	2.717	433	527,4%
Retained earnings	33.962	29.387	15,6%
<b>Total equity</b>	<b>47.678</b>	<b>40.820</b>	<b>16,8%</b>
<b>Total equity and liabilities</b>	<b>239.966</b>	<b>214.144</b>	<b>12,1%</b>



## Energbank statement of financial position

(In thousand EUR)	30 Jun 2023	31 Dec 2022	Δ in %
<b>ASSETS</b>			
Cash and cash equivalents	44.621	48.802	-8,6%
Loans to customers	52.755	48.544	8,7%
Prepayments	650	297	118,9%
Other assets	1.225	596	105,5%
Other financial investments	34.134	34.762	-1,8%
Property, plant, and equipment	5.741	5.799	-1,0%
Right-of-use assets	576	185	211,4%
Intangible assets	595	608	-2,1%
<b>Total assets</b>	<b>140.297</b>	<b>139.592</b>	<b>0,5%</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Liabilities</b>			
Loans and bonds from investors	87.500	89.779	-2,5%
Lease liabilities	213	191	11,5%
Trade and other payables	66	53	24,5%
Current income tax liabilities	314	164	91,5%
Deferred tax liabilities	143	155	-7,7%
Other liabilities	2.420	2.450	-1,2%
<b>Total liabilities</b>	<b>90.656</b>	<b>92.792</b>	<b>-2,3%</b>
<b>Equity</b>			
Share capital	5.010	5.010	0,0%
Share premium	5.948	5.829	2,0%
Legal reserve	501	491	2,0%
Revaluation reserve	680	783	-13,2%
Foreign currency exchange reserve	11	-278	-104,0%
Other reserves	2.203	2.159	2,1%
Retained earnings	35.288	32.807	7,6%
<b>Total equity</b>	<b>49.641</b>	<b>46.800</b>	<b>6,1%</b>
<b>Total equity and liabilities</b>	<b>140.297</b>	<b>139.592</b>	<b>0,5%</b>

## Consolidated statement of cash flows

(In thousand EUR)	6M/2023	6M/2022	Δ in %
Paid prepayments (-)	-5.076	-14.703	-65,5%
Received pre- and overpayments (+)	783	22.861	-96,6%
Paid trade payables outside the Group (-)	-12.600	-11.285	11,7%
Received debts from buyers and received other claims (+)	320	868	-63,2%
Received from collection companies (+)	19.920	15.493	28,6%
Paid net salaries (-)	-7.584	-5.195	46,0%
Paid tax liabilities, excl. CIT (-)	-4.259	-3.006	41,7%
Corporate income tax paid (-)	-803	-1.591	-49,5%
Paid out to customers outside the Group (-)	-122.701	-109.933	11,6%
Change in MasterCard settlement account (+/-)	-7.660	-6.061	26,4%
Principal repayments from customers outside the Group (+)	118.993	73.547	61,8%
Loan principal repayments from customers related to MasterCard (+)	0	9.820	n/a
Interest, commission and other fees received outside the Group (+)	23.451	18.488	26,8%
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>2.785</b>	<b>-10.697</b>	<b>n/a</b>
Purchase of fixed assets outside the Group, incl. prepayments (-)	-2.239	-2.654	-15,7%
Net cash flow from acquisition of subsidiaries (+)	0	44.771	n/a
Payments for other financial investments (-)	-23.273	-22.303	4,4%
Receipts from other financial investments (+)	26.473	17.247	53,5%
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>962</b>	<b>37.060</b>	<b>-97,4%</b>
Loans received from investors outside the Group (+)	28.456	8.024	254,6%
Repaid loans to investors outside the Group (-)	-11.159	-4.894	128,0%
Principal payments of financial lease contracts (-)	-768	-610	25,8%
Interests paid outside the Group (-)	-11.622	-8.632	34,6%
Receipts from other financing activities (+)	16	3	437,5%
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>4.924</b>	<b>-6.109</b>	<b>n/a</b>
<b>Change in cash and cash equivalents</b>	<b>8.671</b>	<b>20.254</b>	<b>-57,2%</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>65.647</b>	<b>46.324</b>	<b>41,7%</b>
Change in cash and cash equivalents	8.671	20.254	-57,2%
Net foreign exchange difference	1.500	-328	n/a
<b>Cash and cash equivalents at the end of the period</b>	<b>75.818</b>	<b>66.250</b>	<b>14,4%</b>
<b>Cash and cash equivalents comprise</b>	<b>30 Jun 2023</b>	<b>31 Dec 2022</b>	<b>Δ in %</b>
Cash on hand	7.616	10.721	-29,0%
Non-restricted current account	68.203	55.529	22,8%

