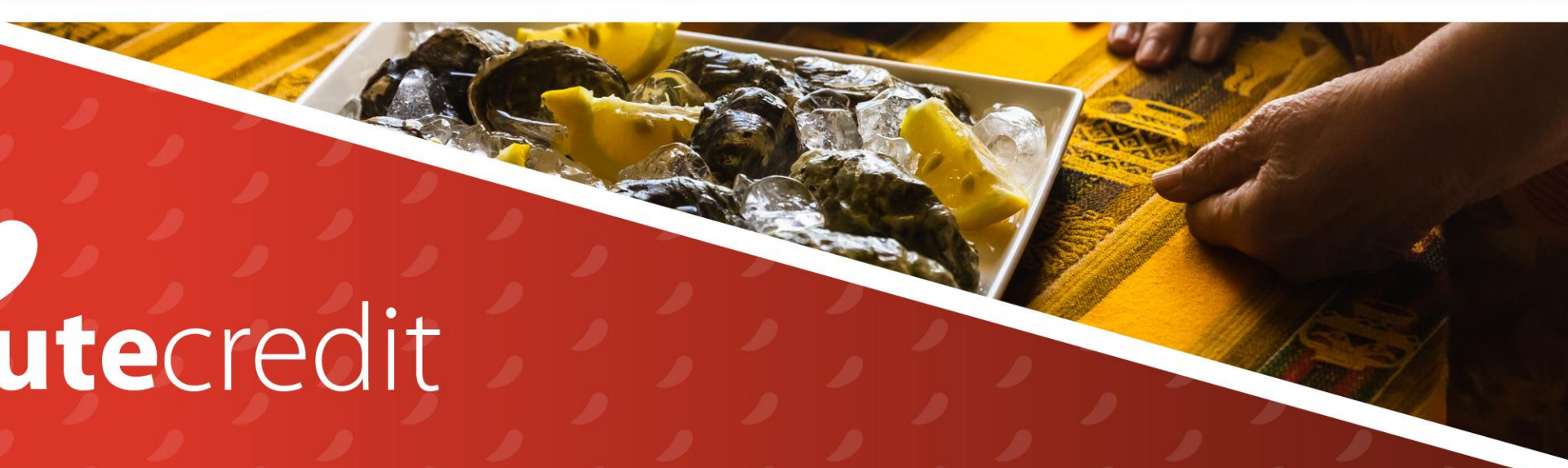
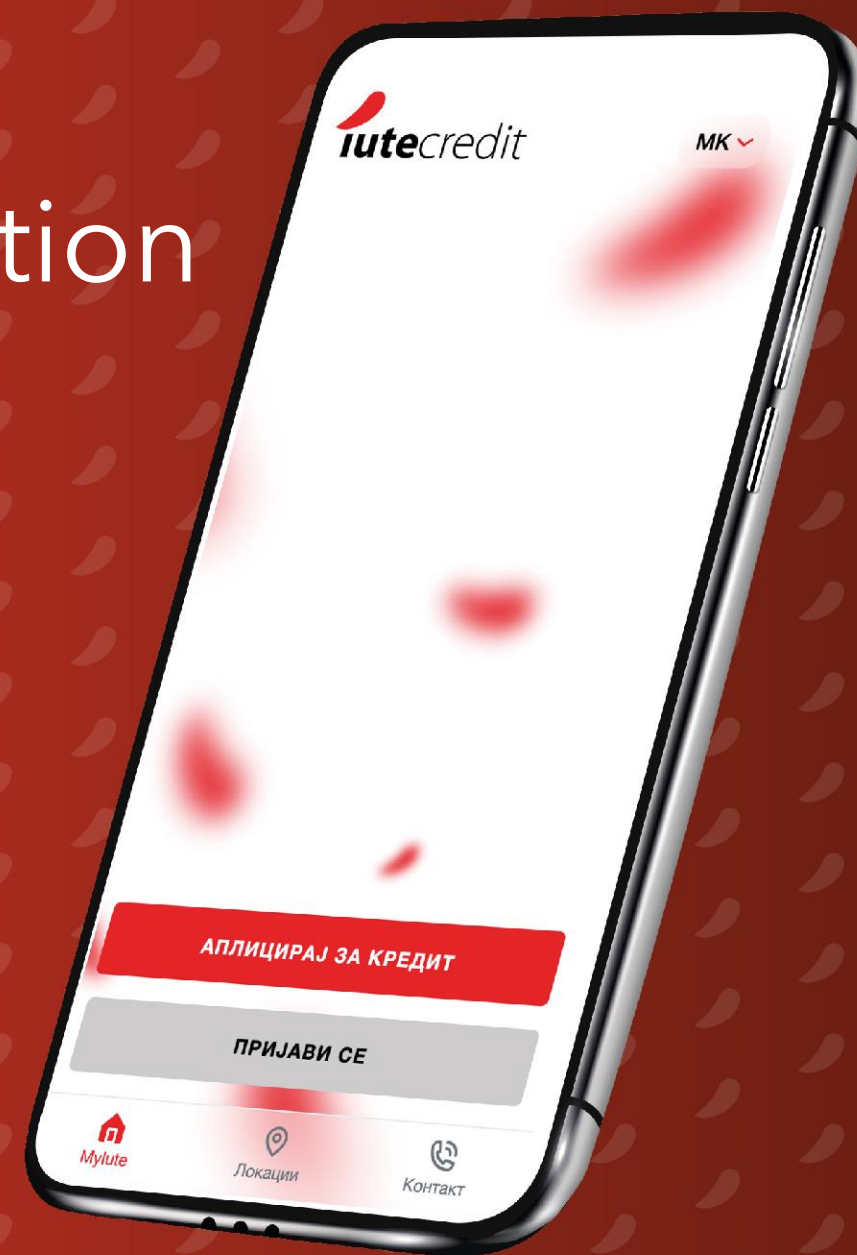




Earnings Call Presentation

Q3 2021



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Presenting



Tarmo Sild

Chief Executive Officer

- Co-founder of luteCredit
- After graduating high school with gold medal in 1994, tossed the coin, whether to study economics or law. Tarmo holds a Master's degree with distinction in Law from Vrije Universiteit Brussels while BA degree was obtained in University of Tartu after one year of studies in University of Helsinki.
- Tarmo started his professional career as attorney in 1999 and was founding partner and manager of LEXTAL Law Firm until 2010
- Co-founded luteCredit with Allar Niinepuu in 2008, after a late-night discussion with an inspirational Estonian banker



Allar Niinepuu (Guest Presenter)

Chief Commercial Officer and co-founder of luteCredit Europe



Kristel Kurvits

Chief Financial Officer

- Kristel has been building luteCredit since 2017
- Kristel holds a Master's degree in Financial Management from Estonian Business School
- Since 2000 she has served as Chief Financial Officer for MTÜ Estonian Banking Association
- Has performed as chief accountant of Ektornet Land Estonia OÜ, the SPV of Swedbank Group to deal with the high risk exposures in 2008 financial crisis) and financial reporting of the group companies
- Kristel started her professional career at Hansa Leasing Inkasso OÜ (part of Hansapanga Group)

Group Highlights



Total Customer Pool



~772,000+
+85,000 vs. FY20

Net Loan Portfolio



EUR 98.8m
+24.8% vs. FY20

Total Income 9M



43.6m
+3.2% vs. 9M 2020

Adj. EBITDA



15.8m
+0.6% vs. 9M 2020

Customer Performance Index (CPI) in Q3



86.7%
vs. 84.6% Q3 2020

NPLs in Net Portfolio



10.9%
vs. 16.6% in FY20

- COVID and its impact on consumer demand and our customers' income still cannot be reliably assessed. Pandemic continues to have the potential for a restraining effect on loan demand and the ability to repay loans
- Despite that, lute's total customer pool achieved strong growth and reached over 772,000 as of 3Q21
- Additionally, the Company's payout sustained strong growth, leading to robust loan portfolio growth, net loan book stood at 98.8 EURm as of 3Q21
- Meanwhile, luteCredit maintained robust default recovery, with an average of 40% of the principal amount in cash within the first 180 days after the default
- Growing and investing in online technologies - Mylute app downloads reached 118,000+ as of Sep 30 2021

Operational Footprint

Geographical and product diversification



Bosnia and Herzegovina

- Launch: May 2019
- Loans issued 9M 2021: EUR 3.8m
- Net loan portfolio 9M 2021: EUR 3.2m
- Primary income 9M 2021: EUR 1.5m
- EBITDA 9M 2021: EUR -1.6m
- Impairments 9M 2021: EUR 0.9m



Moldova

- Launch: August 2008
- Loans issued 9M 2021: EUR 45.1m
- Net loan portfolio 9M 2021: EUR 39.2m
- Primary income 9M 2021: EUR 14.3m
- EBITDA 9M 2021: EUR 5.9m
- Impairments 9M 2021: EUR 5.6m



