

# IUTECREDIT FINANCE S.A R.L.

Unaudited half year report 2023

Address: 16, rue Eugene Ruppert  
L-2453 Luxembourg  
Grand Duchy of Luxembourg  
Registry code: B234678

## Contents

<b>General information and contacts</b> .....	3
<b>Management report for unaudited half year report 2022</b> .....	4
<b>Financial statements</b> .....	8
Statement of comprehensive income .....	8
Statement of financial position .....	9
Statement of changes in equity.....	10
Statement of cash flows .....	11
<b>Notes to the half year report</b> .....	12
<b>Signatures of the management board to unaudited half year report 2023</b> .....	26

## General information and contacts

Address:	16, rue Eugene Ruppert L-2453 Luxembourg Grand Duchy of Luxembourg
Registry code:	B234678
Main activity:	Financing company
Auditor:	KPMG Audit S.à r.l.
Reporting period:	01 January 2023 – 30 June 2023
Share capital:	EUR 12 thousand

## Management report for unaudited half year report 2023

### **Executive overview**

luteCredit Finance S.à r.l. (hereinafter “the Company”) started its business activity in May 2019. The Company’s main business activity is acting as a financing intermediary for its parent company – lute Group AS (former legal name luteCredit Europe AS) which is registered and located in the Republic of Estonia. The Company is included in the consolidated financial statements of lute Group AS which can be found on the official website of lute Group AS [www.iutecredit.com](http://www.iutecredit.com).

lute Group AS is a holding company which issues consumer credits and offers personal finance services via its 100% owned operating subsidiaries in local markets where the subsidiaries are operating. As of 30 June 2023, lute Group AS had in addition to the Company, eight operating subsidiaries:

1. ICS OMF luteCredit SRL (ICM) in Moldova,
2. luteCredit Albania SHA (ICA) in Albania,
3. VeloxPay Albania SH.P.K (VeloxPay Albania) in Albania,
4. luteCredit Macedonia DOOEL-Skopje (ICMK) in North Macedonia,
5. lutePay Bulgaria EOOD (lutePay Bulgaria) in Bulgaria,
6. luteCredit Bulgaria EOOD (ICBG) in Bulgaria,
7. MKD luteCredit BH d.o.o. Sarajevo (ICBH) in Bosnia and Herzegovina,
8. BC Energbank S.A (EB) in Moldova.

### **Financial review**

#### **Statement of comprehensive income**

The Company recorded an operating profit of EUR 10 thousand for the reporting period ending 30 June 2023. Operating revenues amounted to EUR 7 983 thousand which consisted of interest income from granted loan to parent entity.

The loan granted to parent entity was financed by issuance of bonds by the Company and the Company had financial expenses in financial year in the amount of total EUR 7 904 thousand.

Operating expenses amounted to EUR 69 thousand which were related to operating activities.

#### **Statement of financial position**

Total assets at 30 June 2023 amounted to EUR 123 010 thousand and liabilities amounted to EUR 122 888 thousand. The assets consist mostly from interest and loan receivable constituting 99,99% of total assets. The liabilities consist of accrued interest payables and bond liabilities constituting 99% of total liabilities.

As at 30 June 2023 the liquidity ratio of the Company was 2,3.

The equity of the Company is in the amount of EUR 122 thousand as at 30 June 2023.

### **Future development**

Considering the ongoing war in Ukraine which globally adds a much different level of uncertainty to the environment for the upcoming periods, the management of the Company believes that the effects will be very marginal, if any, for the Company as it does not have direct economical relations with counterparties of the war. Also, lute Group does not have any direct economical relations with counterparties of the war which could cause difficulties for the group to settle timely its liabilities with the Company. The management of the Company will focus its activities in the second half of financial

year 2023 on the main business operations and stay alert to any circumstance which may impact negatively Company's business operations.

On 5 July 2023, the Company conducted a refinancing of the bonds in the amount of total EUR 7 200 thousand which maturity date is 7 August 2023. In addition to refinancing, the Company conducted a public offering for the subscription of new bonds in the amount up to EUR 2 800 thousand which maturity date is 6 October 2026. As a result, the total volume of bonds with maturity date 6 October 2026 is EUR 125 000 thousand.

#### **Research & Development**

No research and development costs occurred in the financial period ended 30 June 2023.

#### **Acquisition of own shares**

No acquisition of own shares has occurred in financial period ended 30 June 2023.

#### **Free shares**

As at 30 June 2023, the Company has not granted any free shares to members of the Management of the Company. The Company is fully owned by Iute Group AS.

#### **Existence of branches of the company**

The Company does not have any branches.

#### **Risk management**

The Company does not have written risk management process in place. The Company focuses in its operations on minimizing the potential adverse effects of the financial risks on the performance of the Company. The main focus is on management of risks arising from overall market conditions, in interest rates development on financial market and their possible impact to Company's liquidity and capital as described in Note 4 Financial risk management policies.

#### **Audit committee**

Based on Art. 1 (20) of the Law of July 23, 2016 concerning the audit profession, the Company is classified as a public-interest entity. Based on Art. 52 (1), a public-interest entity shall establish an audit committee. However, based on Art. 52 (5) a), the Company is exempted from this obligation as an audit committee has been established on group level.

### **Corporate Governance Statement**

#### **Introduction**

The Company is subject to and complies with – among the others – the Luxembourg law of 10 August 1915 on commercial companies, as amended and the law of 11 January 2008 on transparency requirements for issuers of securities, as amended (the "Luxembourg Company Law"), as well as the Rules and Regulations of the Frankfurt Stock Exchange. The Company does not apply additional requirements in addition to those required by the above.

#### **Powers of the Shareholder**

The shareholder's general meeting exercises the power granted by the Luxembourg Company Law including

- appointing and removing the managers (the "Managers") and the statutory or independent auditor of the Company as well as setting their remuneration,
- approving the annual financial statements of the Company,
- amending the articles of association of the Company,
- deciding on the dissolution and liquidation of the Company,
- changing the nationality of the Company, and
- rights to amend the financial statements after their issue.

