IUTECREDIT FINANCE S.À R.L.

Annual report for the year ending 31 December 2020

Contents

General information and contacts

Address:	14, rue Edward Steichen L-2540 Luxembourg Grand Duchy of Luxembourg
Registry code:	B234678
Main activity:	Holding company
Auditor:	KPMG Luxembourg, Société coopérative
Reporting period:	01 January 2020 – 31 December 2020
Share capital:	EUR 12 thousand

Management report for financial year 2020

In accordance with our duties as Board of Managers of IuteCredit Finance S.à r.l. (the "Company"), we herewith submit to the shareholder of the Company the financial statements for the financial year ended 31 December 2020 (hereinafter, "2020").

Executive overview

IuteCredit Finance S.à r.l. (hereinafter "the Company") started its business activity in May 2019. The financial year 2020 was the first full year of operations for the Company. The Company`s main business activity is acting as a financing intermediary for its parent company - IuteCredit Europe AS which is registered and located in the Republic of Estonia. The Company is included in the consolidated financial statements of IuteCredit Europe AS which can be found on official website of IuteCredit Europe AS www.iutecredit.com.

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 31 December 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. VeloxPay Albania SH.P.K (lVeloxPay 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 profit or loss and other comprehensive income
The Company recorded an operating profit of EUR 248 thousand for the reporting year ending 31 December 2020. Operating revenues amounted to EUR 5.810 thousand which consisted of interest income from granted loan to the parent entity in 2019 and 2020.

The loan granted to the parent entity was financed by issuance of bonds by the Company and the Company had financial expenses in financial year in a total amount of EUR 5.508 thousand (excluding expected credit loss in the amount of EUR 43 thousand).

Operating expenses amounted to EUR 86 thousand which were related to legal procedures and consultation services purchased in 2020.

Statement of financial position
Total assets at 31 December 2020 amounted to EUR 46.702 thousand and liabilities amounted to EUR 46.641 thousand. The assets consist mostly of an interest and loan receivable constituting 99,8% of total assets. The liabilities mostly consist of accrued interest payables and bond liabilities constituting 99,9% of total liabilities.

As at 31 December 2020 the liquidity ratio of the Company was 0,92.

The equity of the Company is in the amount of EUR 61 thousand as at 31 December 2020.

Future development

For the year-ended 31 December 2021, the Company will focus to be the financing intermediary for its parent company, IuteCredit Europe AS. Subsequent to the balance sheet date, the Company has additionally subscribed bonds in the nominal value of EUR 3 580 thousand (3 580 units) and has granted loan in the same amount to the parent entity. No additional financing activities (borrowing, issuance of bonds) are planned for the year ended 31 December 2021.

Research & Development

No research and development costs occurred in the financial year ended 31 December 2020.

Acquisition of own shares

No acquisition of own shares has occurred in financial year ended 31 December 2020.

Free shares

As at 31 December 2020, the Company has not granted any free shares to members of the Management of the Company. The Company is fully owned by IuteCredit Europe 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 6 General 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 public-interest entity. Based on Art. 52 (1), a public-interest entity shall establish an audit committee. However, based on Art. 52 (5), 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 August 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 directors (the "Directors") 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 positions of CEO within the Company.

Subsequent events

By the date of signing of the annual report, the Company has additionally subscribed bonds in the value of 3 580 units and has granted additional loan to its parent company in the amount of EUR 3 580 thousand.

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

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

Profit allocation

The Management Board recommends to the shareholder to allocate from net annual profit of financial year 2020 EUR 1 thousand to legal reserve and EUR 247 thousand to retained earnings.

* * *

We recommend that the shareholder of the Company approve the financial statements as presented to them and kindly ask the shareholder to grant discharge to the Managers of the Company for the exercise of their mandate during the financial year ended 31 December 2020.