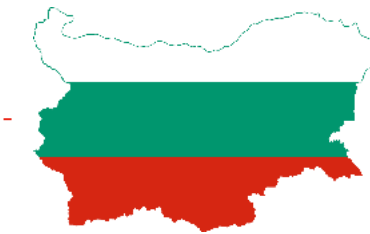
Albania

- Launch: April 2015
- Loans issued 9M 2021: EUR 47.6m
- Net loan portfolio 9M 2021: EUR 37.3m
- Primary income 9M 2021 : EUR 13.6m
- EBITDA 9M 2021: EUR 6.5m
- Impairments 9M 2021: EUR 4.9m



Bulgaria

- Launch: June 2021
- Loans issued 9M 2021: EUR 0.8m
- Net loan portfolio 9M 2021: EUR 0.6m
- Primary income 9M 2021: EUR 0.08m
- EBITDA 9M 2021: EUR -0.3m
- Impairments 9M 2021: EUR 0.9m



North Macedonia

- Launch: September 2017
- Loans issued 9M 2021: EUR 25.5m
- Net loan portfolio 9M 2021: EUR 18.6m
- Primary income 9M 2021: EUR 5.7m
- EBITDA 9M 2021: EUR 2.9m
- Impairments 9M 2021 : EUR 1.7m



New Countries

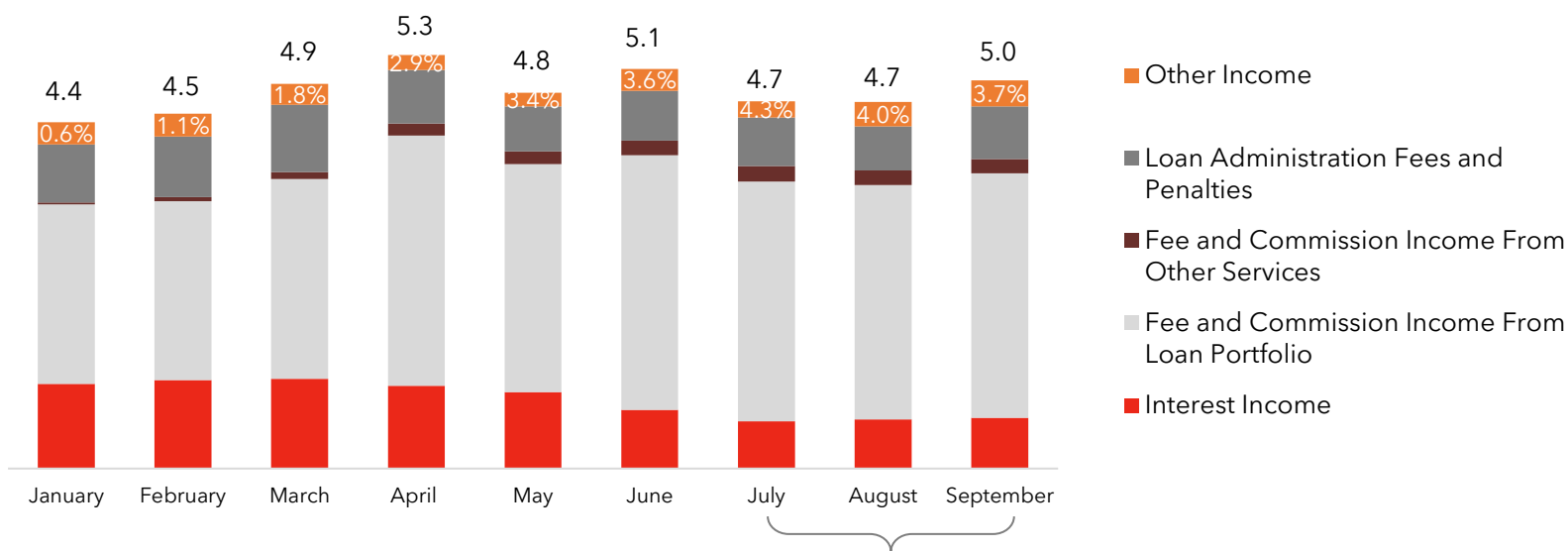
- Get additional access to at least 20 million people markets before 2023



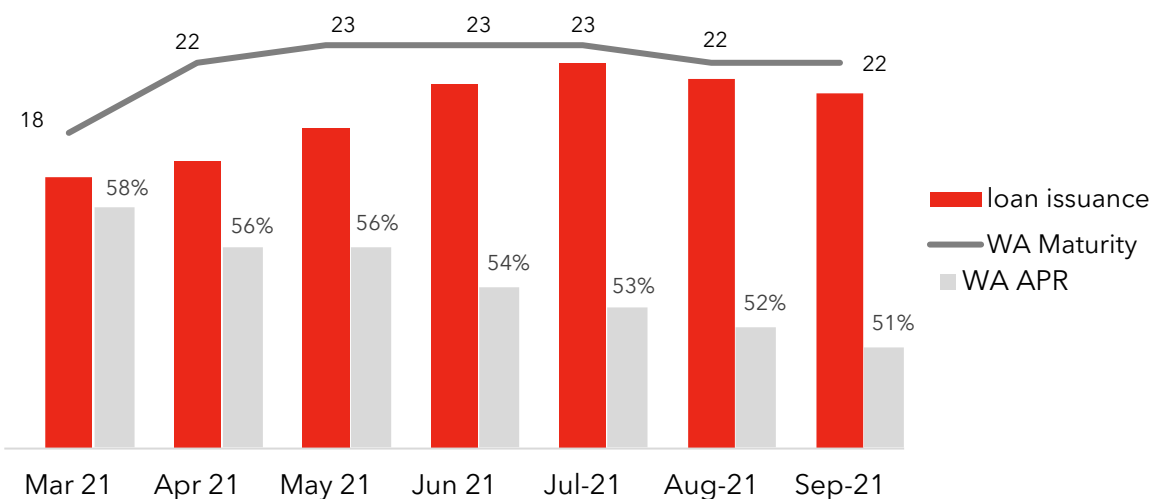
Operating Highlights



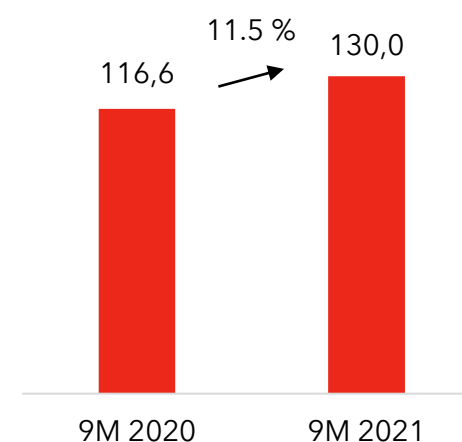
Total income growth (EURm)



Steady improvement of loans issued (EURm), lower APR & longer maturity



Total assets (EURm)



- Total income (total revenue) grew by 3.3% to 43.6 EURm as of 9M 2021, up from 42.2 during the same period in 2020
- Almost 4% of total revenue was earned by lute's Wallet services. Services related to processing money payments will take an increasing share
- Loan payouts increase month on month with record high months in July and August, with 16.7 EUM and 16.0 EURm loan issue, translating to total asset expansion at 130.0 EURm as of 9M 2021
- WA APR of new loan issuances gradually decreased on a month-on-month basis, reached 51% as of Sep 2021; while loan maturity tends to be longer, at 22 months as of Sep 2021
- Mylute App downloaded by more than 118,000 customers since its launch in Q1 2021 to Q3 2021. More than 120,000 loan applications were generated over Mylute during Q3 2021
- Total assets grew 11.5% yoy from 116.6 EURm to 130.0 EURm as of 9M21 due to the expansion of loan book