#### General Powers of the Board of Managers

The Company is currently managed by a board of managers (the "Board") whose members have been appointed as one type A Manager and two type B Managers by the shareholder`s general meeting of the Company. In accordance with Luxembourg Company Law, each type A Manager and type B Manager may be removed at any time without cause (révocation ad nutum).

Meetings of the Board are convened upon request of the chairman of the Board or any two Managers of the Company as often as the interest of the Company so requires. The meetings of the Board are validly held if at the commencement of the meeting at least one type A Manager and one type B Manager is present or represented and decisions are validly taken by the majority of the Managers present or represented (including at least one type A Manager and at least one type B Manager). Any Manager may represent one or more other Managers at a Board meeting.

The Board of the Company may, from time to time, delegate its power to conduct the daily management (gestion journalière) of the Company to one or more Managers, i.e., the managing Manager(s) (administrateur(s) délégué(s)), commit the management of the affairs of the Company to one or more Managers or give special powers for determined matters to one or more proxy holders.

Pursuant to its articles of association, according to which the Company is administrated by the Board comprising several categories of Managers, it shall be bound by the joint signatures of a type A Manager and a type B Manager. Thus, the "four eyes" principle is established.

Based on the articles of association of the Company, Managers of each category are vested with the same individual powers and duties. The Managers of type B are Luxembourg residents, whereas the Manager of type A is not a Luxembourg resident and at the same time holds the position of CEO within the Company.

#### Financial reporting and auditing

The annual financial statements of the Company are audited. The Annual General Meeting of shareholders appoints the auditor for the next financial year.

One member of the Board of Managers has been appointed as responsible for financial reporting and auditing. The responsible member ensures the high quality of financial reporting by monitoring closely daily transactions and preparing monthly financial statements by using financial accounting and reporting software.

#### **Subsequent events**

On 26 May 2023, the Company started exchange offer for EUR bond 2019/2023 (ISIN: XS2033386603) up to EUR 10 000 thousand. Exchange offer period was from 30 May 2023 until 03 July 2023. Exchange offer conditions were as follows:

- Exchange offer-related new EUR 2021/2026 (ISIN: XS2378483494) bonds offered at exchange price of 96.5% with an interest rate of 11.0% per annum payable semi-annually; difference to exchange price of each new bond and its nominal value (EUR 35 per bond exchanged) and accrued interest for period from 7 February 2023 to 12 July 2023 will be paid in cash.
- Yield to maturity for exchange offer-related bonds of 12.3%.
- Exchange ratio 1:10, as a result of different denominations of the bonds, i.e., EUR 2019/2023 bond denominated at EUR 1,000 each, EUR 2021/2026 at EUR 100 each.

As a result of the exchange offer, the Company was able to exchange 7 202 EUR bond 2019/2023 (ISIN: XS2033386603) with the value of EUR 7 202 thousand.

In addition, new EUR 2021/2026 (ISIN: XS2378483494) bonds in the amount of EUR 2 787 thousand were subscribed by Company`s shareholder.

On 13 July 2023, the Company has initiated the formal process to amend the terms and conditions of its EUR 2021/2026 bonds (ISIN: XS2378483494).

The amendments of the terms and conditions proposed were:

- lowering of the interest coverage ratio in relation to the incurrence test. The aim for change is to enable lute Group to optimize own capital structure, to allow prudent asset leverage and capital allocation. The changes relate only to the

## UNAUDITED HALF YEAR REPORT OF S.A R.L. IUTECREDIT FINANCE

incurrence test. Financial covenants related to the maintenance test such as the interest coverage and capitalization ratio are not affected and remains unchanged;

- increasing the flexibility of the permitted debt baskets and
- facilitating the implementation of employee participation programs.

The last two changes will reflect the continued and substantial growth and development of Iute Group and its business. The voting for changing the terms and conditions took place on 3 August 2023 on bondholders meeting.

With the resulting participation of 56% of outstanding bonds, the quorum threshold of 50% was duly satisfied. The participants voted with 95% almost unanimously in favor of each of the resolutions, thereby also duly meeting the majority thresholds.

The Board of Managers of the Company declares the sustainability of the Company within next 12 months from the date of signing of the annual report.

Luxembourg, 25 August 2023



Kristel Kurvits

Manager

Luxembourg, 25 August 2023



~~Ann Leonie Lauwers~~

Manager **Pieter van Nugteren**

## Financial statements

### Statement of comprehensive income

	Notes	01.01.2023- 30.06.2023 in thousand EUR	01.01.2022- 30.06.2022 in thousand EUR
Interest income	5	7 983	8 049
Interest expense	6	-7 904	-7 876
<b>Net interest income</b>		<b>79</b>	<b>173</b>
Other income		0	0
<b>Other income</b>		<b>0</b>	<b>0</b>
Legal services, notary and bank fees		-69	-76
Allowances for loan impairment	8	19	0
<b>Total operating expenses</b>		<b>-51</b>	<b>-76</b>
<b>Profit before tax</b>		<b>28</b>	<b>97</b>
Income tax expense		-18	-89
<b>Profit for the reporting period</b>		<b>10</b>	<b>8</b>
<b>Other comprehensive income</b>		<b>0</b>	<b>0</b>

Notes on pages 12-25 are an integral part of the half year report.



## Statement of financial position

	Notes	30.06.2023 in thousand EUR	31.12.2022 in thousand EUR
<b>Assets</b>			
<b>Non-current assets</b>			
Loan receivables	8	73 002	68 621
<b>Total non-current assets</b>		<b>73 002</b>	<b>68 621</b>
<b>Current assets</b>			
Loan receivables	8	39 189	47 087
Accrued interest from loan receivable	8	9 838	10 635
Cash and cash equivalents	7	981	28
<b>Total current assets</b>		<b>50 008</b>	<b>57 750</b>
<b>Total assets</b>		<b>123 010</b>	<b>126 372</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	10	12	12
Reserves		1	1
Accumulated profit (-loss)		109	98
<b>Total equity</b>		<b>122</b>	<b>111</b>
<b>Non-current liabilities</b>			
Interest bearing loans and borrowings	9	101 196	72 290
<b>Total non-current liabilities</b>		<b>101 196</b>	<b>72 290</b>
<b>Current liabilities</b>			
Interest bearing loans and borrowings	9	17 718	49 176
Accrued interest on interest bearing loans and borrowings	9	3 973	4 761
Trade payables		1	34
<b>Total current liabilities</b>		<b>21 692</b>	<b>53 971</b>
<b>Total liabilities</b>		<b>122 888</b>	<b>126 261</b>
<b>Total equity and liabilities</b>		<b>123 010</b>	<b>126 372</b>

Notes on pages 12-25 are an integral part of the half year report.

