IUTECREDIT FINANCE S.A R.L.

Unaudited half year report 2020

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2. General information and contacts

Address:	14, rue Edward Steichen L-2540 Luxembourg Grand Duchy of Luxembourg
Registry code:	B234678
Main activity:	Holding company
Reporting period:	01 January 2020 – 30 June 2020

3. Management report for unaudited half year report 2020

Executive overview

IuteCredit 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 parent company - IuteCredit Europe AS.

IuteCredit Europe 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 2020, IuteCredit Europe AS had in addition to the Company, seven operating subsidiaries:

1. ICS OMF IuteCredit SRL (ICM) in Moldova,
2. IuteCredit Albania SHA (ICA) in Albania,
3. IutePay Albania SH.P.K (IutePay Albania) in Albania,
4. IuteCredit Macedonia DOOEL-Skopje (ICMK) in North Macedonia,
5. IutePay Bulgaria EOOD (IutePay Bulgaria) in Bulgaria,
6. IuteCredit Bulgaria EOOD (ICBG) in Bulgaria,
7. MKD IuteCredit BH d.o.o. Sarajevo (ICBH) in Bosnia and Herzegovina.

Financial review

Statement of comprehensive income
The Company recorded an operating profit of EUR 111 thousand for the reporting period ending 30 June 2020. Operating revenues amounted to EUR 2.751 thousand which consisted of interest income from granted loan to parent entity in 2019.

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 2.666 thousand.

Operating expenses amounted to EUR 2 thousand which were related to operating activities.

Statement of financial position
Total assets at 30 June 2020 amounted to EUR 38.107 thousand and liabilities amounted to EUR 38.183 thousand. The assets consist mostly from interest and loan receivable constituting 99,9% of total assets. The liabilities mostly consist of accrued interest payables and bond liabilities constituting 99,9% of total liabilities.

As at 30 June 2020 the liquidity ratio of the Company was 1.06.

The equity of the Company is negative in the amount of EUR 76 thousand as at 30 June 2020.

Future development

For the year-ended 31 December 2020, the Company will focus to be the financing intermediary for its parent company, IuteCredit Europe AS. No additional financing activities (borrowing, issuance of bonds) are planned for the year ended 31 December 2020. The Company will also include the issued bonds into Frankfurt Stock Exchange Regulated Market.

Research & Development
No research and development costs occurred in the financial period ended 30 June 2020.

Acquisition of own shares
No acquisition of own shares has occurred in financial period ended 30 June 2020.

Free shares

As at 30 June 2020, the Company has not granted any free shares to members of the Management of the Company.

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.

Subsequent events

The management of the Company has assessed the potential impact of coronavirus (COVID-19) outbreak to the Company`s business operations. The coronavirus outbreak is considered to be non-adjusting subsequent event. The Company`s management assesses the impact of COVID-19 development on the Company`s business operations on ongoing basis. No such circumstances have occurred which would subsequently have negative impact on Company`s assets value and to liquidity of the Company.

The management has also assessed the potential impact of COVID-19 outbreak to parent company`s business operations as the Company`s ability to continue as going concern is strictly dependent on parent company`s performance. Based on information exchanged, no such circumstances have occurred which have had subsequently material negative impact on parent company`s business operations.

Luxembourg, 20 October 2020

Kristel Kurvits

Manager

Luxembourg, 20 October 2020

Ann Leonie Lauwers

Manager

4. Financial statements

4.1 Statement of comprehensive income

	Notes	01.06.2020-30.06.2020 in thousand EUR
Interest income	8	2 751
Interest expense	9	-2 666
Net interest income		**85**
Other income		28
Total operating income		**28**
Legal services, notary and bank fees		-2
Total operating expenses		**-2**
Profit (-loss) before tax		**111**
Income tax expense		-
Profit (-loss) for the reporting period		**111**
Other comprehensive income		-
Total comprehensive income		**111**

As Company started its business operations in July 2019, no comparative financial information for the period 20 May 2019-30 June 2019 exists.

Notes on pages 10-21 are an integral part of the half year report.