Loan Repayment Behaviour

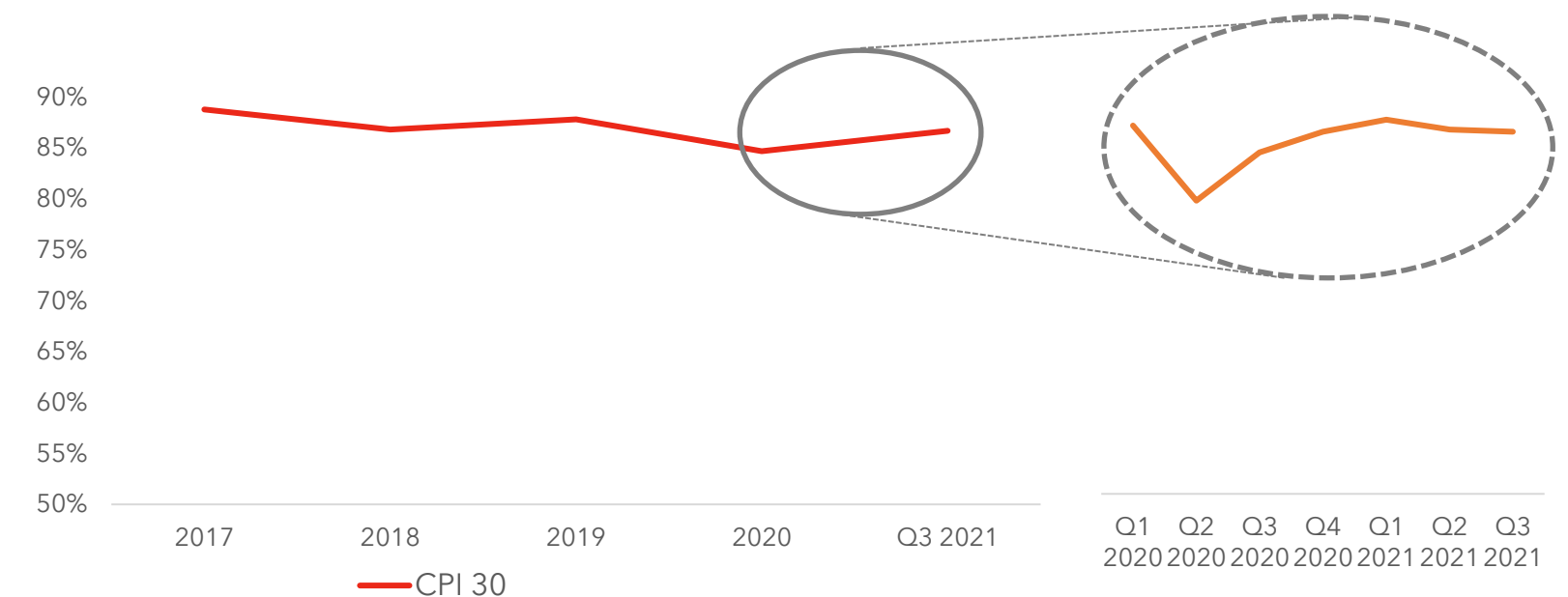
Customer Performance Index

- **Customer Performance Index (CPI)** is a unique index developed by luteCredit:

$$\text{CPI} = \frac{\text{Actual Monthly Repayments}}{\text{Expected Monthly Repayments}}$$

- CPI measures customers' actual repayments against the expected repayments, according to the repayment schedules of their loan agreements, within a tolerance period for repayment delays. We consider it superior to NPL's as measurement tool.
- CPI is a cashflow-centric indicator that avoids illusions from evergreening or inadequate provisioning. Repayment with maximum 30 days of delay (CPI 30) is considered normal. luteCredit declares a loan defaulted (and recognizes it as NPL) when repayment is delayed for more than 50 days (DPD+50).
- For the six-months period, ending on 30 June 2021, luteCredit reached a CPI30 ratio of 86.9% as the weighted average across products and markets.

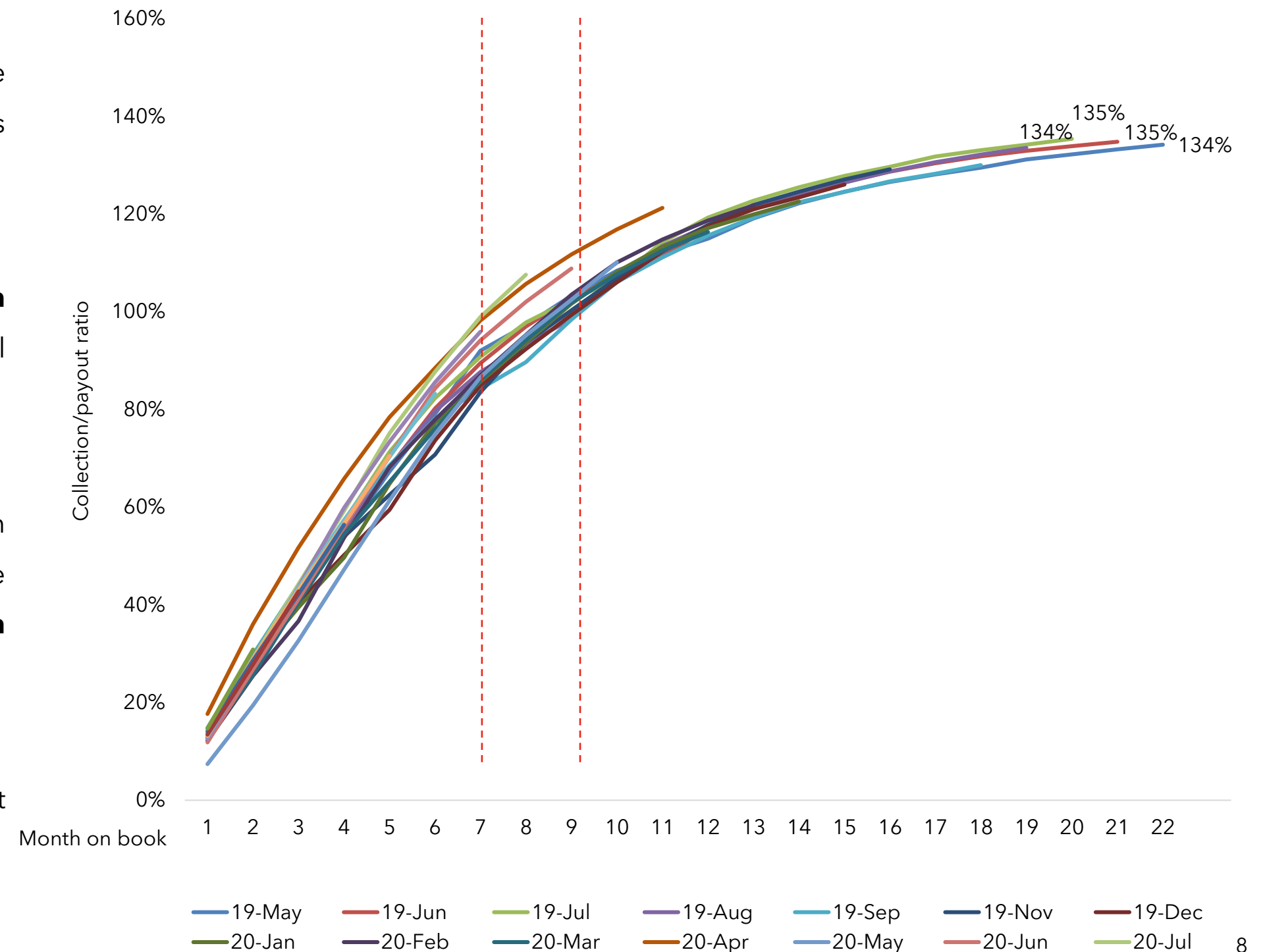
Evolution of Customer Performance Index (CPI 30)



- CPI 30 has remained stable over years, yet was moderately affected since Mid-March 2020 due to public lockdown caused by COVID
- luteCredit's successful navigation during COVID has led to a steady increase in CPI 30 from 84.6% in Q3 2020 to 86.7% in 3Q 2021

Repayment Dynamics

- The vintage chart indicates luteCredit's loan repayment performance over time by showing the aggregate repayments of different monthly loan issuance cohorts (vintages), as measured in % of the original paid out loan amount (100%).
- May 2019 to November 2019 vintages demonstrate a relatively **complete loan cycle**, whereas November 2019 to March 21 vintages include loans which full maturity has not yet arrived
- Most of the loan cohorts can recover their paid out principal by 7th to 9th month from the moment of paying out, which is **significantly shorter** than the average loan maturity of 18 months, indicating luteCredit's **excellence in loan repayments efficiency**
- By the end of loans lifecycle, luteCredit can receive about ~135% of the paid out amount which represents the **profitability of lending**