**Statement of changes in equity**

<b>in thousand EUR</b>	<b>Share capital</b>	<b>Legal reserve</b>	<b>Retained earnings</b>	<b>Total</b>
<b>31.12.2021</b>	<b>12</b>	<b>1</b>	<b>69</b>	<b>83</b>
Profit for the reporting period	0	0	8	8
Allocation to legal reserve	0	0	0	0
Other comprehensive income	0	0	0	0
<b>30.06.2022</b>	<b>12</b>	<b>1</b>	<b>78</b>	<b>90</b>
<b>31.12.2022</b>	<b>12</b>	<b>1</b>	<b>98</b>	<b>111</b>
Profit for the reporting period	0	0	10	10
Other comprehensive income	0	0	0	0
<b>30.06.2023</b>	<b>12</b>	<b>1</b>	<b>109</b>	<b>122</b>

Additional information about share capital is disclosed in Note 10.

Notes on pages 12-25 are an integral part of the half year report.

## Statement of cash flows

Notes	01.01.2023- 30.06.2023	01.01.2022- 30.06.2022
	in thousand EUR	in thousand EUR
Paid trade payables	-435	-100
Corporate income tax paid	-18	-89
Loan given to parent entity	-6 000	-5 750
Loan repaid by parent company	2 160	785
Interest received	8 661	4 751
<b>Net cash flows from operating activities</b>	<b>4 368</b>	<b>-403</b>
Proceeds from issuance of bonds	11 869	0
Payments for repurchases of bonds	-7 552	0
Interest paid	-7 733	-7 375
<b>Net cash flows from financing activities</b>	<b>-3 416</b>	<b>-7 375</b>
<b>Change in cash and cash equivalents</b>	<b>952</b>	<b>-7 778</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>29</b>	<b>7 807</b>
Change in cash and cash equivalents	952	-7 778
<b>Cash and cash equivalents at the end of the period</b>	<b>7</b>	<b>29</b>

Notes on pages 12-25 are an integral part of the half year report.

## Notes to the half year report

### 1 Corporate information

The accompanying unaudited half year report of luteCredit Finance S.à r.l. (the Company) for the period from 01 January 2023 to 30 June 2023 were authorized for issue in accordance with a resolution of the Management Board on 25 August 2023.

luteCredit Finance S.à r.l. is a limited liability company incorporated and domiciled in Luxembourg. The registered office was located at 14, rue Edward Steichen, Luxembourg until 1 May 2022. As of 1 May 2022, the registered office is located at 16, rue Eugene Ruppert, Luxembourg. The Company was founded on 20 May 2019.

The Company issued EUR 40 000 thousand of senior secured bonds at the Frankfurt Stock Exchange with a fixed coupon rate 13% as at 7 August 2019 with 4-year-maturity. Interest is payable semi-annually on 7 February and 7 August of each year, commencing on 7 February 2020. Interest will accrue from the issue date by actual days. The obligations of the issuer are guaranteed and pledged on a senior secured basis by lute Group AS and its subsidiaries taking into consideration all present and future receivables and bank accounts.

On 3 December 2020, the Company issued additionally EUR 10 000 thousand of senior secured bonds at the Frankfurt Stock Exchange under the same conditions as for the issued senior secured bonds in August 2019. As the result, the total outstanding nominal amount of senior secured bonds is EUR 50 000 thousand. In December 2020, the bonds were also listed on the Regulated Market (general standard) of the Frankfurt Stock Exchange.

On 6 October 2021, the Company additionally issued EUR 75 000 thousand of senior secured bonds at the Frankfurt Stock Exchange and on the Regulated Market of the Nasdaq Tallinn Stock Exchange. This was the first-time public offer to retail investors in Estonia, Latvia, Lithuania, and Germany with fixed coupon rate 11% and with 5-year-maturity. Interest is paid semi-annually on 6 April and 6 October each year.

The financial year of the Company starts on 1st January and ends on 31st of December.

This half year report has been prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) as adopted by the European Union (IFRS EU). The accounting policies set out below have been applied to the stated period presented in this half year report except where indicated otherwise.

### 2 Summary of significant accounting policies

#### Basis of preparation

The half year report of the Company has been prepared in accordance with International Financial Reporting Standards (IFRS) and as adopted by the EU. The principal accounting policies applied in the preparation of this half year report are set out below. These policies have been consistently presented in half year report 2023.

The half year report is prepared under historical cost basis, unless otherwise stated. The Company classifies its expenses by their nature.

The half year report provide comparative information in respect of the previous period. In addition, the Company presents an additional statement of financial position at the beginning of the preceding period when there is a retrospective application of an accounting policy, a retrospective restatement, or a reclassification of items in the half year report.

When the presentation or classification of items in the half year report is amended, comparative amounts for the previous period are also reclassified, if not specified differently under the relevant accounting principle.

### Reporting currency

The half year report is presented in thousands of Euros and all values are rounded to the nearest Euro (EUR). Due to this approach there might be rounding differences within different tables of this half year report.

### Functional currency

The Company`s functional currency is Euro (EUR).

### Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above. The cash flows of the Company are prepared by using the direct method.

### Recognition of interest income

The Company measures interest income by applying the effective interest rate (EIR) to the gross carrying amount of its financial assets measured at amortized cost. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset when the asset has become credit impaired.

The EIR (and therefore, the amortized cost of the asset) is calculated by taking into account any discount or premium on acquisition, fees and costs that are an integral part of the EIR. The Company recognizes interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loan. Hence, it recognizes the effect of potentially different interest rates charged at various stages, and other characteristics of the product life cycle.

### Financial instruments

Financial assets and liabilities are initially recognized on the trade date, i.e. the date on which the Company becomes a party to the contractual provisions on the instrument.