Luxembourg, 30 April 2021

Kristel Kurvits

Manager

Luxembourg, 30 April 2021

Ann Leonie Lauwers

Manager

Financial statements

Statement of Profit and Loss and Other Comprehensive Income

	Notes	01.01.2020-31.12.2020 in thousand EUR	20.05.2019-31.12.2019 in thousand EUR
Interest income	7	5 810	2 164
Interest expense	8	-5 465	-2 154
Net interest income		**345**	**10**
Other income		31	0
Other income		**31**	**0**
Legal services, notary and bank fees	9	-86	-49
Allowances for loan impairment	11	-43	-160
Total operating expenses		**-128**	**-209**
Profit (-loss) before tax		**248**	**-199**
Income tax expense		0	0
Profit (-loss) for the reporting year		**248**	**-199**
Other comprehensive income		0	0
Total comprehensive income		**248**	**-199**
Profit attributable to:			
Equity holders of the parent		248	-199

Notes on pages 11-29 are an integral part of the financial statements.

Statement of Financial Position

	Notes	31.12.2020 in thousand EUR	31.12.2019 in thousand EUR
Assets			
Non-current assets			
Loan receivables	11	44 307	36 248
Total non-current assets		***44 307***	***36 248***
Current assets			
Accrued interest from loan receivable	11	2 308	2 062
Deferred expenses		0	3
Cash and cash equivalents	10	87	47
Total current assets		***2 395***	***2 112***
Total assets		**46 702**	**38 360**
Equity and liabilities			
Equity			
Share capital	13	12	12
Legal reserve	13	1	0
Accumulated profit (-loss)		48	-199
Total equity		***61***	***-187***
Non-current liabilities			
Interest bearing loans and borrowings	12	44 040	36 401
Total non-current liabilities		***44 040***	***36 401***
Current liabilities			
Accrued interest on interest bearing loans and borrowings	12	2 600	2 080
Trade payables		1	66
Total current liabilities		***2 601***	***2 146***
Total equity and liabilities		**46 702**	**38 360**

Notes on pages 11-29 are an integral part of the financial statements.

Statement of Changes in Equity

	Share capital	Legal reserve	Accumulated profit (-loss)	Total
20.05.2019	**0**	**0**	**0**	**0**
Contribution to share capital	12	0	0	12
Loss for the reporting year	0	0	-199	-199
Other comprehensive income	0	0	0	0
31.12.2019	**12**	**0**	**-199**	**-187**
01.01.2020	**12**	**0**	**-199**	**-187**
Profit for the reporting year	0	0	248	248
Allocation to legal reserve	0	1	-1	0
Other comprehensive income	0	0	0	0
31.12.2020	**12**	**1**	**48**	**61**

Additional information about share capital is disclosed in Note 13.

Notes on pages 11-29 are an integral part of the financial statements.

Statement of Cash Flows

	Notes	01.01.2020-31.12.2020 in thousand EUR	20.05.2019-31.12.2019 in thousand EUR
Paid trade payables		-97	-914
Loan given to parent entity		-10 275	-25 691
Repayments of loan given to parent entity		0	1 315
Interest received		5 515	0
Net cash flows from operating activities		**-4 857**	**-25 290**
Proceeds from issuance of bonds	12	10 097	25 740
Payments for repurchases of bonds	12	0	-415
Interest paid		-5 200	0
Contribution to share capital		0	12
Net cash flows from financing activities		**4 897**	**25 337**
Change in cash and cash equivalents		**40**	**47**
Cash and cash equivalents at the beginning of the year		**47**	**0**
Change in cash and cash equivalents		40	47
Cash and cash equivalents at the end of the year	10	**87**	**47**

Notes on pages 11-29 are an integral part of the financial statements.

Notes to the financial statements

1 Corporate information

The accompanying financial statements of IuteCredit Finance S.à r.l. (the Company) for the period from 01 January to 31 December 2020 were authorized for issue in accordance with a resolution of the Management Board on 30 April 2021.