1) As of 30.03.2021

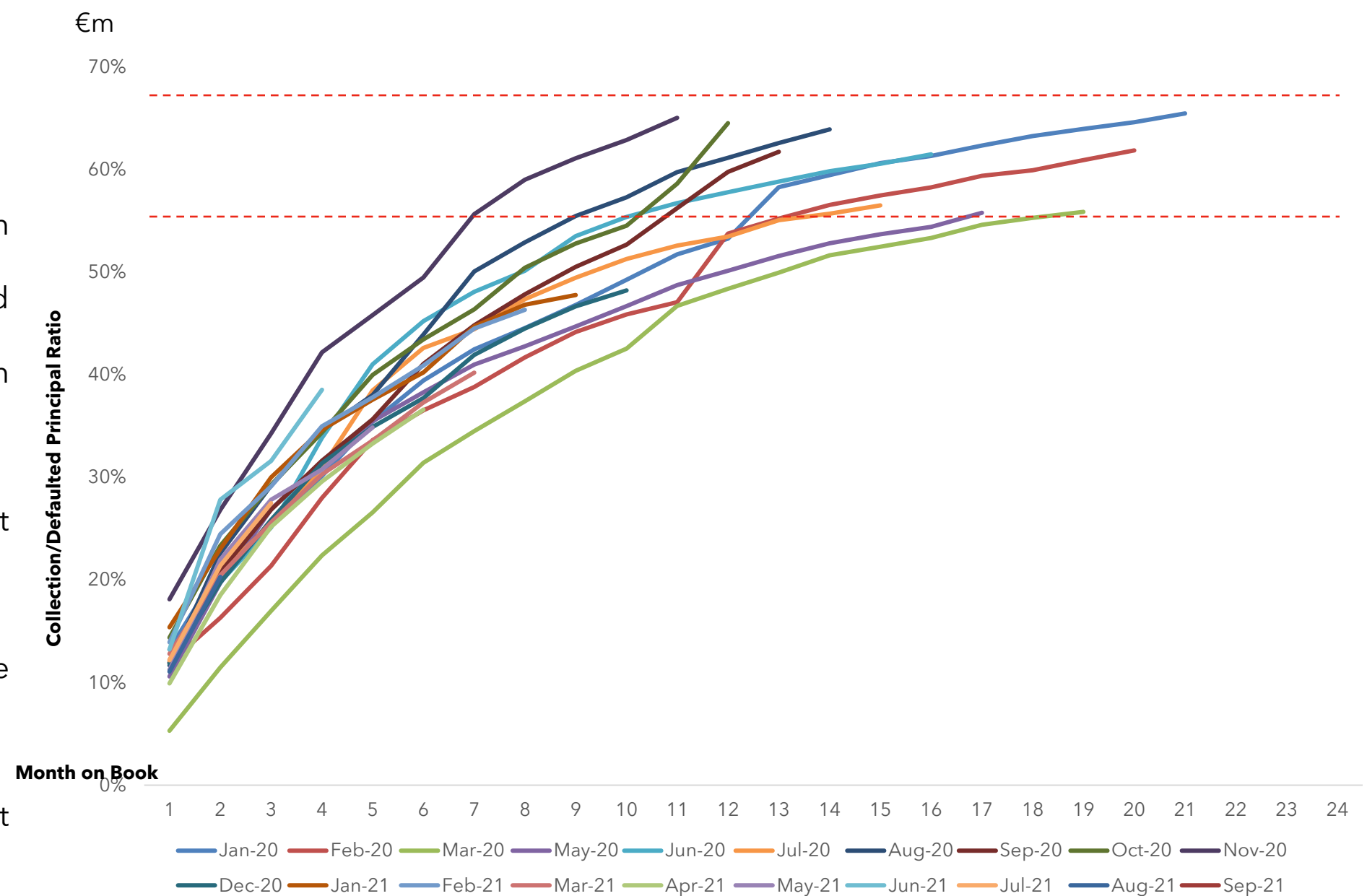
Defaulted Performance Index

- **Defaulted Performance Index (DPI)** is another index that is used by luteCredit:

$$DPI = \frac{\text{Actual Repayments after Termination}}{\text{Principal Debt at Termination}}$$

- DPI measures the amount of principal capital that is rescued after the loan agreement defaults. It is a ratio of **actual collected amount** from defaulted customers against the **principal debt amount at termination of** loan agreements within a certain period from the default
- luteCredit has always been focusing on **debt collection** as integrated but autonomous business part with its own KPI's, business processes and team
- As can be seen in the chart, most of the defaulted cohorts can achieve **55%~70%** of the defaulted amount towards the end of 24-month timeline
- In **April 2020**, there were **very few terminated loans** due to the payment holidays caused by COVID, therefore the cohorts behaved as an outlier

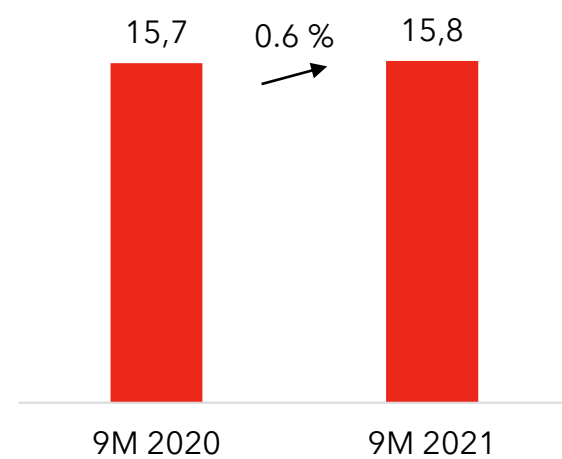
Defaulted Loan Collection (as of September 2021)



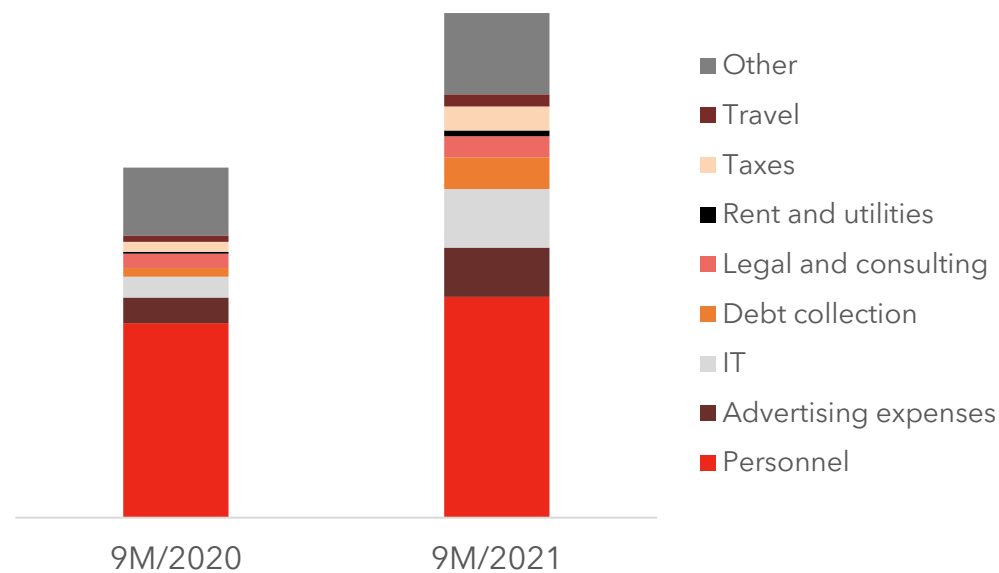
Financial Highlights



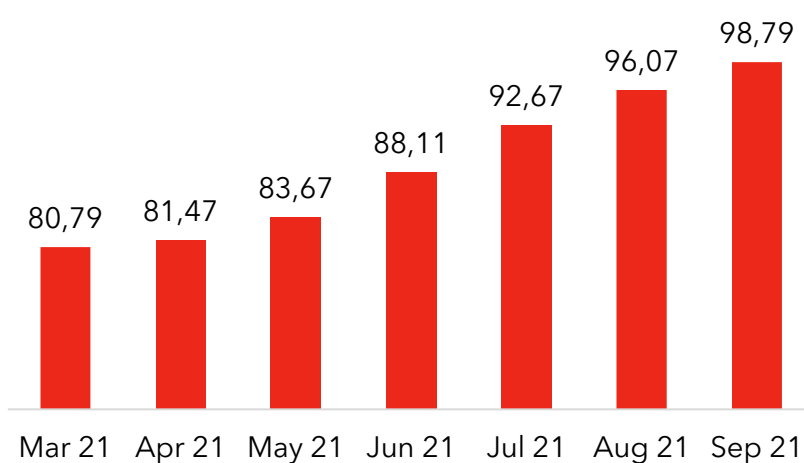
Adj. EBITDA Growth (EURm)



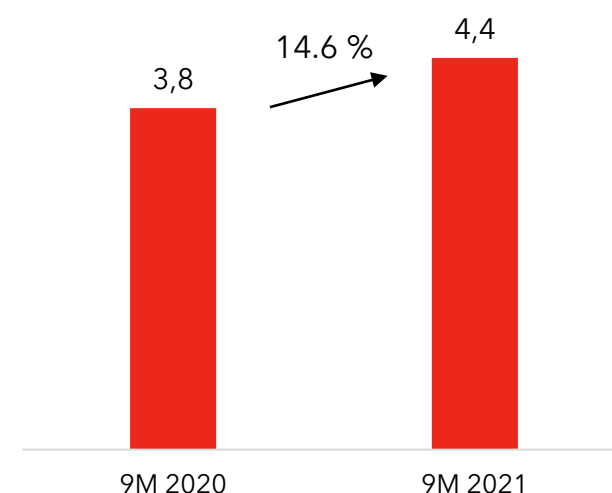
Operating Expenses Breakdown (EURm)



Net loan portfolio growth (EURm)



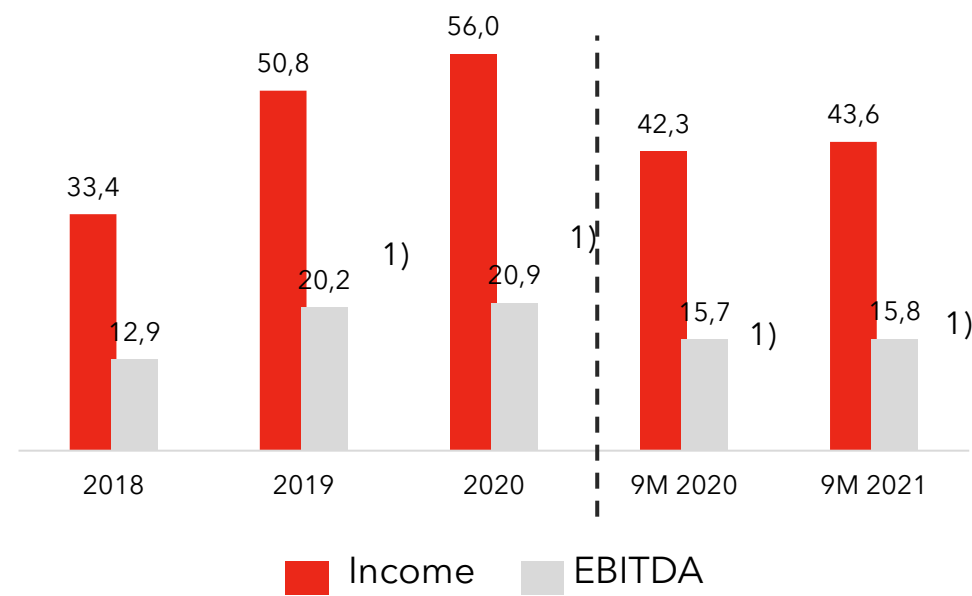
Net profit growth (EURm)