#### *Financial assets*

The Company initially measures a financial asset at its fair value plus, in case of a financial asset not valued at fair value through profit or loss, transaction costs. With a view on the Company's Business Model which is "hold to collect" the Company classifies and measures financial assets at amortized cost.

The Company classifies and measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows;
- The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the EIR method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Company's financial assets at amortised cost include loan receivables.

The Company does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Company acquires, disposes of, or terminates a business line.

A financial asset is derecognized when the rights to receive cash flows from the financial asset have expired. The Company also derecognises the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

The Company has transferred the financial asset if, and only if, either:

- The Company has transferred its contractual right to receive cash flows from the financial asset or;

- It retains the rights to the cash flows but has assumed an obligation to pay the received cash flows in full without material delay to third party under a “pass-through” arrangement.

#### ***Business model assessment***

The Company`s business model assessment is based on a reasonably expected scenario. If cash flows after initial recognition are realized in a way that is different from the Company`s expectations, the Company does not change the classification of the remaining financial asset held in the business model.

#### ***Financial liabilities***

Financial liabilities are initially recognized on the statement of financial position at fair value and, in case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade payables and borrowings.

After initial measurement, debt issued, and other borrowed funds are subsequently measured at amortized cost. Amortized cost is calculated by considering any discount or premium on issued funds, and costs are an integral part of the EIR.

A financial liability is derecognized when the obligation under the liability is discharged, cancelled, or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognized in profit or loss.

#### **Impairment of financial assets**

The Company recognizes an allowance for expected credit losses (ECLs) for all debt instruments. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the company expects to receive, discounted at an approximation of the original effective interest rate.

Expected losses on financial assets are recognized and measured using general approach.

The Company measures debt instruments (loans) at amortized cost using the ECL. The Company determines the ECL and creates provisions for credit losses at each reporting date. The principle of determining the ECL reflects: (i) an objective transaction-weighted amount determined by analyzing a range of possible outcomes, (ii) the time value of money, and (iii) all reasonable and provable information about past events, current conditions and future projections available at the end of each reporting period without undue cost or effort. The future projections are estimated based on the financial forecast of the parent company which is the sole debtor of the Company. Taking into account that the parent company`s performance is related to the recoverability of the receivables in subsidiaries located in different locations, the Company uses GDP growth and unemployment rates of countries where the parent company`s subsidiaries are operating, as a forward looking information.

For monitoring of impairment under IFRS 9, the Company applies the general approach of a three-stage impairment model based on changes in credit quality since initial recognition.

A financial instrument that is not impaired at initial recognition is classified as a Stage 1 financial instrument. A Stage 1 financial asset is valued at an amount equal to the portion of the lifetime ECL that will arise in the event of default within the next 12 months or until the contractual maturity, whichever is shorter.

Where the Company identifies a significant increase in credit risk from initial recognition, the relevant asset is transferred to Stage 2 and its ECL is determined using the lifetime ECL.

If the Company determines that a financial asset is impaired, the asset is transferred to Stage 3 and measured using a lifetime ECL.

The Company calculates interest income on financial assets, other than those considered credit-impaired, by applying the EIR to gross carrying amount of the financial asset. When a financial asset becomes credit-impaired and is therefore regarded as Stage 3, the Company calculates interest income by applying the EIR to the net amortized cost of the financial asset. If the financial asset cures and is no longer credit-impaired, the Company reverts to calculating income on a gross basis.

The Company considers a financial asset in default when contractual payments are 50 days past due or when indications exist that the debtor is experiencing significant financial difficulty, default or delinquency in receivable, interest or

principal payments, the probability that it will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

A financial asset is written off when all legal actions have been performed by the Company to recover receivable and the Company has no reasonable expectation of recovering the contractual cash flows.

#### **Fair value measurement**

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values.

If there is no market price for a given financial asset or liability, its fair value is estimated on the basis of the price established in recent transactions involving similar instruments or, in the absence thereof, by using mathematical measurement models that are sufficiently tried and trusted by the international financial community. The estimates used in such models take into consideration the specific features of the asset or liability to be measured and, in particular, the various types of risk associated with the asset or liability. However, the limitations inherent in the measurement models and possible inaccuracies in the assumptions and parameters required by these models may mean that the estimated fair value of an asset or liability does not exactly match the price for which the asset or liability could be exchanged or settled on the date of its measurement.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

The detailed information about financial instruments fair value assessment is presented in Note 11.

#### **Segment reporting**

An operating segment is a component of a company that engages in business activities from which it may earn revenues and incur expenses. An operating segment's operating results are reviewed regularly by management of the company to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

For management purpose, the Company is considered as a single business segment which is involved in provision of financing. Due to this no additional disclosures are presented in this half year report regarding segments on the Company level.

The Company does not distinguish geographical segments, as all of the Company's income is derived from one country (Estonia) and the Company has no other locations which should be separately disclosed.

#### **Distinction between short – and long-term assets and liabilities**

The Company presents its assets and liabilities in the statement of financial position based on short-term/long-term classification.

Assets from which resources are expected to flow to the Company within 12 months are recognized as current assets.

The portion of assets with expected cash inflows later than 12 months after the end of the reporting period are recognized as non-current assets (see also section 6 General risk management policies).

Liabilities are classified as current when they are due within 12 months after the end of the reporting year or if the Company does not have an unconditional right to defer the payment for later than 12 months after the end of the reporting year.

Financial liabilities received with due date within 12 months after the end of the reporting year which are refinanced as non-current after the end of the reporting period but before the financial statements are authorized for issue, are recognized as current. Loans received that the lender has the right to recall at the end of the reporting year due to breaches of contractual terms are also classified as current.

For all long-term assets and liabilities, the long-term portion is separately disclosed in the respective disclosure to these financial statements (see also section 4 Financial risk management policies).

### 3 Significant accounting judgements, estimates and assumptions

The preparation of the Company's half year report requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the accompanying disclosures, as well as the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. In the process of applying the Company's accounting policies, management has made the following judgements and assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Existing circumstances and assumptions about future developments may change due to circumstances beyond the Company's control and are reflected in the assumptions if and when they occur. Items with the most significant effect on the amounts recognized in the financial statements with substantial management judgement and/or estimates are collated below with respect to judgements/estimates involved.