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, the Company, for the first time, issued 40 million EUR of senior secured bonds (hereafter referred as Eurobond) at the Frankfurt Stock Exchange ("General Standard market segment"). In December 2020, the Company issued additionally 10 million EUR of senior secured bonds.

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

These financial statements have 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 these financial statements except where indicated otherwise.

2 Adoption and interpretation of new revised standards and new accounting policies

The accounting policies adopted are consistent with those of the previous financial year except for the following amended IFRSs which have been adopted by the Company as of 1 January 2020. In the reporting period the Company has not adopted early any other standard, interpretation or amendment that has been issued but is not yet effective.

Changes in the conceptual framework for financial reporting

The revised conceptual framework includes a new chapter on measurement, guidance on financial reporting, improved concepts and guidance (e.g. definition of obligation) and explanations on the role of key areas in financial reporting, such as diligence, conservatism and uncertainty of measurement in the use of resources entrusted to management. The amendments did not have a material impact on the Company.

Amendments to IAS 1 and IAS 8 – Definition of materiality

The amendments clarify the definition of material and how it should be applied by including in the definition guidance that until now has featured elsewhere in IFRS. In addition, the explanations accompanying the definition have been improved. Finally, the amendments ensure that the definition of material is consistent across all IFRS Standards. Information is material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. The amendments did not have a material impact on the Company.

Amendments to IFRS 9, IAS 39 and IFRS 7 – Interest rate benchmark reform

The amendments were triggered by replacement of benchmark interest rates such as LIBOR and other interbank offered rates ('IBORs'). The amendments provide temporary relief from applying specific hedge accounting requirements to hedging relationships directly affected by the IBOR reform. The amendments did not have a material impact on the Company.

Definition of a Business – Amendments to IFRS 3

The amendments clarified the definition of business. A business must have inputs and a substantive process that together significantly contribute to the ability to create output. New guidelines provide a framework for determining when inputs and a substantive process exist, including for early stage companies, which have not created outputs yet. If there are no outputs yet, presence of an organized workforce is needed to be classified as a business. Definition of outputs has been narrowed and it now concentrates on goods and services provided to customers, investment income and other income; the definition no longer includes lower costs or other economic benefits. Market participants no longer need to evaluate whether they are capable of replacing missing elements or integrating acquired activities or assets. A company may opt for a "concentration test": acquired assets do not constitute a business if substantially all of the fair value of the gross assets is concentrated in a single identifiable asset or group of similar identifiable assets. The amendments did not have a material impact on the Company.

3 Standards issued but not yet effective and not early adopted

The following new standards, interpretations and amendments are not yet effective for the annual reporting year ended 31 December 2020 and have not been applied in preparing these financial statements. The Company plans to adopt these pronouncements when they become effective.

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – Interest Rate Benchmark Reform (IBOR) (Phase two)
(Effective for annual periods beginning on or after 1 January 2021; to be applied prospectively. Early application is permitted.)

The amendments address issues that might affect financial reporting as a result of the interest rate benchmark reform, including the effects of changes to contractual cash flows or hedging relationships arising from the replacement of an interest rate benchmark with an alternative benchmark rate. The amendments provide practical relief from certain requirements in IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 relating to:

- changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities; and
- hedge accounting.

Change in basis for determining cash flows
The amendments will require a company to account for a change in the basis for determining the contractual cash flows of a financial asset or financial liability that is required by interest rate benchmark reform by updating the effective interest rate of the financial asset or financial liability.

Disclosure
The amendments will require a company to disclose additional information to enable users to understand the effect of interest rate benchmark reform on a company`s financial instruments, including information about the company's exposure to risks arising from interest rate benchmark reform and related risk management activities.

The Company does not expect the amendments to have a material impact on its financial statements when initially applied.