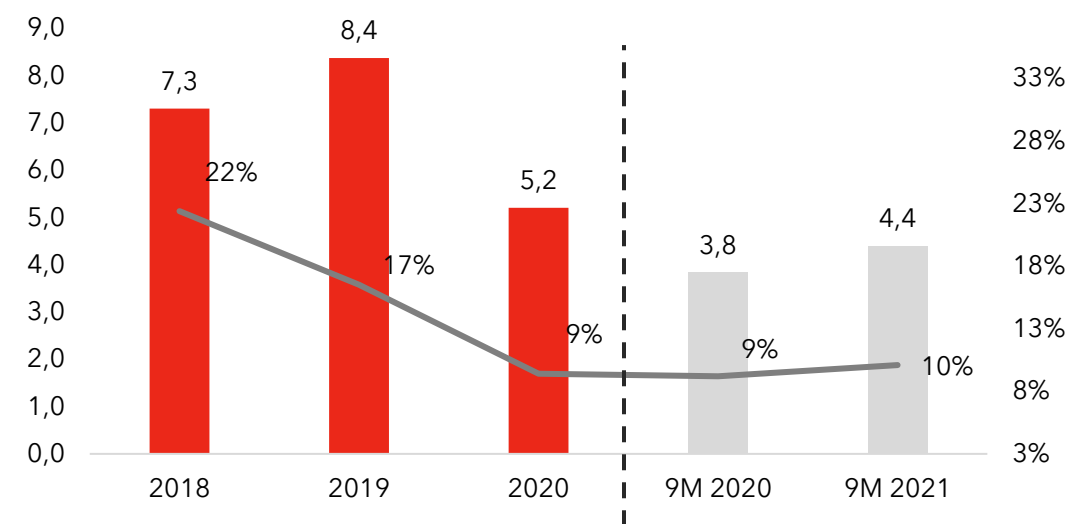
- luteCredit's EBITDA remained stable at 15.8 EURm as of 9M 2021 (vs. 15.7 EURm as of 9M 2020), mainly due to higher interest income offset by higher operating expenses, including advertising expenses (+93% yoy), IT (+181% yoy), and debt collection (+181% yoy), which is correspondent to lute's strategic move of digitalization, as well as enhance debt collection during the COVID period
- Net loan portfolio achieved stable and robust increase, due to luteCredit's ability of maintaining existing customers as well as attracting new customers, and stood at 98.8 EURm as of September 2021, up from 89.8 EURm in March 2021 and 88.1 in June 2021
- Net profit reached 4.4 EURm as of 9M 2021, indicating an 14.6% yoy increase, mainly due to higher interest income, lower impairment charge, offset by higher interest expense and operating expenses
- Stable capitalization ratios of 24.0% and interest coverage ratio of 1.6 (LTM) as of 9M 2021