## Consolidated statement of changes in equity

(In thousand EUR)	Share capital	Legal reserve	Unrealized foreign exchange differences	Revaluation reserve	Retained earnings	Minority share	Total
<b>01/01/22</b>	<b>10.000</b>	<b>799</b>	<b>-510</b>	<b>0</b>	<b>15.296</b>	<b>0</b>	<b>25.585</b>
<b>Profit for the year</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>12.718</b>	<b>292</b>	<b>13.010</b>
<b>Other comprehensive income</b>							
Foreign currency translation	0	0	883	0	0	0	883
Revaluation reserve of financial assets	0	0	0	791	0	0	791
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>883</b>	<b>791</b>	<b>12.718</b>	<b>292</b>	<b>14.684</b>
Acquisition of subsidiary	0	0	0	0	7.103	13.948	21.051
Acquisition of non-controlling interest	0	0	0	0	-795	-9.970	-10.765
Allocation to reserves	0	201	0	0	-201	0	0
<b>30/06/22</b>	<b>10.000</b>	<b>1.000</b>	<b>373</b>	<b>791</b>	<b>34.121</b>	<b>4.270</b>	<b>50.555</b>
<b>01/01/23</b>	<b>10.000</b>	<b>1.000</b>	<b>-374</b>	<b>783</b>	<b>40.218</b>	<b>4.468</b>	<b>56.096</b>
<b>Profit for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6.889</b>	<b>82</b>	<b>6.971</b>
<b>Other comprehensive income</b>							
Foreign currency translation	0	0	2.618	0	0	0	2.618
Revaluation reserve of financial assets	0	0	0	-103	0	0	-103
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>2.618</b>	<b>-103</b>	<b>6.889</b>	<b>82</b>	<b>9.486</b>
<b>30/06/23</b>	<b>10.000</b>	<b>1.000</b>	<b>2.244</b>	<b>680</b>	<b>47.107</b>	<b>4.550</b>	<b>65.582</b>

## Additional consolidated key performance indicators

<b>Profitability</b>	<b>6M/2023</b>	<b>6M/2022</b>	<b>Δ in %</b>
Return on average assets	4,0%	5,6%	-1,5%
Return on average equity	22,3%	34,2%	-11,9%
Interest income/Average interest-earning assets	19,6%	22,8%	-3,1%
Interest income/Average gross loan portfolio	20,6%	22,2%	-1,6%
Interest income/Average net loan portfolio	22,9%	21,4%	1,5%
Interest expense/Interest income	28,5%	26,9%	1,6%
Cost of funds	4,8%	4,8%	0,0%
Cost of interest-bearing liabilities	5,0%	5,0%	0,0%
Net interest margin	17,0%	19,2%	-2,2%
Net effective annualized yield	22,9%	25,1%	-2,2%
Net impairment/interest income	24,7%	26,6%	-1,9%
Net fee and commission income/Total operating income	95,0%	96,2%	-1,2%
Earnings before taxes/Average total assets	2,4%	5,8%	-3,4%
<b>Efficiency</b>	<b>6M/2023</b>	<b>6M/2022</b>	<b>Δ in %</b>
Total assets/Employee (in thousand EUR)	356	331	7,6%
Total operating income/Employee (in thousand EUR)	53	40	33,5%
Cost/Income ratio	42,9%	45,0%	-2,0%
Total recurring operating costs/Average total assets	0,8%	1,0%	-0,2%
Total operating income/ Average total assets	15,5%	17,3%	-1,8%
Personnel costs/Total recurring operating costs	392,3%	325,9%	66,4%
Personnel costs/Total operating income	20,8%	19,7%	1,1%
Net operating income/Total operating income	52,9%	54,0%	-1,1%
Net income (Loss)/Total operating income	26,2%	32,4%	-6,2%
Profit before tax (Loss)/Interest income	17,6%	39,1%	-21,6%
<b>Liquidity</b>	<b>6M/2023</b>	<b>6M/2022</b>	<b>Δ in %</b>
Net loan receivables/Total assets	59,7%	60,2%	-0,5%
Average net loan receivables/Average total assets	59,9%	69,4%	-9,6%
Net loan receivables/Total liabilities	73,5%	72,8%	0,7%
Interest-earning assets/Total assets	75,3%	64,1%	11,2%
Average interest-earning assets/Average total assets	69,9%	65,3%	4,6%
Liquid assets/Total assets	32,9%	32,4%	0,6%
Liquid assets/Total liabilities	40,6%	39,2%	1,4%
Total deposits/Total assets	9,8%	11,2%	-1,4%
Total deposits/Total liabilities	12,1%	13,6%	-1,5%
Total deposits/Shareholders' equity	52,3%	64,4%	-12,1%
Tangible common equity/Tangible assets	16,5%	15,1%	1,4%
Tangible common equity/Net receivables	26,8%	24,3%	2,5%
Net Loan Receivables/Equity (times)	3,2	3,5	-8,2%
<b>Asset quality</b>	<b>6M/2023</b>	<b>6M/2022</b>	<b>Δ in %</b>
Loan loss reserve/Gross receivables from client	10,0%	10,0%	0,0%
Average loan loss reserve/Average gross receivables from clients	10,0%	10,9%	-0,9%
Cost of risk	9,8%	11,4%	-1,6%
Gross NPL ratio	14,4%	14,1%	0,3%
Impairment coverage ratio	69,7%	70,9%	-1,2%
<b>Selected operating data</b>	<b>6M/2023</b>	<b>6M/2022</b>	<b>Δ in %</b>
Number of employees (adjusted to full-time)	979	1.013	-3,4%
Average monthly gross salary in group (in EUR)	1.488	1.050	41,7%

## 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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