4.2 Statement of financial position

in thousand EUR	Notes	30.06.2020	31.12.2019
Assets			
Non-current assets			
Loan receivables	11	35 921	36 248
Total Non-current assets		**35 921**	**36 248**
Current assets			
Accrued interest from loan receivables	11	2 148	2 061
Deferred expenses		3	3
Cash and cash equivalents	10	35	47
Total current assets		**2 186**	**2 111**
Total assets		**38 107**	**38 359**
Equity and liabilities			
Equity			
Share capital	13	12	12
Accumulated losses		-88	-199
Total equity		**-76**	**-187**
Non-current liabilities			
Interest bearing loans and borrowings	12	36 117	36 401
Total non-current liabilities		**36 117**	**36 401**
Current liabilities			
Accrued interest on interest bearing loans and borrowings	12	2 066	2 080
Trade payables		0	66
Total current liabilities		**2 066**	**2 145**
Total equity and liabilities		**38 107**	**38 359**

Notes on pages 10-21 are an integral part of the half year report.

4.3 Statement of changes in equity

in thousand EUR	Share capital	Accumulated profits (-losses)	Total
20.05.2019	-	-	-
Contribution to share capital	12	-	**12**
Profit (-loss) for the reporting period	-	-	-
Other comprehensive income	-	-	-
30.06.2019	**12**	-	**12**
Profit (-loss) for the reporting period	-	-199	**-199**
Other comprehensive income	-	-	-
31.12.2019	**12**	**-199**	**-187**
Profit (-loss) for the reporting period	-	111	111
Other comprehensive income	-	-	-
30.06.2020	**12**	**-88**	**-76**

Additional information about share capital is disclosed in Note 13.

Notes on pages 10-21 are an integral part of the half year report.

4.4 Statement of cash flows

in thousand EUR	Notes	01.01.2020-30.06.2020	20.05.2019-30.06.2019
Payment of trade payables		-12	
Interest received on loan to parent company		2 574	-
Repayment of loan to parent company		248	
Net cash flows from operating activities		**2 810**	-
Payment of interests on bonds		-2 600	-
Payments for repurchases of bonds		-222	-
Contribution to share capital		-	12
Net cash flows from financing activities		**-2 822**	**12**
Change in cash and cash equivalents		-12	**12**
Cash and cash equivalents at the beginning of the period		**47**	-
Change in cash and cash equivalents		-12	12
Cash and cash equivalents at the end of the period	2	**35**	**12**

Notes on pages 10-21 are an integral part of the half year report.

5 Notes to the half year report

5.1 Corporate information

The accompanying unaduited half year report of IuteCredit Finance S.à r.l. (the Company) for the period from 01 January 2020 to 30 June 2020 were authorized for issue in accordance with a resolution of the Management Board on 20 October 2020.

IuteCredit Finance S.à r.l. is a limited liability company incorporated and domiciled in Luxembourg. The registered office is located 14, rue Edward Steichen, Luxembourg. The Company was founded on 20 May 2019.

In July 2019, IuteCredit Europe AS acquired IuteCredit Finance S.à r.l. to act as a financing intermediary for the IuteCredit group. In July 2019, the Company, for the first time, issued 40 million EUR of senior secured bonds (hereafter referred as Eurobond) at Frankfurt Stock Exchange.

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.

5.2 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 2020.

Reporting currency

The half year report is presented in thousands of Euros and all values are rounded to the nearest Euro (EUR).

Cash and cash equivalents

For the purposes of the statement of financial position and the statement of cash flows, cash and cash equivalents include cash on hand, bank account balances and term deposits with maturities of 3 months or less. Cash collected, but not yet deposited in the bank account is recognized as cash in transit. Cash and cash equivalents are carried at amortized cost.

Recognition of interest income

Interest and similar 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.

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.

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 at fair value through profit or loss, transaction costs.

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.

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.

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.

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 there is 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 16.

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.

In 2020, the Company also does not distinguish geographical segments, as all of the Company's income was derived from one country (Estonia) and the Company has no non-current assets the location of which should be disclosed.

Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period.

Or

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period.

Or

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Company classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

6 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 2020, 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.

In accordance with article 480-2 of the Luxembourg Commercial Law, the Shareholders must convene an Ordinary Shareholders' Meeting to decide the continuation of the activities of the Company.

7 General 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 receivables) and investing activities.

As at 30 June 2020, the maximum credit risk arising from all receivables is in the amount of 38 069 thousand euros.

The aging structure of receivables is as follows:

in thousand EUR	**30.06.2020**	**31.12.2019**
Not due	38 069	38 470
including accrued interest from loan receivables	*2 148*	*2 070*
including loan receivables	*35 921*	*36 399*
TOTAL	**38 069**	**38 470**

All receivables are from 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. Based on the assessment, the management has identified 12-month expected credit loss for receivables in the amount of 160 thousand euros.