Financial Ratios

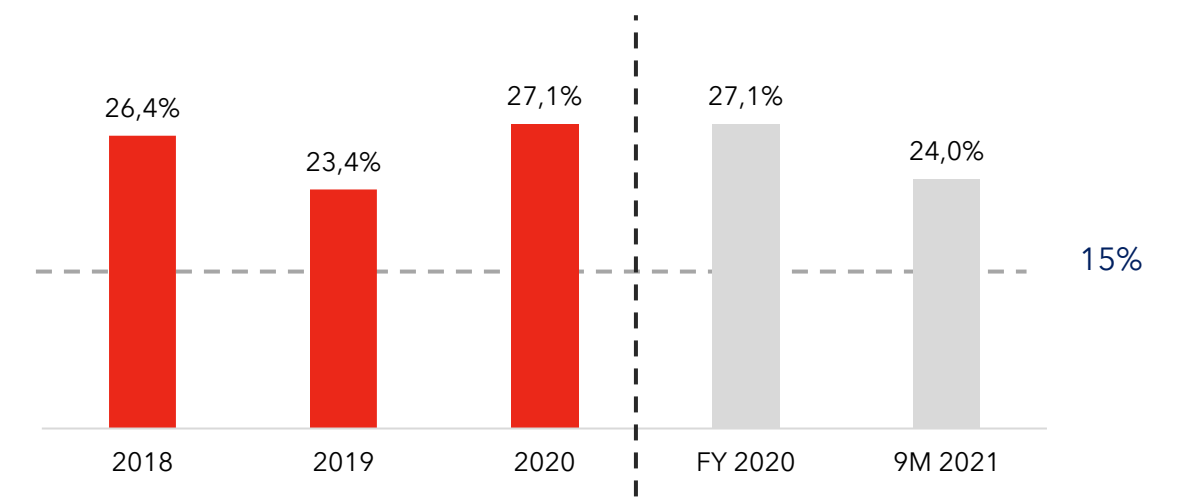
Income & EBITDA in EURm



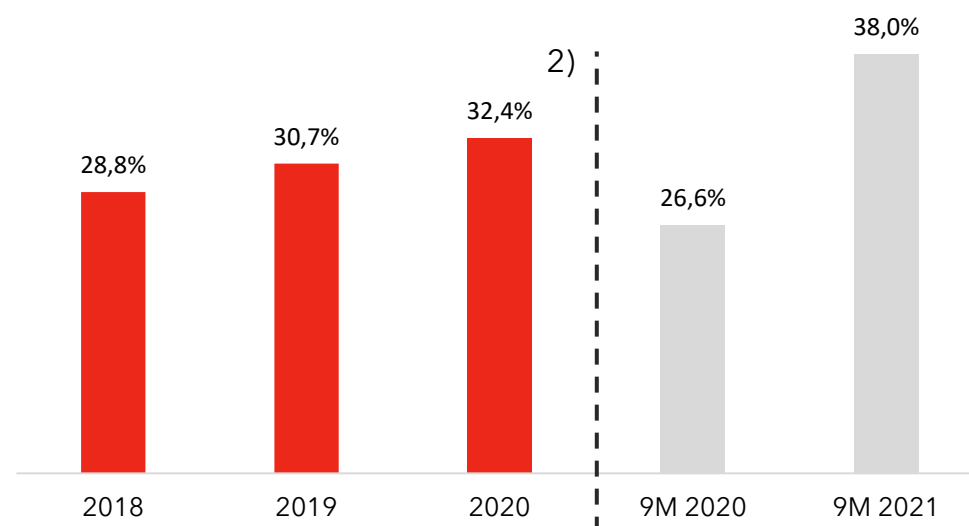
Net profit in EURm & Net profit margin



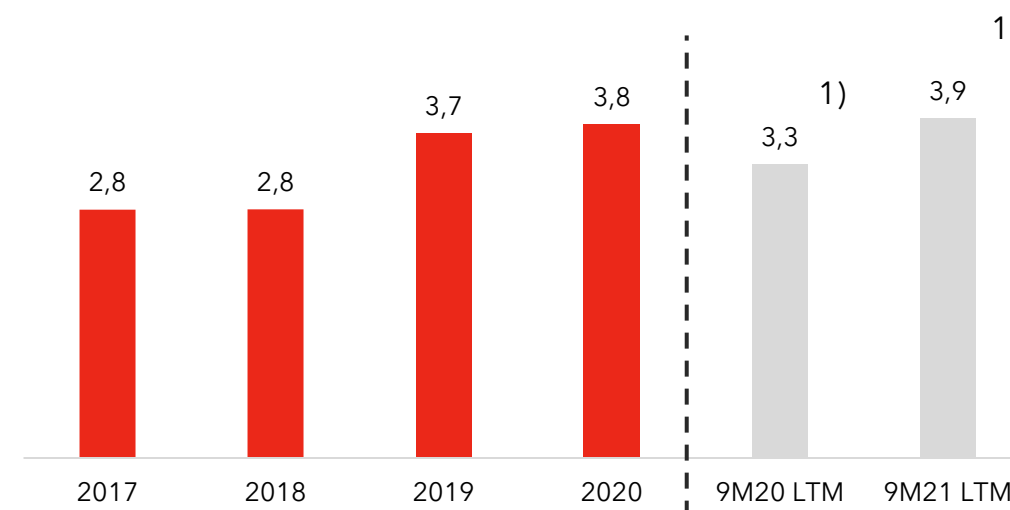
Capitalization ratio



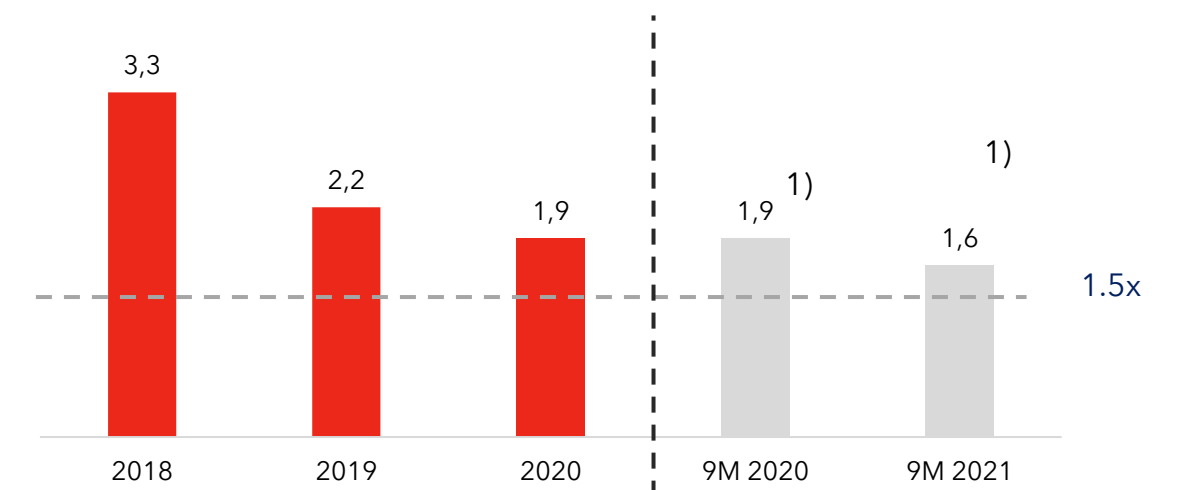
Cost to income ratio



Leverage ratio



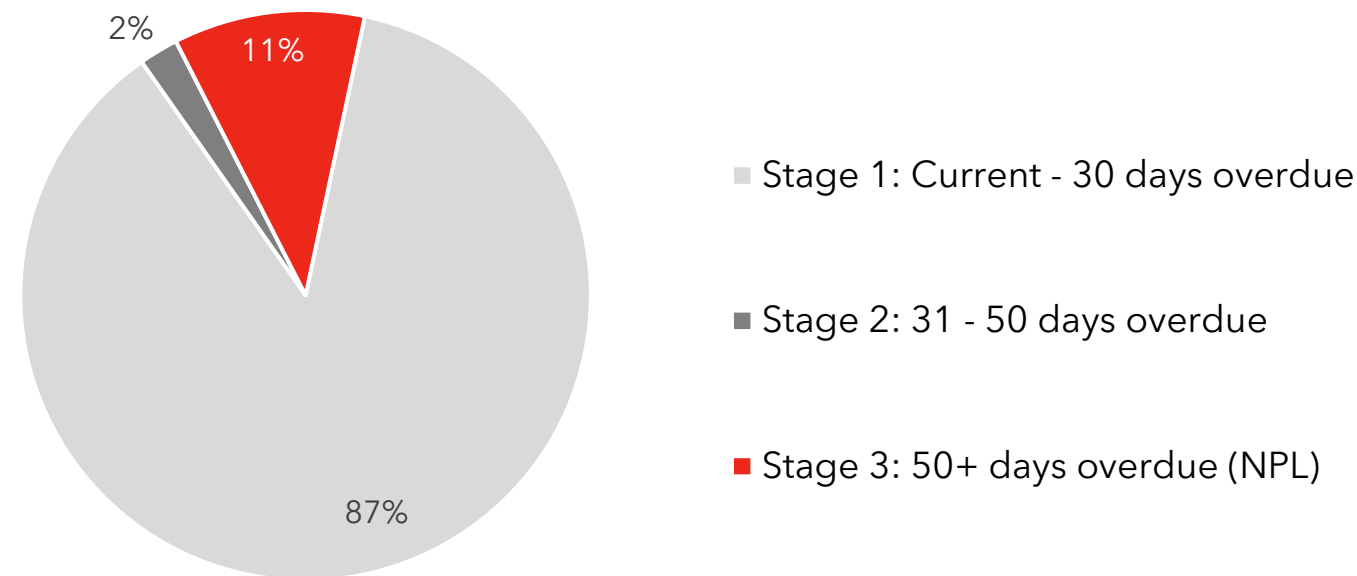
Interest coverage ratio



1) Adjusted for FX gains/losses
2) Adjusted for one-time Kosovo expenses

Loan Asset Quality Analysis

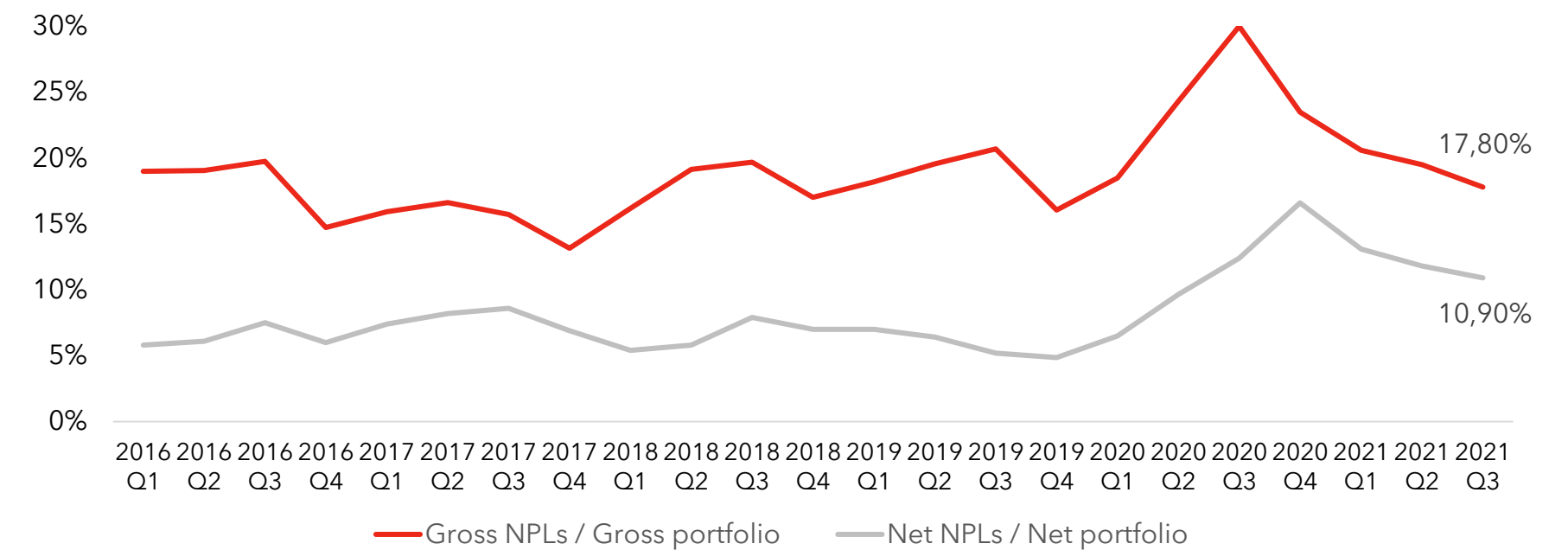
Net loan portfolio quality analysis, Q3 2021



- luteCredit applies a conservative internal NPL definition
- Loans 50+ DPD recognized as non-performing loans (NPLs); in 2016 and 2017 NPLs have been defined as 70+ DPD, in 2015 and earlier as 90+ DPD
- luteCredit has always followed the ECL methodology prescribed by IFRS 9
- luteCredit creates and accounts for provisions simultaneously when loans are being issued

