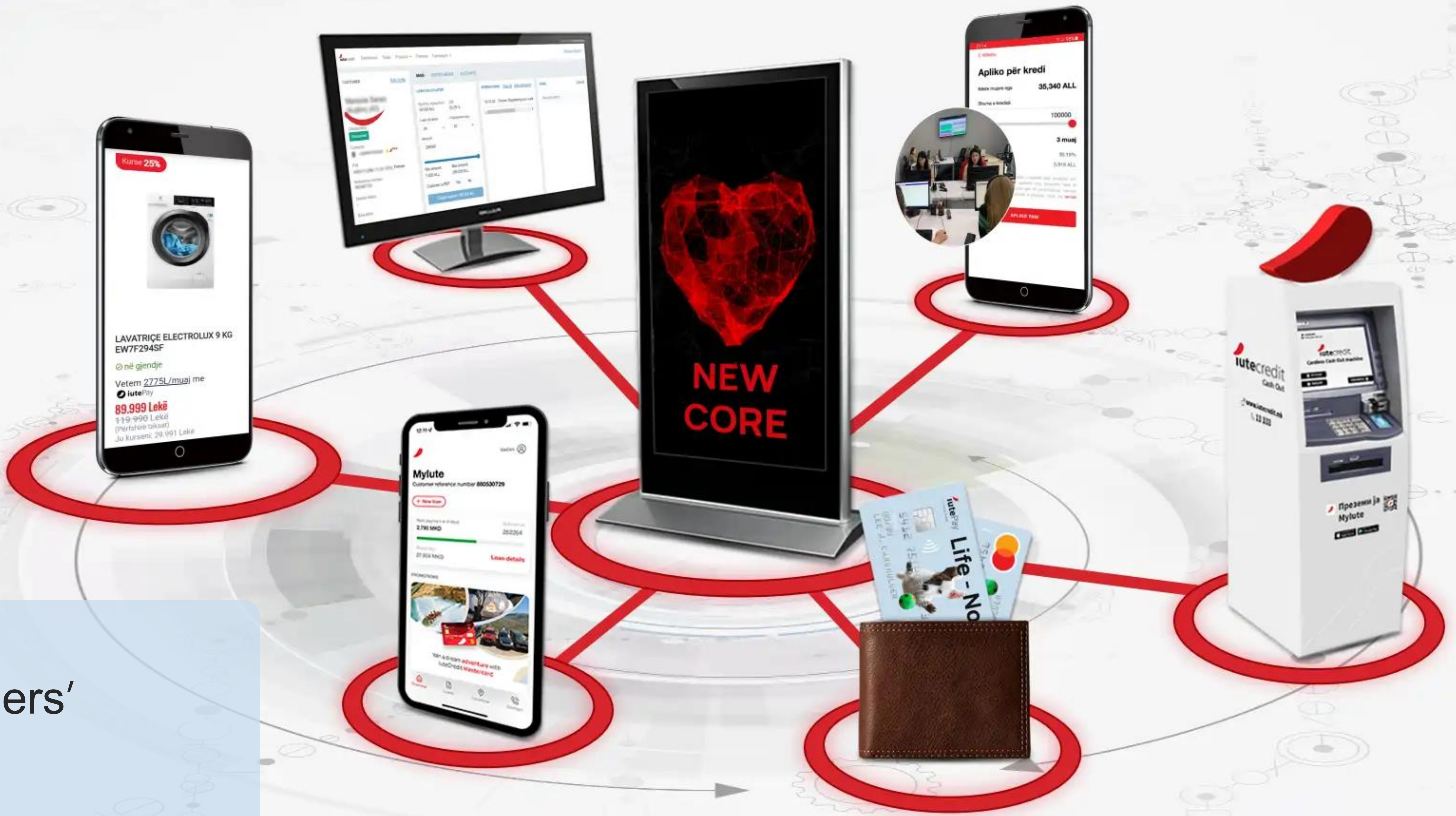
iute

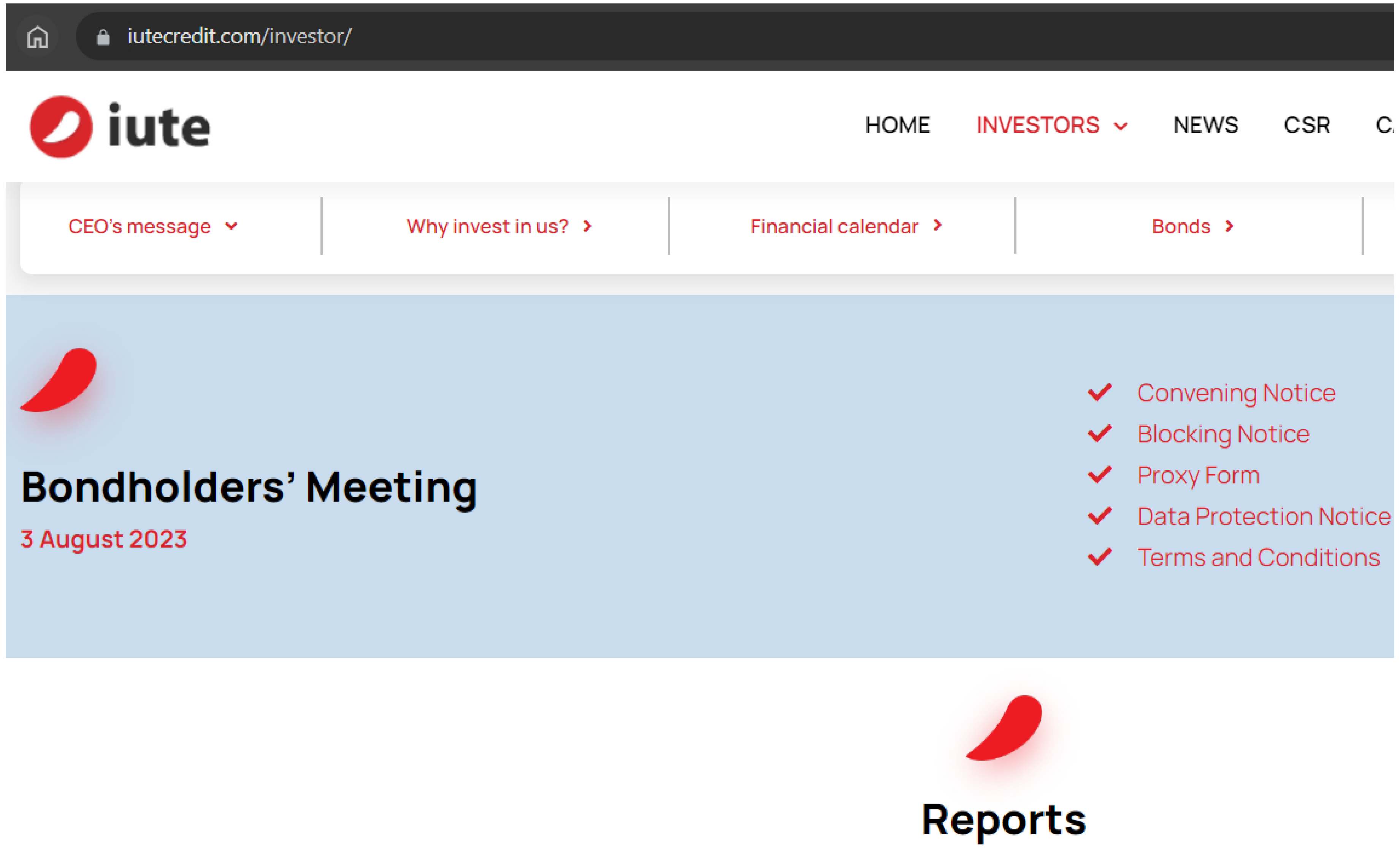


Bondholders' meeting

July 2023

Background

- Iute intends to hold a Bondholders' meeting on 3 August 2023 at 3:00 PM CET / 4:00 PM EEST
- Investors can participate in the meeting via instructing depositary banks
- Information package can be found from Iute Group website https://iutecredit.com/investor/#bonds



Rationale for BH's meeting

- As a result of the acquisition of Energbank, approximately EUR 22 million of capital is currently illiquid in Energbank's equity and distorts the EBITDA of the Group
- The investment is not yet generating income as Iute is still in the process of integrating Energbank's operations to the Group's wider strategy
- In order to achieve more flexibility to increase indebtedness to further support the business growth, including having the opportunity to issue another bond in the next 12-18 months, the incurrence test shall be amended, which also mitigates the risk of refinancing the 2026 notes
- The incurrence test is built on pro-forma financial statements which foresees the to be newly acquired debt including all financing costs, but not the benefit of having an increased EBITDA
- The proposal to amend the permitted baskets and permitted payments are more technique in nature, which reflects the current market environment and size of the business

Incurrence Test

Current wording/level

"Incurrence Test" is met if:

(a) the Interest Coverage Ratio for the Relevant Period ending on the last day of the period covered by the most recent Financial Report (immediately preceding the date on which such additional Financial Indebtedness is incurred, such Disqualified Stock or such preferred stock is issued or such distribution, payment or merger is made, as the case may be) **would have been at least 2.00**, determined on a pro forma basis (including a pro forma application of any net proceeds therefrom), as if the additional Financial Indebtedness had been incurred, the Disqualified Stock or the preferred stock had been issued or the distribution, payment or merger had been made, as the case may be, at the beginning of such Relevant

Proposed wording

""Incurrence Test" is met if:

(a) the Interest Coverage Ratio for the Relevant Period ending on the last day of the period covered by the most recent Financial Report (immediately preceding the date on which such additional Financial Indebtedness is incurred, such Disqualified Stock or such preferred stock is issued or such distribution, payment or merger is made, as the case may be) **would have been at least 1.65**, determined on a pro forma basis (including a pro forma application of any net proceeds therefrom), as if the additional Financial Indebtedness had been incurred, the Disqualified Stock or the preferred stock had been issued or the distribution, payment or merger had been made, as the case may be, at the beginning of such Relevant Period; and, unless otherwise stated in these Terms and Conditions,"