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. As at 30 June 2020 the working capital of the Company was negative by EUR 76 thousand. Company`s management assesses the negative working capital impact to Company`s liquidity to be not material as the Company generates positive net cash-flow in second half of year 2020 and no such circumstances exists which would indicate that the Company will have unexpected losses then.

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

		Maturity			
in thousand EUR	**30.06.2020**	**Up to 1 year**	**1-5 years**	**Currency**	**Interest**
Eurobonds *	54 917	4 897	50 020	EUR	13%
TOTAL	**54 917**	**4 897**	**50 020**		

		Maturity			
in thousand EUR	**31.12.2019**	**Up to 1 year**	**1-5 years**	**Currency**	**Interest**
Eurobonds **	57 606	4 927	52 679	EUR	13%
Payables	51	51	-	EUR	
TOTAL	**57 657**	**4 978**	**52 679**		

* Including principal outstanding 37 676 thousand euros and estimated total future interest payments of 17 241 thousand euros.

** Including principal outstanding 37 898 thousand euros and estimated total future interest payments of 19 708 thousand euros.

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 IuteCredit group level which comprises of the parent company IuteCredit Europe 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 and IutePay 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: IuteCredit group consolidated equity/ IuteCredit group consolidated net finance loans and advances to customers.

Interest coverage ratio is calculated as follows: IuteCredit group consolidated adjusted EBITDA/ IuteCredit group consolidated interest expense.

The ratios were following:

	30.06.2020	31.12.2019
Capitalization		
Capitalization ratio	27,90%	23,40%
Profitability		
Interest coverage ratio	1,8	2,2

The management constantly observes the covenants required to be fulfilled by Eurobond issuance. The Company has complied with the requirements in 2020.

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.

8 Interest income

in thousand EUR	01.01.2020-30.06.2020
Interest on loan to parent company	2 751
TOTAL	**2 751**

Interest income is only from Company's parent IuteCredit Europe AS.

As Company started its business operations in July 2019, no comparative financial information for the period 20 May 2019-30 June 2019 exists.

9 Interest expenses

in thousand EUR	01.01.2020-30.06.2020
Interest on bond liabilities	-2 666
TOTAL	**-2 666**

As Company started its business operations in July 2019, no comparative financial information for the period 20 May 2019-30 June 2019 exists.

10 Cash and cash equivalents

in thousand EUR	30.06.2020	31.12.2019
Bank accounts	35	47
TOTAL	**35**	**47**

11 Loan receivables

in thousand EUR	30.06.2020	30.06.2020
Loan receivables	35 921	36 248
Accrued interest from loan receivables	2 148	2 061
TOTAL	**38 069**	**38 309**

The Company has granted loan to IuteCredit Europe AS in August 2019 in the amount of 37,8 million euros to finance IuteCredit Group's activity on micro-financing. Loan is issued with fixed interest rate 10% and loan maturity is on 2nd August 2023. The loan is accounted at amortized cost by using effective interest rate 15,12%.

The total maturity of receivables is as follows:

		Maturity	
in thousand EUR	**30.06.2020**	**Up to 1 year**	**1-5 years**
Loan receivables	35 921	0	35 921
Accrued interest from loan receivables	2 148	2 148	0
TOTAL	**38 069**	**2 148**	**35 921**

		Maturity	
in thousand EUR	**31.12.2019**	**Up to 1 year**	**1-5 years**
Loan receivables	36 248	0	36 248
Accrued interest from loan receivables	2 061	2 061	0
TOTAL	**38 309**	**2 061**	**36 248**

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 below:

in thousand EUR	30.06.2020	31.12.2019
Loan receivables	36 072	36 399
Expected credit loss	-151	-151
Expected loss rate	0,4%	0,4%

Interest receivables	2 157	2 070
Expected credit loss	-9	-9
Expected loss rate	0,4%	0,4%

Please see also Note 5. 2 for accounting policies, Note 12 for pledge related to the loan and Note 15 for additional information on related parties.