1) Cost of risk=impairment charge/gross loan portfolio

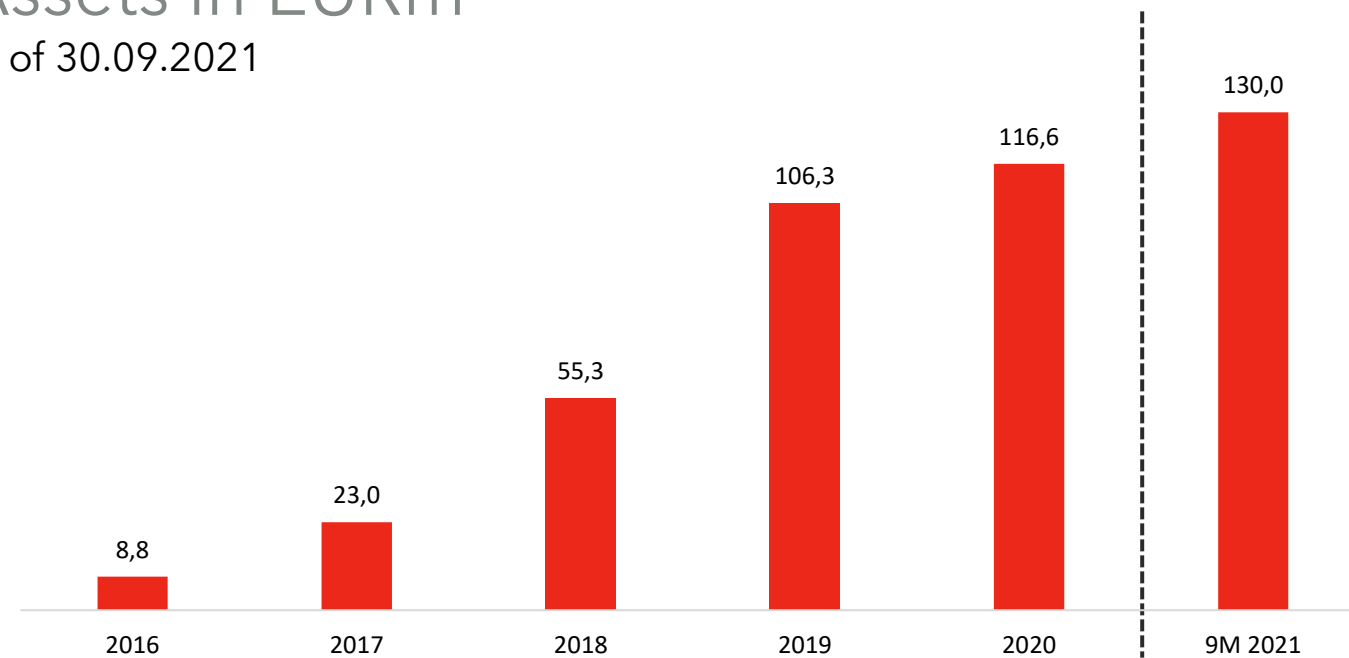
Gross and net NPL (50+ DPD) portfolio



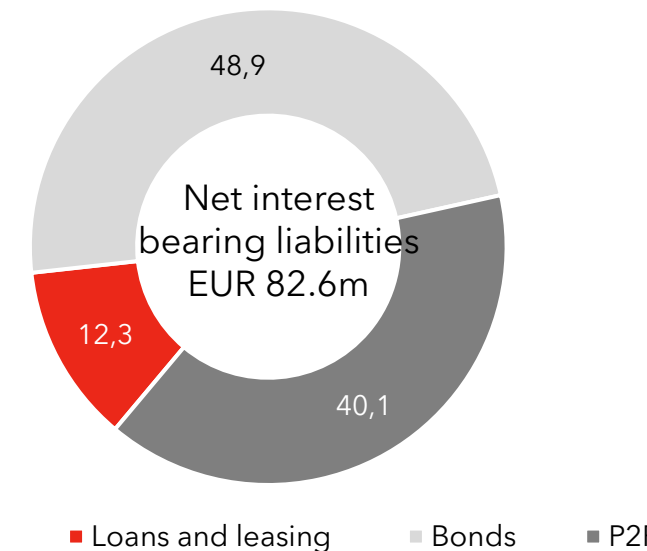
- luteCredit's Gross and Net NPL ratios have been stable during 2016 and 2020, yet was negatively impact by COVID during Q2 and Q3 2020
- Both Gross and NPL ratios declined and recovered towards pre-COVID level
- As of Q3 2021, lute's gross NPL stood at 17.8%, net NPL at 10.9%
- The Company's provision coverage ratio resulted in 75.2% as of Q3 2021, up from 71.1% as of YE20, also compensated by the fact that on average 40% of the principal amount in cash are collected within the first 180 days after the default

Assets & Liabilities

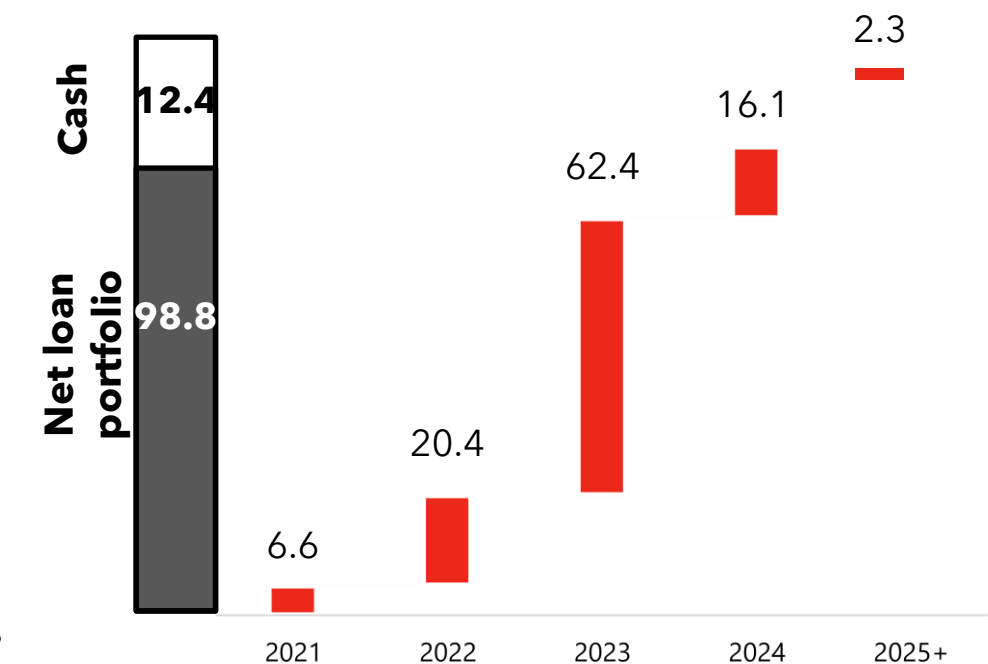
Assets in EURm
as of 30.09.2021



Liabilities in EURm
as of 30.09.2021



Liability maturities in EURm
as of 30.09.2021



	2017	2018	2019	2020	9M 2021
Capitalization ratio	23.0%	26.4%	23.4%	27.1%	24.0%

- 85% of total assets consist of net loan portfolio as well as cash and liquid assets as of Q3 2021
- Clearly-structured balance sheet
- Healthy capitalization

- Total liabilities stood at EUR 106.3m as of Q3 2021 (YE2020: EUR 95.1m)
- As of 30.09.2021, loans and borrowings amounted to EUR 101.3m (2020: EUR 91.4m), accounting for 95.2% of all liabilities (2020: 96.1%)
- Bonds accounted for majority of borrowings (49%), followed by P2P lending (40%) as of Q3 2021
- As of Oct 6 2021, luteCredit has issued 75 EURm of Senior Secured Corporate Bond

*Note: Net interest-bearing liabilities: Total interest-bearing liabilities minus cash and liquid assets

Environmental, Social & Governance



Environmental

- Mylute app saves customers from unnecessary travel to the branch or agent, with ecological footprint of about **120,000 less travels per quarter**, translating to **at least 480,000 less travel kilometres per month**
- Avoid usage of paper and promotion of online and non-paper interaction channels with the customers, **~125,000 pages of paper are saved per month**, equals to 15 big trees
- Digital revolution on the Balkan markets by piloting cardless ATMs, thereby diminishing the need for plastic cards and **reducing possible plastic waste**
- All offices have **paper collection boxes** for the purpose of recycling; bathrooms have air hand-dryers
- Usage of LED lamps as illumination and reduction of plastic waste
- **Eco-friendly packaging** for business lunch deliveries



Social

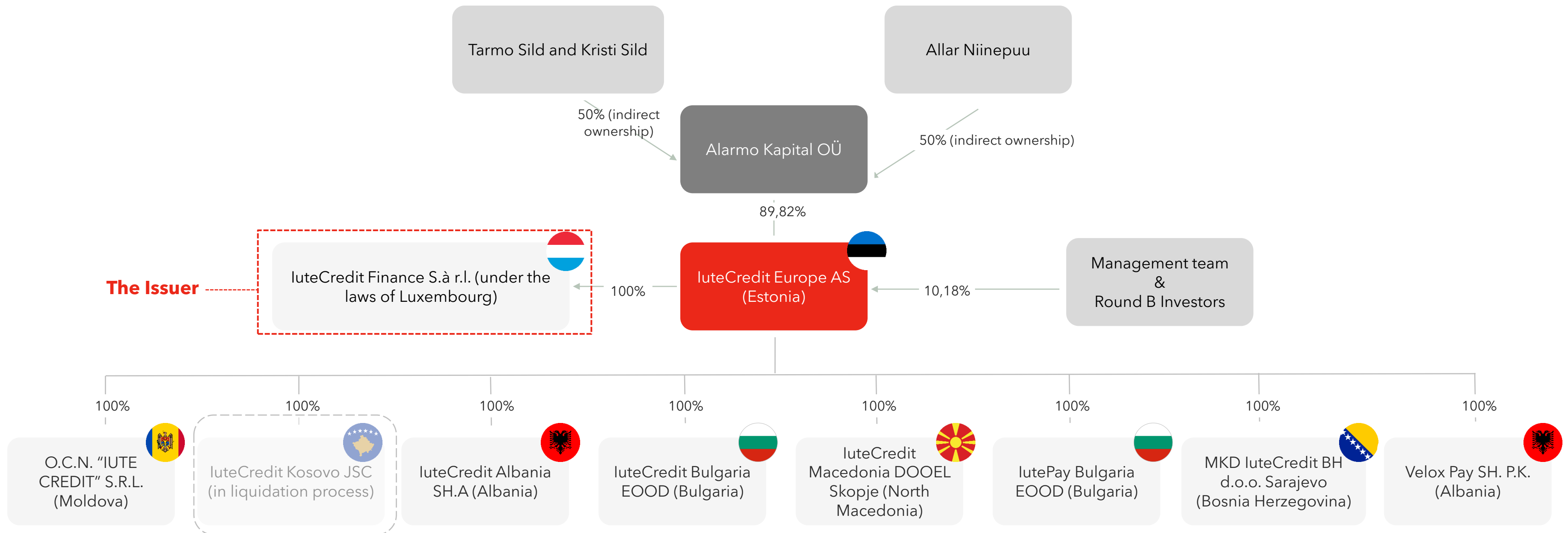
- **Responsible lending** with full transparency, clear pricing and no hidden costs
- Offer clients in **underbanked markets** financing for their daily basic needs as well as for improvement of their lifestyle
- **Support several education campaigns** to increase the financial literacy; donated hospitals and sponsored sport clubs
- 100 000 lei (ca 5000 euros) was **donated to the Republican Clinical Hospital "Timofei Moşneaga"** in Moldova
- #Granny_Stay_Home campaign launched to **bring food home to the elderly** in Moldova
- **Medical equipment donated** to Tirana Hospital and **food packages distributed** to families and pensioners in need in Albania
- **Over 100 medical suits and high-quality protection masks donated** to the public clinics in Macedonia