Amendments to IAS 1 Presentation of Financial Statements
(Effective for annual periods beginning on or after 1 January 2023; to be applied retrospectively. Early application is permitted)

The amendments clarify that the classification of liabilities as current or non-current is based solely on the entity's right to defer settlement at the end of the reporting period. The company's right to defer settlement for at least 12 months from the reporting date need not be unconditional but must have substance. The classification is not affected by management's intentions or expectations about whether and when the entity will exercise its right. The amendments also clarify the situations that are considered settlement of a liability. These amendments has not yet endorsed by the EU.

The Company does not expect the amendments to have a material impact on its financial statements when initially applied.

Amendments to IFRS 3 Business Combinations
(Effective for annual periods beginning on or after 1 January 2022. Early application is permitted)

The amendments to IFRS 3 update a reference in IFRS 3 to the 2018 Conceptual Framework for Financial Reporting instead of the 1989 Framework. At the same time, the amendments add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date. These amendments have not yet been endorsed by the EU.

The Company does not expect the amendments to have a material impact on its financial statements when initially applied.

Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets
(Effective for annual periods beginning on or after 1 January 2022; to be applied retrospectively. Early application is permitted)

In determining costs of fulfilling a contract, the amendments require an entity to include all costs that relate directly to a contract. The amendments clarify that the cost of fulfilling a contract comprises both: the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts.

An entity must apply those amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). The entity will not restate comparative information. Instead, the entity will recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

The Company does not expect the amendments to have a material impact on its financial statements when initially applied.

Annual improvements to IFRS standards 2018-2020
(Effective for annual periods beginning on or after 1 January 2022. Early application is permitted)

Improvements to IFRS (2018-2020) include three amendments to the standards:
• the amendments to IFRS 9 Financial instruments clarify that, when assessing whether an exchange of debt instruments between an existing borrower and lender is on terms that are substantially different, the fees to include together with the discounted present value of the cash flows under the new terms include only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.
• the amendments IFRS 16 Leases remove illustrative example 13 accompanying IFRS 16, which in practice creates confusion in accounting for leasehold improvements for both lessee and lessor. The purpose of the amendment is to remove the illustrative example that creates confusion.
• the amendments to IAS 41 Agriculture removes the requirement to use pre-tax cash flows to measure fair value of agriculture assets. Previously, IAS 41 had required an entity to use pretax cash flows when measuring fair value but did not require the use of a pre-tax discount rate to discount those cash flows.

The Company does not expect the amendments to have a material impact on its financial statements when initially applied.

4 Summary of significant accounting policies

Basis of preparation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

These financial statements have been prepared under historical cost basis, unless otherwise stated. The Company classifies its expenses by their nature.

The financial statements 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 financial statements.

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

Reporting currency

The financial statements are presented in thousands of Euros and all values are rounded to the nearest Euro (EUR).

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 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 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 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 14.

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, which is also the Company`s chief operating decision maker, 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 operating segment which is involved in the provision of financing.

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 6 General risk management policies).

5 Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements 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 the parent company`s financial performance, therefore the parent company`s financial performance related information is exchanged between the parent company and the Company on an 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 financial results, as at 31 December 2020, were strong and no significant downgrade in the financial position and business operations of the 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 Company`s management has performed the going concern analysis on 08 April 2021. Accordingly, the financial statements of the Company are prepared on the going concern basis.

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.

The Company assessed also the potential impact of COVID-19 pandemic situation on the financial statements, including going concern assumption. The management has assessed that this matter will not affect the Company's ability to continue as a going concern as the Company has sufficient financial resources (current assets) to cover its current liabilities. The assessment takes into account also the possible impact of COVID-19 pandemic situation to the parent company`s business operations.

6 General risk management policies

The business of the Company involves several financial risks: market risk (interest risk, currency risk, credit risk and liquidity risk) and business 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 and expenses occurs 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. The credit risk is evaluated by the management of the Company on monthly basis taken into account the creditor financial performance,financial position, future business development. Also, the management of the Company takes into account Covid-19 pandemic possible impact, if any, to creditor`s financial performance, with a focus on the actions taken by the creditor to mitigate the negative impact of COVID-19 pandemic to own financial performance.