#### Going concern

The Company's management has assessed its ability to continue as a going concern. The Company's going concern ability depends directly on parent company's financial performance, then the parent company's financial performance related information is exchanged between the parent company and the Company on ongoing basis. Based on the parent company financial performance, the management of the Company is not aware of any material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern as the parent company's unaudited financial results, as at 30 June 2023, were strong and no significant downgrade in the financial position and business operations of parent company are foreseen. In addition, the Company does not have overdue receivables from the parent company and there has been no such circumstances which would indicate the late payments by the parent company to the Company for its liabilities which may cause liquidity risk to the Company.

The Board of Managers assessed the potential impact of war in Ukraine and relevant events on the financial statements, including going concern assumption. The Board of Managers has assessed that this matter will not affect the Company's ability to continue as a going concern. The assessment takes into account also the possible impact of this event on the parent company's business operations which has operated and continues to operate without any disruption.

On 5 July 2023, the Company conducted a refinancing of the bonds in the amount of total EUR 7 200 thousand which maturity date is 07 August 2023. In addition to refinancing, the Company conducted a public offering for the subscription of new bonds in the amount up to EUR 2 800 thousand which maturity date is 06 October 2026. As a result, the total volume of bonds with maturity date 06 October 2026 is EUR 125 000 thousand. Therefore, the Board of Managers is in an opinion that no risk of going concern exists for the Company due to short-term liabilities as at 30 June 2023.



## 4 Financial risk management policies

The business of the Company involves several financial risks: market risk (interest and currency risk), credit risk and liquidity risk. It is aimed to minimize the negative impact of these risks to the Company`s financial results with the risk management. The main purpose of the risk management is to assure the retention of Company`s equity and to carry Company`s activities as a going concern.

### Market risks

#### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. All of the Company`s loan commitments bear fixed interest rate and therefore, pose no significant risk on the Company's cash-flows.

#### Currency risk

The currency risk arises in case of exchange currency transactions, which are performed with currencies not related to euro. To ground the currency risk, all the relevant contracts in the Company are signed in euro. Due to the fact that Company`s assets and liabilities are all in euro and all Company`s income comes from euro-based contracts, the Company is not exposed to currency risk.

#### Credit risk

The Credit risk expresses potential loss that occurs, when counterparties do not fulfil their contractual obligations to the Company resulting in financial loss. The Company is exposed to credit risk arising from its operating (mainly loan receivables) and investing activities. The credit risk is evaluated by the Board of Managers of the Company on monthly basis taken into account the creditor financial performance, financial position, future business development.

As at 30 June 2023, the maximum credit risk arising from all receivables is in the amount of EUR 124 080 thousand.

The aging structure of receivables is as follows:

<b>in thousand EUR</b>	<b>30.06.2023</b>	<b>31.12.2022</b>
Not due	122 029	126 343
<i>including accrued interest from loan receivables</i>	<i>9 838</i>	<i>10 635</i>
<i>including loan receivables</i>	<i>112 191</i>	<i>115 708</i>
<b>TOTAL</b>	<b>122 029</b>	<b>126 343</b>

The sole creditor of the Company is the parent company. The management has assessed the potential 12-month expected credit loss from the receivables taking into account parent company`s financial position and financial performance and implemented actions for mitigating the pandemic impact to financial performance. Based on the assessment, the management has identified 12-month expected credit loss for receivables as at 30 June 2023 in the amount of EUR 528 (31 December 2022: 548) thousand.

The cash and cash equivalents are held in BPER Bank Luxembourg S.A accounts, based in latest Fitch Ratings, the rating of the Bank is BB; and in LHV Pank AS (Estonia) accounts, based in latest Moody`s Investors Service, the rating of the Bank is Baa1.

#### Liquidity risk

Liquidity risk expresses the potential risk that if the Company`s financial condition will change, the Company`s ability to settle its liabilities on time will degrade. The Company manages liquidity risk by constantly monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

UNAUDITED HALF YEAR REPORT OF S.A R.L. IUTECREDIT FINANCE

Undiscounted financial liabilities of the Company by maturity are presented below:

in thousand EUR	30.06.2023	Maturity		Currency	Interest
		Up to 1 year	1 to 5 years		
Eurobonds *	163 411	30 540	132 871	EUR	11% and 13%
Payables	1	1	0	EUR	
<b>TOTAL</b>	<b>163 412</b>	<b>30 541</b>	<b>132 871</b>		

in thousand EUR	31.12.2022	Maturity		Currency	Interest
		Up to 1 year	1 to 5 years		
Eurobonds *	159 956	62 150	97 806	EUR	11% and 13%
Payables	34	20	14	EUR	
<b>TOTAL</b>	<b>159 990</b>	<b>62 170</b>	<b>97 820</b>		

\* Including undiscounted principal outstanding as at 30 June 2023 of EUR 124 686 (31 December 2021: 125 000) thousand and estimated total undiscounted future interest payments as at 30 June 2023 of EUR 38 725 (31 December 2022: 34 956) thousand.

The maturity of undiscounted receivables is presented below:

in thousand EUR	30.06.2023	Maturity		Currency	Interest
		Up to 1 year	1 to 5 years		
Loans and interest receivable**	147 473	43 792	103 681	EUR	10% and 11%
<b>TOTAL</b>	<b>147 473</b>	<b>43 792</b>	<b>103 681</b>		

in thousand EUR	31.12.2022	Maturity		Currency	Interest
		Up to 1 year	1 to 5 years		
Loans and interest receivable**	147 625	57 511	90 114	EUR	10% and 11%
<b>TOTAL</b>	<b>147 625</b>	<b>57 511</b>	<b>90 114</b>		

\*\* Including undiscounted principal outstanding as at 30 June 2023 of EUR 112 679 (31 December 2022: 116 333) thousand and estimated total undiscounted future interest payments as at 30 June 2023 EUR 34 794 (31 December 2022: 31 292) thousand.