Governance

- **Non-discrimination policy** and inclusion policy fully implemented on all Group companies
- Well balanced **gender diversity** among the group
- Offer its employees work and self-improvement opportunities as further education, team trainings and attractive bonuses
- **Health and safety** of employees as priority
- luteCredit is the first company from Estonia listed in the General Standard of the Frankfurt Stock Exchange

Group Legal Structure



Income Statement



in EURm	2018	2019	2020	9M 2020	9M 2021
Interest and commission fee income	22.6 (69.8%)	47.0 (92.5%)	44.5 (79.4%)	32.5 (76,8%)	35.1 (80,3%)
Loan administration fees and penalties	9.4 (29.1%)	3.5 (6.9%)	8.4 (15.0%)	5.8 (13,7%)	6.2 (14,2%)
Other income	0.3 (1.1%)	0.3 (0.5%)	3.1 (5.6%)	4.0 (9.5%)	2.4 (5,5%)
Total Income	33.4 (100.0%)	50.8 (100.0%)	56.0 (100%)	42.3 (100%)	43.6 (100%)
Interest expense	(3.9) (11.9%)	(9.0) (17.7%)	(11.0) (19.6%)	(8.1) (19.1%)	(9.8) (22,4%)
Allowances for loan impairment	(10.4) (32.0%)	(11.0) (21.5%)	(18.8) (33.5%)	(16.5) (39.9%)	(13.3) (30,4%)
Net operating income	18.2 (56.1%)	30.9 (60.8%)	26.3 (46.9%)	17.7 (41.8%)	20.5 (47,1%)
Salaries and other personnel expenses	(3.9) (12.0%)	(6.3) (12.4%)	(8.1) (14.4%)	(5.6) (13.2%)	(6.4) (14,6%)
Other operating expenses	(5.2) (16.1%)	(14.2) (28.0%)	(8.3) (14.8%)	(4.5) (10.6%)	(8.2) (18,8%)
Depreciation/amortization charge	(0.2) (0.7%)	(1.2) (2.4%)	(1.7) (3.1%)	(1.1) (2.8%)	(2.0) (4,6%)
Financial assets measured at fair value	-	1.0 (1.9%)	-	-	-
Foreign exchange gains/losses	0.7 (2.0%)	0.4 (0.7%)	(2.0) (3.5%)	(1.2) (2.8%)	0.7 (1,6%)
Profit or loss before taxes	9.5 (29.3%)	10.5 (20.6%)	6.2 (11.0%)	5.3 (12.5%)	4.7 (10,8%)
Income tax	(2.2) (6.9%)	(2.1) (4.1%)	(0.9) (1.7%)	(1.4) (3.3%)	(0.3) (0,7%)
Net profit for the year/period	7.3 (22.4%)	8.4 (16.5%)	5.2 (9.4%)	3.8 (9.2%)	4.4 (10,1%)
Other comprehensive income	0.5 (1.6%)	(0.3) (0.6%)	(1.8) (3.1%)	(0.8) (1.9%)	0.5 (1,2%)
Total comprehensive income for the year/period	7.8 (24.0%)	8.1 (15.9%)	3.5 (6.2%)	3.1 (7.3%)	4.9 (11,6%)

Balance Sheet



in EURm	2018	2019	2020	9M 2021
<i>Assets</i>				
Cash and bank accounts	2.6	6.7	19.5	12.4
Loans to customers	48.1	79.0	79.2	98.8
Prepayments	0.3	0.9	1.3	1.6
Other assets	1.7	2.5	2.7	3.1
Other financial investments	1.5	9.9	7.2	6.0
Property, plant and equipment	0.5	1.0	1.0	1.1
Right-of-use assets	-	2.9	2.1	1.7
Intangible assets	0.7	3.3	3.7	5.5
Total assets	55.3	106.3	116.6	130.0
<i>Liabilities and equity</i>				
Liabilities				
Loans and borrowings	39.2	84.1	91.4	101.3
Other liabilities	3.4	3.7	3.7	5.1
Total liabilities	42.6	87.7	95.1	106.3
Equity				
Share capital	10.0	10.0	10.0	10.0
Legal reserve	0.0	0.4	0.5	0.8
Unrealized foreign exchange differences	0.4	0.1	(1.7)	(1.2)
Retained earnings	2.3	8.0	12.6	14.1
Total equity	12.7	18.5	21.5	23.7
Total equity and liabilities	55.3	106.3	116.6	130.0

Statement of Cash Flow



in EURm	2018	2019	2020	9M 2020	9M 2021	in EURm	2018	2019	2020	9M 2020	9M 2021
Operating activities						Financing activities					
Prepayments to partners for issuance of loans	(6.3)	(11.3)	(11.4)	(7.7)	(18.8)	Loans received from investors	26.1	85.0	51.4	25.6	33.9
Received pre- and overpayments from customers	9.3	12.8	36.2	27.9	23.6	Repaid loans to investors	(10.8)	(48.5)	(42.3)	(30.4)	(31.3)
Paid trade payables	(5.9)	(10.7)	(12.3)	(8.0)	(11.8)	Change in overdraft	2.0	4.2	(5.2)	(5.2)	-
Received debts from buyers and received other claims	0.0	0.8	0.9	0.8	2.0	Principal payments of lease contracts	-	(0.9)	(0.9)	(0.5)	(2.7)
Received from collection companies	7.4	13.0	22.6	17.4	19.3	Paid interests	(3.7)	(5.2)	(8.0)	(7.1)	(8.4)
Paid net salaries	(2.3)	(4.5)	(5.3)	(4.0)	(4.8)	Paid dividends	(2.0)	(2.2)	0.5	(0.5)	(1.5)
Paid tax liabilities, exc. CIT	(1.5)	(2.9)	(3.0)	(2.1)	(3.8)	Capital increase	3.2	-	-	-	-
Corporate income tax paid (CIT)	(1.4)	(3.3)	(1.9)	(1.4)	(1.1)	Grants received	-	0.0	-	-	-
Paid out to customers	(39.3)	(76.2)	(47.4)	(31.2)	(48.4)	Payments for other financing activities	-	-	(0.0)	(0.0)	-
Paid out loans to customers related to MC	-	(0.1)	-	-	-	Receipts from other financing activities	-	-	0.0	(0.0)	-
Change in MasterCard (MC) settlement account	-	(1.4)	(8.2)	(5.3)	(13.7)	Net cash flows from financing activities	14.9	32.4	(5.4)	(19.1)	(8.3)
Principal repayments from customers	20.4	40.3	29.4	22.3	30.4	Cash and cash equivalents at the beginning of the period	1.8	2.6	6.7	6.7	19.5
Loan principal repayments from customers related to MC	-	0.5	4.5	2.4	8.3	Change in cash and cash equivalents	0.9	4.0	13.2	0.2	(7.3)
Interest, commission and other fees	8.8	17.4	15.0	10.6	14.4	Net foreign exchange difference	(0.0)	0.0	(0.5)	(0.3)	(0.2)
Net cash flows from operating activities	(10.7)	(25.6)	18.9	21.5	(4.2)	Cash and cash equivalents at the end of the period	2.6	6.7	19.5	6.6	12.3
Investing activities											
Purchase of fixed assets	(0.8)	(0.8)	0.5	(0.2)	(2.5)						
Net cash flow from acquisition of subsidiaries	(1.1)	(0.2)	-	-	-						
Received from the sale of subsidiaries	-	0.2	-	-	-						
Payments for other financial investments	(1.5)	(1.8)	(7.3)	(2.5)	(0.2)						
Receipts from other financial investments	0.0	-	6.5	0.5	6.8						
Net cash flows from investing activities	(3.3)	(2.7)	(0.3)	(2.1)	5.2						

Thank you for your attention!

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