As at 31.12.2020, the maximum credit risk arising from all receivables is in the amount of 46 615 (31.12.2019: 38 310) thousand euros.

The aging structure of receivables is as follows:

in thousand EUR	**31.12.2020**	**31.12.2019**
Not due	46 615	38 310
including accrued interest from loan receivables	*2 308*	*2 062*
including loan receivables	*44 307*	*36 248*
TOTAL	**46 615**	**38 310**

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 31.12.2020 in the amount of 202 (31.12.2019: 160) thousand euros. See also Note 4 and Note 11.

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.

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.

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

in thousand EUR	Maturity				
	31.12.2020	**Up to 1 year**	**1-5 years**	**Currency**	**Interest**
Eurobonds *	62 110	6 035	56 075	EUR	13%
Payables	1	1	-	EUR	
TOTAL	**62 111**	**6 036**	**56 075**		

in thousand EUR	Maturity				
	31.12.2019	**Up to 1 year**	**1-5 years**	**Currency**	**Interest**
Eurobonds *	57 606	4 927	52 679	EUR	13%
Payables	66	66	-	EUR	
TOTAL	**57 672**	**4 993**	**52 679**		

* Including undiscounted principal outstanding as at 31.12.2020 of 46 420 (31.12.2019: 37 898) thousand euros and estimated total undiscounted future interest payments as at 31.12.2020 of 15 690 (31.12.2019: 19 708) thousand euros.

The maturity of undiscounted receivables is as follows:

in thousand EUR	Maturity				
	31.12.2020	**Up to 1 year**	**1-5 years**	**Currency**	**Interest**
Loans and interest receivable**	58 857	5 728	53 129	EUR	10%
TOTAL	**58 857**	**5 728**	**53 129**		

in thousand EUR	Maturity				
	31.12.2019	**Up to 1 year**	**1-5 years**	**Currency**	**Interest**
Loans and interest receivable**	53 219	4 720	48 499	EUR	10%
TOTAL	**53 219**	**4 720**	**48 499**		

** Including undiscounted principal outstanding as at 31.12.2020 of 44 060 (31.12.2019: 36 306) thousand euros and estimated total undiscounted future interest payments as at 31.12.2020 of 14 797 (31.12.2019: 16 913) thousand euros.

Business risk

The management of the Company assesses the main business risk arising from issued bonds. According to issued bonds, the Company`s activity is 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 VeloxPay 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 for covenants were following:

	31.12.2020	31.12.2019
Capitalization		
Equity/Net finance loans and advances to customers	27,1%	23,4%

	2020	2019
Profitability		
Interest coverage ratio (ICR), times (adjusted EBIDTA/interest expenses)	1,9	2,2

The management constantly observes the covenants required to be fulfilled by the Eurobond issuance. The Group has complied with the requirements in 2020 and 2019.

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

Capital management

The Company`s primary objective 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 shareholder, resell shares, change the nominal value of shares, issue new shares or sell assets to cover liabilities.

See also note 13.

7 Interest income

Interest income	01.01.2020-31.12.2020 in thousand EUR	20.05.2019-31.12.2019 in thousand EUR
Interest income calculatied using effective interest rate method	5 810	2 164
TOTAL	**5 810**	**2 164**

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

8 Interest expense

Interest expense	01.01.2020-31.12.2020 in thousand EUR	20.05.2019-31.12.2019 in thousand EUR
Interest on bond liabilities	-5 465	-2 154
TOTAL	**-5 465**	**-2 154**

9 Other operating expenses

Other operating expenses	01.01.2020-31.12.2020 in thousand EUR	20.05.2019-31.12.2019 in thousand EUR
Legal service, notary and bank fees	-86	-49
TOTAL	**-86**	**-49**

Legal service, notary and bank fees includes audit fees in 2020 in the amount of EUR 23 (2019: EUR 15) thousand and other administrative expenses in the amount of EUR 4 (2019: EUR 0) thousand.