12 Financial liabilities

		Maturity			
in thousand EUR	**30.06.2020**	**Up to 1 year**	**1-5 years**	**Currency**	**Interest**
Eurobonds (excl. accrued interest)	36 117	-	36 117	EUR	13%
Accrued interest from bonds	2 066	2 066	-	EUR	
TOTAL	**38 183**	**2 066**	**36 117**		

		Maturity			
in thousand EUR	**31.12.2019**	**Up to 1 year**	**1-5 years**	**Currency**	**Interest**
Eurobonds (excl. accrued interest)	36 401	-	36 401	EUR	13%
Accrued interest from bonds	2 080	2 080	-	EUR	
TOTAL	**38 481**	**2 080**	**36 401**		

Company issued 40 000 thousand EUR of senior secured bonds at Frankfurt Stock Exchange with fixed coupon rate 13% as at 7th of August 2019 and with 4-year maturity. Interest will be payable semi-annually on 7th February and 7th of August of each year, commencing on 7th August 2020. Interest will accrue from the issue date by actual days. As at 30 June 2020 and 31 December 2019, not all bonds were marked. The total amount of bonds marked as at 30 June 2020 is 37 676 thousand EUR (31 December 2019: 37 898 thousand EUR). The obligations of the issuer are guaranteed and pledged on a senior secured basis by AS IuteCredit Europe and its subsidiaries, including the Company. taking into consideration all present and future receivables and bank accounts. As at 30 June 2020 the pledge of the Company includes interest and loan receivable from AS IuteCredit Europe in amount of total 38 069 thousand EUR (31.12.2019: 38 309 thousand EUR). The following changes in financial liabilities have occurred:

in thousand EUR	**Financial liabilities**
20.05.2019	-
Bonds issued	38 313
Repurchased bonds	-415
EIR effect on bonds issued	-1 497
31.12.2019	**36 401**
Repurchased bonds	-222
EIR effect on bonds issued	-62
30.06.2020	**36 117**

13 Share capital

in EUR	30.06.2020	31.12.2019
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 as of 30 June 2019. 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.

14 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 2020, the fair value of bond from investors amounted to 36 117 thousand EUR, excluding interest in the amount of 2 066 thousand EUR. Loan claim amounted to 35 921 thousand EUR, excluding interest in the amount of 2 148 thousand EUR. 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 as at 30 June 2020:

	Date of valuation	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Assets for which fair values are disclosed					
Loans and interest receivable	30.06.2020	-	-	38 069	**38 069**
Liabilities for which fair values are disclosed					
Bonds and accrued interest payables	30.06.2020	-	-	38 183	**38 183**

	Date of valuation	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Assets for which fair values are disclosed					
Loans and interest receivable	31.12.2019	-	-	38 309	**38 309**
Liabilities for which fair values are disclosed					
Bonds and accrued interest payables	31.12.2019	-	-	38 481	**38 481**

15 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.A.R.L is IuteCredit Europe 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 for the period 01 January 2020 - 30 June 2020 are as follows:

in thousand EUR		Loans granted	Calculated interest from loans granted
Parent Company (IuteCredit Europe AS)	2 020	35 921	2 751

As the Company started its business operations in July 2019, then no comparative information exists.

No remuneration has been provided to the Company's key management persons in the period 01 January 2020 - 30 June 2020 and in the period 20 May 2019-30 June 2019.

16 Commitments and contingent liabilities

Commitments

According to issued bonds agreement, the Company`s obligations are pledged in favour of investor with all Company`s existing assets and future receivables.

Contingent liabilities

According to issued bonds in the amount of 37 676 thousand EUR, 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 IuteCredit group level which comprises of the parent company IuteCredit Europe 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 and IutePay Albania SH.P.K.

As of the balance sheet date, 30 June 2020, there was no breach in the financial covenants.

17 Subsequent events

The management of the Company has assessed the potential impact of coronavirus (COVID-19) outbreak to the Company`s business operations. The coronavirus outbreak is considered to be non-adjusting subsequent event. The Company`s management assesses the impact of COVID-19 development on the Company`s business operations on ongoing basis. No such circumstances have occurred which would subsequently have negative impact on Company`s assets value and to liquidity of the Company.

The management has also assessed the potential impact of COVID-19 outbreak to parent company`s business operations as the Company`s ability to continue as going concern is strictly dependent on parent company`s performance. Based on information exchange, no such circumstances have occurred which has had subsequently material negative impact on parent company`s business operations.

In September 2020, the Company`s issued bonds have been registered on Frankfurt Stock Exchange Regulated Market.

As of the last day of the reporting date of the half year report until the date of signing this half year report there have been no other events requiring adjustment or disclosure in the half year report or in the notes thereto.

Signatures of the management board to unaudited half year report 2020

The Company's Management Board has approved the management report for half year report and unaudited half year report for financial period 01 January 2020-30 June 2020.

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 risks associated with the expected development of the Company for the remaining months of the fiscal year.

20 October 2020

Kristel Kurvits
Member of the Management Board

Ann Leonie Lauwers
Member of the Management Board

Pieter Adriaan van Nugteren
Member of the Management Board