#### Business risk

The management of the Company`s assesses the main business risk arising from issued bonds. According to issued bonds, the Company`s activity is a subject to the financial covenants measurement on quarterly basis upon submission of the annual audited consolidated reports and interim unaudited quarterly consolidated reports. The financial covenants are measured on luteCredit group level which comprises of the parent company lute Group AS and its subsidiaries, in addition to the Company, ICS OMF luteCredit SRL, luteCredit Albania SHA, luteCredit Macedonia DOOEL-Skopje, lutePay Bulgaria EOOD, luteCredit Bulgaria EOOD, MKD luteCredit BH d.o.o. Sarajevo and lutePay Albania SH.P.K.

The financial covenants are: interest coverage ratio should not be less than 1.5 and capitalization ratio should not be less than 15%.

Capitalization ratio is calculated as follows: lute Group consolidated equity/ lute Group consolidated net finance loans and advances to customers.

Interest coverage ratio is calculated as follows: lute Group consolidated adjusted EBITDA/ lute Group consolidated interest expense.

The ratios were following:

	30.06.2023	31.12.2022
<b>Capitalization</b>		
Equity/Net finance loans and advances to customers	31,5%	28,9%
	<b>2023</b>	<b>2022</b>
<b>Profitability</b>		
Interest coverage ratio (ICR) - EBITDA/interest expenses	1,8	1,7

The management constantly observes the covenants required to be fulfilled by Eurobond issuance. The Company has complied with the requirements in 2022 and in HY 2023.

#### Capital management

The Company`s primary goal of capital (both debt and equity) management is to ensure a level of capital structure, which would support the stability of the Company`s operation, continuity of its operation and meeting the financial covenants agreed for issued bonds as described in subsection "Business risk" above.

To preserve and adjust the capital structure, the Company may regulate the dividends payable to the shareholders, resell shares, change the nominal value of shares, issue new shares or sell assets to cover liabilities.

## 5 Interest income

	01.01.2023- 30.06.2023	01.01.2022- 30.06.2022
<b>Interest income</b>	<b>in thousand EUR</b>	<b>in thousand EUR</b>
Interest on loans	7 983	8 049
<b>TOTAL</b>	<b>7 983</b>	<b>8 049</b>

Interest income is only from Company's parent Iute Group AS.

## 6 Interest expenses

	01.01.2023- 30.06.2023	01.01.2022- 30.06.2022
<b>Interest expenses</b>	<b>in thousand EUR</b>	<b>in thousand EUR</b>
Interest on bond liabilities	-7 904	-7 876
<b>TOTAL</b>	<b>-7 904</b>	<b>-7 876</b>

Interest expense solely incurred with respect of the issued bonds on the market.

## 7 Cash and cash equivalents

	<b>30.06.2023</b>	<b>31.12.2022</b>
<b>Cash and cash equivalents</b>	<b>in thousand EUR</b>	<b>in thousand EUR</b>
Bank accounts	981	28
<b>TOTAL</b>	<b>981</b>	<b>28</b>

## 8 Loan receivables

	<b>30.06.2023</b>	<b>31.12.2022</b>
<b>Loan receivables</b>	<b>in thousand EUR</b>	<b>in thousand EUR</b>
Loan receivables	112 192	115 708
Accrued interest from loan receivables	9 837	10 635
<b>TOTAL</b>	<b>122 029</b>	<b>126 343</b>

As at 30 June 2023, the Company has a loan agreement outstanding with maturity on 2 August 2023 and with interest rate of 10%. The loan is recorded at amortized cost by using an effective interest rate of 10,61%. The interest is payable semi-annually on 7 February and 7 August of each year. The loan repayment date is the loan maturity date.

In addition, the Company has second loan agreement outstanding. The loan is issued with fixed interest rate of 11% and the loan maturity is on 1 October 2026. The loan is recorded at amortized cost by using an effective interest rate 9.87%. The interest is payable semi-annually on 6 April and 6 October of each year. The loan repayment date is the loan maturity date.

The total maturity of receivables is as follows:

	<b>in thousand EUR</b>	<b>30.06.2023</b>	<b>Maturity</b>		<b>Currency</b>	<b>Interest</b>
			<b>Up to 1 year</b>	<b>1 to 5 years</b>		
Loan receivables	<b>112 192</b>	39 189	73 003	EUR	10% and 11%	
Accrued interest from loan receivables	<b>9 837</b>	9 837	0	EUR		
<b>TOTAL</b>	<b>122 029</b>	<b>48 688</b>	<b>73 003</b>			

  

	<b>in thousand EUR</b>	<b>31.12.2022</b>	<b>Maturity</b>		<b>Currency</b>	<b>Interest</b>
			<b>Up to 1 year</b>	<b>1 to 5 years</b>		
Loan receivables	<b>115 708</b>	47 087	68 621	EUR	10% and 11%	
Accrued interest from loan receivables	<b>10 635</b>	10 635	0	EUR		
<b>TOTAL</b>	<b>126 343</b>	<b>57 722</b>	<b>68 621</b>			

The loan receivables and related accrued interest receivables are assessed to be in Stage 1 in accordance with IFRS 9 in respect of ECL measurement.

The management has assessed the credit risk of the borrower and determined 12-month expected credit loss for the receivables as presented on in the following table.

<b>in thousand EUR</b>	<b>30.06.2023</b>	<b>31.12.2022</b>
Loan receivables	112 895	116 210
Expected credit loss	-488	-502
Expected loss rate	0,43%	0,43%
Interest receivables	9 664	10 682
Expected credit loss	-42	-46
Expected loss rate	0,43%	0,43%

Please see also Note 2 for accounting policies, Note 4 for pledge related to the loan and Note 12 for additional information on related parties.