10 Cash and cash equivalents

Cash and cash equivalents	31.12.2020 in thousand EUR	31.12.2019 in thousand EUR
Bank accounts	87	47
TOTAL	**87**	**47**

11 Loan receivables

Loan receivables	31.12.2020 in thousand EUR	31.12.2019 in thousand EUR
Loan receivables	44 307	36 248
Accrued interest from loan receivables	2 308	2 062
TOTAL	**46 615**	**38 309**

In 2019, the Company granted a loan to IuteCredit Europe AS in the amount of 37,8 million euros to finance IuteCredit Group's activity on micro-financing. In 2020, the Company additionally lent to Iute Credit Europe AS 10,1 million euros under the existing loan agreement.

The loan is issued with fixed interest rate of 10% and the loan maturity is on 2nd August 2023. The loan is accounted at amortized cost by using an effective interest rate 13,82%. The interest is payable semi-annually on 7th February and 7th of August of each year. The loan repayment date is the loan maturity date.

The total maturity of receivables is as follows:

in thousand EUR		Maturity	
	31.12.2020	Up to 1 year	1-5 years
Loan receivables	44 307	0	44 307
Accrued interest from loan receivables	2 308	2 308	0
TOTAL	**46 615**	**2 308**	**44 307**

in thousand EUR		Maturity	
	31.12.2019	Up to 1 year	1-5 years
Loan receivables	36 248	0	36 248
Accrued interest from loan receivables	2 062	2 062	0
TOTAL	**38 310**	**2 062**	**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 on in the following table.

in thousand EUR	31.12.2020	31.12.2019
Loan receivables	44 499	36 399
Expected credit loss	-192	-151
Expected loss rate	0,4%	0,4%
Interest receivables	2 318	2 070
Expected credit loss	-10	-9
Expected loss rate	0,4%	0,4%

Changes in allowances for receivables are as follows:

in thousand EUR	Loan receivables		Interest receivables	
	2020	2019	2020	2019
Opening balance at 1 January	-151	0	-9	0
Changes occurred in 1 January to 31 December				
Recognition of expected credit loss	-41	-151	-1	-9
Closing balance as 31 December	**-192**	**-151**	**-10**	**-9**

Please see also Note 4 for accounting policies, Note 12 for pledged assets related to the loan and Note 15 for additional information on related parties.

12 Financial liabilities

in thousand EUR		Maturity			
	31.12.2020	Up to 1 year	1-5 years	Currency	Interest
Eurobonds (excl. accrued interest)	44 040	-	44 040	EUR	13%
Accrued interest from bonds	2 600	2 600	-	EUR	
TOTAL	**46 640**	**2 600**	**44 040**		

in thousand EUR		Maturity			
	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**		

The Company issued 40 000 thousand EUR of senior secured bonds at the Frankfurt Stock Exchange with a fixed coupon rate of 13% as at 7th of August 2019 and with a 4-year maturity. Interest will be payable semi-annually on 7th February and 7th of August of each year, commencing on 7th February 2020. Interest will accrue from the issue date by actual days. As at 31 December 2019, not all bonds were subscribed. The total amount of bonds subscribed as at 31 December 2019 was 37 898 thousand EUR, excluding EIR adjustment in the amount of EUR -1 497 thousand.

On 3rd of 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 a result, the total outstanding amount of senior secured bonds is 50 000 thousand EUR. The total amount of bonds subscribed as at 31 December 2020 was 46 420 thousand EUR, excluding EIR adjustment in the amount of EUR -2 380 thousand.

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 31 December 2020 the pledge of the Company includes interest and loan receivable from AS IuteCredit Europe in amount of total 46 615 (31.12.2019: 38 310) thousand EUR.

The following changes in financial liabilities have occurred:

in thousand EUR	Financial liabilities
31.12.2019	**36 401**
Bonds issued	10 097
EIR effect on bonds issued	-2 458
31.12.2020	**44 040**

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**

13 Share capital

Share capital	31.12.2020 EUR	31.12.2019 EUR
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. No dividends were proposed or declared in 2020 and 2019. The amount EUR 1 thousand from Company`s annual net profit is allocated in 2020 to legal reserve and as at 31 December 2020, the legal reserve is 10% of the subscribed share capital of the Company.

14 Fair value measurement

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

As at 31.12.2020, the fair value of the bond from investors amounted to 44 040 (31.12.2019: 36 401) thousand EUR, excluding interest in the amount of 2 600 (31.12.2019: 2 080) thousand EUR. Loan claim amounted to 44 499 (31.12.2019: 36 399) thousand EUR, excluding interest in the amount of 2 318 (31.12.2019: 2 070) 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 31 December:

		Fair value measurement using			
	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 receivables	2020	0	0	46 817	**46 817**
Liabilities for which fair values are disclosed					
Bonds accrued interest payables	2020	0	0	46 640	**46 640**
Assets for which fair values are disclosed					
Loans and interest receivables	2019	0	0	38 469	**38 469**
Liabilities for which fair values are disclosed					
Bonds accrued interest payables	2019	0	0	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 for the period 01 January – 31 December are as follows:

in thousand EUR		**Loans granted**	**Calculated interest from loans granted**	**Loans repaid**	**Interest received**
Parent Company (IuteCredit Europe AS)	2 020	10 275	5 808	0	5 515
Parent Company (IuteCredit Europe AS)	2 019	25 691	2 155	1 315	0

in thousand EUR		Loans and borrowings received	Calculated interest on loan and borrowings	Interest paid
Shareholders and related companies to them	2020	675	335	326
Shareholders and related companies to them	2019	2 509	130	0

The outstanding balances with related parties as at 31 December are as follows:

in thousand EUR		Loan receivable	Interest receivable	Loan and borrowings	Interest payable
Parent Company (IuteCredit Europe AS)	2020	44 037	2 308	0	0
Shareholders and related companies to them	2020	0	0	3 022	139
Parent Company (IuteCredit Europe AS)	2019	36 248	2 061	0	0
Shareholders and related companies to them	2019	0	0	2 397	130

During the financial year and in financial year 2019 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.

See also Notes 7 and 11.

16 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 7th of August 2023.

Contingent liabilities

According to issued bonds in the amount of 46 420 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 VeloxPay Albania SH.P.K.

As of the balance sheet date, 31 December 2020, there was no breach in the financial covenants.

17 Operating segment

The Company is a single operating segment from management reporting perspective based on its business activity. The Company`s activity is reviewed by the management of the Company which is also the Company`s chief operating decision maker.

Reporting on segment income, expenses, profit, assets and liabilities

Breakdown of income, expense and profit	**01.01.2020-31.12.2020 in thousand EUR**	**20.05.2019-31.12.2019 in thousand EUR**
Interest income	5 810	2 164
Interest expense	-5 465	-2 154
Other income	31	0
Legal services, notary and bank fees	-86	-49
Allowances for loan impairment	-43	-160
Reportable segment profit (-loss) before tax	248	-199
Reportable segment profit (-loss) for the reporting year	248	-199

Breakdown of assets and liabilities	**31.12.2020 in thousand EUR**	**31.12.2019 in thousand EUR**
Reportable segment assets		
Loan receivables	44 307	36 248
Accrued interest from loan receivable	2 308	2 062
Deferred expenses	0	3
Cash and cash equivalents	87	47
Total reporting segment assets	**46 702**	**38 360**
Reportable segment liabilities		
Interest bearing loans and borrowings	44 040	36 401
Accrued interest on interest bearing loans and borrowings	2 600	2 080
Trade payables	1	66
Total reporting segment liabilities	**46 641**	**38 546**

Reconciliation of segment income, expenses, profit, assets and liabilities.