## 9 Financial liabilities

	<b>in thousand EUR</b>	<b>30.06.2023</b>	<b>Maturity</b>		<b>Currency</b>	<b>Interest</b>
			<b>Up to 1 year</b>	<b>1 to 5 years</b>		
Eurobonds (excl. accrued interest)	<b>118 914</b>	17 718	101 196	EUR	11% and 13%	
Accrued interest from bonds	<b>3 973</b>	3 973	0	EUR		
<b>TOTAL</b>	<b>122 887</b>	<b>21 691</b>	<b>101 196</b>			

	<b>in thousand EUR</b>	<b>31.12.2022</b>	<b>Maturity</b>		<b>Currency</b>	<b>Interest</b>
			<b>Up to 1 year</b>	<b>1 to 5 years</b>		
Eurobonds (excl. accrued interest)	<b>121 466</b>	49 176	72 290	EUR	11% and 13%	
Accrued interest from bonds	<b>4 761</b>	4 761	0	EUR		
<b>TOTAL</b>	<b>126 227</b>	<b>53 937</b>	<b>72 290</b>			

The Company issued 40 000 thousand EUR of senior secured bonds at the Frankfurt Stock Exchange with a fixed coupon rate 13% as at 7 August 2019 with 4-year-maturity. Interest is payable semi-annually on 7 of February and 7 of August of each year, commencing on 7 of February 2020. Interest will accrue from the issue date by actual days. The obligations of the issuer are guaranteed and pledged on a senior secured basis by Iute Group AS and its subsidiaries taking into consideration all present and future receivables and bank accounts.

On 3 December 2020, the Company issued additionally 10 000 thousand EUR of senior secured bonds at the Frankfurt Stock Exchange under the same conditions as for the issued senior secured bonds in August 2019. As the result, the total outstanding nominal amount of senior secured bonds is 50 000 thousand EUR. In December 2020, the bonds were also listed on the Regulated Market (general standard) of the Frankfurt Stock Exchange.

On 6 October 2021, the Company additionally issued 75 000 thousand EUR of senior secured bonds at the Frankfurt Stock Exchange and on the Regulated Market of the Nasdaq Tallinn Stock Exchange. This was the first-time public offer to retail investors in Estonia, Latvia, Lithuania, and Germany with fixed coupon rate 11% and with 5-year-maturity. Interest is paid semi-annually on 6 of April and 6 of October each year.

Changes in the reporting period:

On 1 March 2023, the Company started exchange offer for EUR bond 2019/2023 (ISIN: XS2033386603). Exchange offer period was from 1 March 2023 until 29 March 2023. Exchange offer conditions were as follows:

- Exchange offer-related new EUR 2021/2026 (ISIN: XS2378483494) bonds offered at exchange price of 96.5% with an interest rate of 11.0% per annum payable semi-annually; difference to exchange price of each new bond and its nominal value (EUR 35 per bond exchanged) and accrued interest for period from 7 February 2023 to 6 April 2023 will be paid in cash.
- Additional cash component for investors opting for exchange consisting of attractive exchange fee of 1.0% (EUR 10 per bond exchanged).
- Yield to maturity for exchange offer-related bonds of 12.6%.
- Exchange ratio 1:10, due to different denominations of the bonds, i.e., EUR 2019/2023 bond denominated at EUR 1,000 each, EUR 2021/2026 at EUR 100 each.

As a result of the exchange offer, the Company was able to exchange 23 382 bonds with the value of EUR 23 382 thousand.

On 6 March 2023, in addition to exchange offer, the Company announced a public offering of senior secured bonds for subscription.

The conditions of the public offering were as follows:

- The subscription period for the bonds was from 6 March 2023 until 31 March 2023. Qualified investors and retail investors in Estonia, Latvia, and Lithuania as well as in Germany were targeted.
- Up to 500 000 new bonds were offered with nominal value of EUR 100 with a maximum aggregate nominal value of EUR 50 000 thousand on top of the already issued and listed EUR 75 000 thousand bond (ISIN: XS2378483494). The amount was immediately consolidated on the issue date and form a single series with the EUR 75 000 thousand, senior secured bonds (ISIN: XS2378483494). The aggregate principal amount is up to EUR 125 000 thousand.
- The maturity date is 6 October 2026 and the interest rate is 11% per annum which is paid semi-annually.
- The offer price per new bond ranged between 96.5 % and 97,5%. The new price was announced to investors on 31 March 2023.

As a result of the new offer, 211 590 bonds with the value of EUR 21 159 thousand were subscribed.

See also Note 14.

## 10 Share capital

	30.06.2023	31.12.2022
<b>Share capital</b>	<b>EUR</b>	<b>EUR</b>
Share capital	12 000	12 000
Number of shares	12 000	12 000
Nominal value of share	1,00	1,00

All shares are fully paid. Each share carries one vote at meetings of the Company, granting the holder the right to participate in the management of the Company, the distribution of profits and the distribution of residual assets on the dissolution of the Company.

## 11 Fair value measurement

The carrying amount of the Company's assets and liabilities is reasonable approximation of their fair value. The carrying amount of financial instruments corresponds to their fair value.

As at 30 June 2023, the fair value of bond from investors amounted to EUR 118 914 (31 December 2022: 121 466) thousand, excluding interest in the amount of EUR 3 973 (31 December 2022: 4 761) thousand. Loan claim amounted to EUR 112 192 (31 December 2022: 116 210) thousand, excluding interest in the amount of EUR 9 837 (31 December 2022: 10 682) thousand. The fair value of financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

In assessing the fair value of financial instruments, the Company uses a variety of methods and makes assumptions based on market conditions existing at the reporting date. The fair values of interest-bearing loans granted are estimated by discounting the future contractual cash flows at the current market interest rate available to the Company for similar financial instruments.

Where the fair values of financial assets and financial liabilities recorded on the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques. The inputs to these models are derived from observable market data where possible, but where observable market data is not available, judgment is required to establish fair values.

Fair value hierarchy for financial instruments not measured at fair value is as follows:

	Date of valuation	Fair value measurement using			Total
		Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
<b>Assets for which fair values are disclosed</b>					
Loans and interest receivables	30.06.2023	0	0	122 559	<b>122 559</b>
<b>Liabilities for which fair values are disclosed</b>					
Bonds and interest payables	30.06.2023	0	0	122 888	<b>122 888</b>
<b>Assets for which fair values are disclosed</b>					
Loans and interest receivables	31.12.2022	0	0	126 892	<b>126 892</b>
<b>Liabilities for which fair values are disclosed</b>					
Bonds and interest payables	31.12.2022	0	0	126 227	<b>126 227</b>

## 12 Related parties

Parties are related if one party could control the other party or exercise significant influence over the other party in making financial or operational decisions. Related parties are defined as shareholders, and the Management Board, key management personnel, their close relatives, and companies in which they have a controlling interest as well as associated companies.