As the Company`s business activity is classified as separate operating segment, then all income, expenses, profit, assets and liabilities reported in operating segment reporting are equal to income, expenses, profit, assets and liabilities reported in statement of Profit and Loss and Other Comprehensive Income and Statement of Financial Position.

18 Subsequent events

By the date of signing of the annual report, the Company has additionally subscribed bonds in the value of 3 580 units and has granted an additional Loan to its parent company in the amount of EUR 3 580 thousand.

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

The Management Board 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 2020 annual report

The Company's Management Board has approved the management report and financial statements for 2020.

The annual report as compiled by the Management Board consists of the management report, financial statements and independent auditor´s report. The Management Board has approved the annual report for submission to the general meeting of shareholder.

30 April 2021

Kristel Kurvits
Member of the Management Board

Ann Leonie Lauwers
Member of the Management Board

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REPORT OF THE REVISEUR D'ENTREPRISES AGREE

Report on the audit of the financial statements

Opinion

We have audited the financial statements of IuteCredit Finance S.à r.l. (the "Company"), which comprise the statement of financial position as at 31 December 2020, and the statement of profit and loss and other comprehensive Income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs), as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 on the audit profession ("Law of 23 July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" ("CSSF"). Our responsibilities under the EU Regulation N° 537/2014, the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the « Responsibilities of "réviseur d'entreprises agréé" for the audit of the financial statements » section of our report. We are also independent of the Company in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards issued by the International Ethics Standards Board for Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of the audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there are no key audit matters to communicate in our report.

Other Matter

The financial statements for the year ended 31 December 2019, were audited by another auditor who expressed an unmodified opinion on those financial statements on 31 July 2020.

Other information

The Board of Managers is responsible for the other information. The other information comprises the information stated in the annual report including the management report and the Corporate Governance Statement but does not include the financial statements and our report of the “réviseur d’entreprises agréé” thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

Responsibilities of the Board of Managers for the financial statements

The Board of Managers is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, as adopted by the European Union, and for such internal control as the Board of Managers determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Board of Managers is responsible for presenting the financial statements in compliance with the requirements set out in the Delegated Regulation 2019/815 on European Single Electronic Format (“ESEF Regulation”).

In preparing the financial statements, the Board of Managers is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Managers either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the “réviseur d’entreprises” agréé for the audit of the financial statements

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the “réviseur d’entreprises agréé” that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Our responsibility is to assess whether the financial statements have been prepared in all material respects with the requirements laid down in the ESEF Regulation.

As part of an audit in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 and with ISAs, as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Managers.

- Conclude on the appropriateness of Board of Managers' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the "réviseur d'entreprises agréé" to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the "réviseur d'entreprises agréé". However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes public disclosure about the matter.

Report on other legal and regulatory requirements

We have been appointed as "réviseur d'entreprises agréé" by written resolution of the Shareholder on 27 November 2020 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is one year.

The management report is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

The Corporate Governance Statement is included in the management report. The information required by Article 68ter paragraph (1) letter c) of the law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended, is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

We confirm that the prohibited non-audit services referred to in the EU Regulation N° 537/2014 were not provided and that we remained independent of the Company in conducting the audit.

We have checked the compliance of the financial statements of the Company as at 31 December 2020 with relevant statutory requirements set out in the ESEF Regulation that are applicable to financial statements.

For the Company it relates to:

- Financial statements prepared in a valid xHTML format.

In our opinion, the financial statements of IuteCredit Finance S.à r.l. as at 31 December 2020, identified as IuteCredit Finance annual report 2020.xhtml, have been prepared, in all material respects, in compliance with the requirements laid down in the ESEF Regulation.

Luxembourg, 7 May 2021

KPMG Luxembourg
Société coopérative
Cabinet de révision agréé

M. Jahke