Sole shareholder of IuteCredit Finance S.à r.l. is Iute Group AS, registered in Estonia.

The Company's management has not identified significant transfer pricing risks, as well as there are no significant price and tax risks arising from transactions between Company and the related parties.

Transactions are entered into with related parties in the normal course of business. The volumes of related party transactions, outstanding balances at the year end and relating income and expense are as follows:

		Loans granted	Calculated interest from loans granted	Loans repaid	Interest received
<b>in thousand EUR</b>					
<b>Parent Company (Iute Group AS)</b>	01.01.2023-30.06.2023	6 000	8 474	2 160	8 661
<b>Parent Company (Iute Group AS)</b>	01.01.2022-30.06.2022	5 750	7 876	785	4 751
		Loans and borrowings received	Calculated interest on loan and borrowings	Loans repaid	Interest paid
<b>in thousand EUR</b>					
<b>Shareholders and related companies to them</b>	01.01.2023-30.06.2023	0	201	0	221
<b>Shareholders and related companies to them</b>	01.01.2022-30.06.2022	0	175	0	175
		Loan receivable	Interest receivable	Loan and borrowings	Interest payable
<b>in thousand EUR</b>					
<b>Parent Company (Iute Group AS)</b>	30.06.2023	112 070	9 622	0	0
<b>Shareholders and related companies to them</b>	30.06.2023	0	0	3 203	144
<b>Parent Company (Iute Group AS)</b>	31.12.2022	114 603	9 477	0	0
<b>Shareholders and related companies to them</b>	31.12.2022	0	0	2 717	102

During the reporting financial period and in financial year 2022 the Company did not employ personnel. Members of the Board of Directors were not remunerated. No advances and loans were granted during the financial period to the members of those bodies.

## 13 Commitments and contingent liabilities

### Commitments

According to issued bonds agreement, the Company`s obligations are pledged in favor of the investor with all Company`s existing assets and future receivables till the maturity date of the bonds on 7 August 2023 and on 6 October 2026.

### Contingent liabilities

According to issued bonds in the amount of EUR 125 000 thousand, the Company`s activity is a subject to the financial covenants (interest coverage ratio and capitalization ratio) measurement on quarterly basis upon submission of the annual audited consolidated reports and interim unaudited quarterly consolidated reports. The financial covenants are measured on Iute group level which comprises of the parent company Iute Group AS and its subsidiaries, in addition to the Company, ICS OMF IuteCredit SRL, IuteCredit Albania SHA, IuteCredit Macedonia DOOEL-Skopje, IutePay Bulgaria EOOD, IuteCredit Bulgaria EOOD, MKD IuteCredit BH d.o.o. Sarajevo, VeloxPay Albania SH.P.K and BC Energbank S.A.

As of the balance sheet date 30 June 2023 and on 31 December 2022, there was no breach in the financial covenants.



## 14 Subsequent events

On 26 May 2023, the Company started exchange offer for EUR bond 2019/2023 (ISIN: XS2033386603) up to EUR 10 000 thousand. Exchange offer period was from 30 May 2023 until 03 July 2023. Exchange offer conditions were as follows:

- Exchange offer-related new EUR 2021/2026 (ISIN: XS2378483494) bonds offered at exchange price of 96.5% with an interest rate of 11.0% per annum payable semi-annually; difference to exchange price of each new bond and its nominal value (EUR 35 per bond exchanged) and accrued interest for period from 7 February 2023 to 12 July 2023 will be paid in cash.
- Yield to maturity for exchange offer-related bonds of 12.3%.
- Exchange ratio 1:10, due to different denominations of the bonds, i.e., EUR 2019/2023 bond denominated at EUR 1,000 each, EUR 2021/2026 at EUR 100 each.

As a result of the exchange offer, the Company was able to exchange 7 202 EUR bond 2019/2023 (ISIN: XS2033386603) with the value of EUR 7 202 thousand.

In addition, new EUR 2021/2026 (ISIN: XS2378483494) bonds in the amount of EUR 2 787 thousand were subscribed by Company's shareholder.

On 13 July 2023, the Company initiated the formal process to amend the terms and conditions of its EUR 2021/2026 bonds (ISIN: XS2378483494).

The amendments of the terms and conditions proposed were:

- lowering of the interest coverage ratio in relation to the incurrence test. The aim for change is to enable lute Group to optimize own capital structure, to allow prudent asset leverage and capital allocation. The changes relate only to the incurrence test. Financial covenants related to the maintenance test such as the interest coverage and capitalization ratio are not affected and remains unchanged;

- increasing the flexibility of the permitted debt baskets and

- facilitating the implementation of employee participation programs.

The last two changes will reflect the continued and substantial growth and development of lute Group and its business. The voting for changing the terms and conditions took place on 3 August 2023 on bondholders meeting.

With the resulting participation of 56% of outstanding bonds, the quorum threshold of 50% was duly satisfied. The participants voted with 95% almost unanimously in favor of each of the resolutions, thereby also duly meeting the majority thresholds.

No other subsequent events have occurred which would cause corrections in reported financial information or which should be additionally disclosed as subsequent event.

The Board of Managers of the Company declares the sustainability of the Company within next 12 months from the date of signing of the annual report.

## Signatures of the management board to unaudited half year report 2023

The Company's Management Board has approved the management report for half year report and unaudited half year report for reporting period 01 January 2023-30 June 2023.

The Company's Management Board confirms, that:

- unaudited half year report is prepared in accordance with IFRS as adopted by EU;
- unaudited half year report gives a true and fair view of the assets, liabilities, financial position and other comprehensive income of the Company;
- the management report includes a fair review of the development and performance of the business and describes the principal risks and uncertainties associated with the Company.

25 August 2023



---

Kristel Kurvits  
Member of the Management Board

---

Ann Leonie Lauwers  
Member of the Management Board



---

Pieter Adriaan van Nugteren  
Member of the Management Board