Rationale

- The incurrence test shall be amended in order to **achieve more flexibility** to increase indebtedness to further **support the business growth** including having the opportunity to issue another bond in the next 12-18 months, which also **mitigates the risk of refinancing the 2026 notes**. The incurrence test is built on **pro-forma financial statements** which foresees the to be newly acquired debt including all financing costs, but not the benefits
- Incurrence test is needed when i) Iute would like to **raise additional debt** unless it is permitted ii) mergers and acquisations would be carried out iii) to execute **restricted payments** apart of other trigger events

Maintenance covenants

iute

Current wording/level

12.1 Financial Conditions

The Issuer shall ensure that

(a) the Interest Coverage Ratio for the Relevant Period is at least 1.5.; and

(b) the Capitalization Ratio for the Relevant Period is at least 15%.

12.2 Financial Testing

The financial covenants set out in Condition 12.1 (Financial Conditions) shall be calculated in accordance with the Accounting Principles and tested by reference to each of the Financial Report of the Issuer delivered pursuant to Condition 11.14(a)(i) and 11.14(a)(ii) and/or each Compliance Certificate delivered pursuant to Condition 11.14(a)(iv)(B).

Proposed wording

12.1 Financial Conditions

The Issuer shall ensure that

(a) the Interest Coverage Ratio for the Relevant Period is at least 1.5.; and

(b) the Capitalization Ratio for the Relevant Period is at least 15%.

12.2 Financial Testing

The financial covenants set out in Condition 12.1 (Financial Conditions) shall be calculated in accordance with the Accounting Principles and tested by reference to each of the Financial Report of the Issuer delivered pursuant to Condition 11.14(a)(i) and 11.14(a)(ii) and/or each Compliance Certificate delivered pursuant to Condition 11.14(a)(iv)(B).

Rationale

No change. Financial covenants remain as they are.

Permitted baskets

iute

Current wording/level

““Permitted Debt” means any Financial Indebtedness:

[…]

(l) incurred by a Guarantor as a loan and/or a buyback guarantee granted in the context of the sale, lease, license, assignment, transfer, disposal, encumbrance or pledge to marketplace lending platforms and/or peer-to-peer platforms of loans, receivables and claims owned by such Guarantor up to an aggregate principal amount of EUR 75,000,000.00, (i) provided that such sale, lease, license, assignment, transfer, disposal, encumbrance or pledge is **limited to 60 per cent of the Net Loan Portfolio of such Guarantor** and (ii) the interest payable for each loan disposed or encumbered to the relevant market lending platform and/or peer-to-peer platform shall not exceed a rate of 16 per cent. per year provided the loans are denominated in EUR, exclusive of any service fees and taxation, if applicable;

(m) Financial Indebtedness incurred by a Guarantor in an aggregate principal amount (or accreted value, as applicable) which, when taken together with the principal amount of any other Financial Indebtedness incurred under this item (m) and outstanding will **not exceed 20 per cent. of the Net Loan Portfolio of such Guarantor** (all such Financial Indebtedness is together referred to as the “Permitted Basket”);

Proposed wording

““Permitted Debt” means any Financial Indebtedness:

[…]

(l) incurred by a Guarantor as a loan and/or a buyback guarantee granted in the context of the sale, lease, license, assignment, transfer, disposal, encumbrance or pledge to marketplace lending platforms and/or peerto- peer platforms of loans, receivables and claims owned by such Guarantor up to an aggregate principal amount of EUR 75,000,000.00, (i) provided that such sale, lease, license, assignment, transfer, disposal, encumbrance or pledge incurred under this paragraph (l) and under paragraph (m) below is **together limited to 80 per cent. of the Net Loan Portfolio of any Guarantor** and (ii) the interest payable for each loan disposed or encumbered to the relevant market lending platform and/or peer-to-peer platform shall not exceed a rate of 16 per cent. per year provided the loans are denominated in EUR, exclusive of any service fees and taxation, if applicable;

(m) Financial Indebtedness incurred by a Guarantor in an aggregate principal amount (or accreted value, as applicable) which, when taken together with the principal amount of any other Financial Indebtedness incurred under this item (m) and under paragraph (l) above and outstanding will **not exceed 80 per cent. of the Net Loan Portfolio of any Guarantor** (all such Financial Indebtedness is together referred to as the “Permitted Basket”);”

Rationale

- The company seeks to have the permitted baskets **interchangeable** (Mintos / local debt)
- The proposal is **more technique in nature**, which reflects the current market environment and size of the business as Iute has access to local bank financing across the operations.

Permitted payments

Current wording/level

""Permitted Payments" means:

[…]

(b) so long as no Event of Default has occurred and is continuing (or would result therefrom), any declaration of payment by Holdco or a Restricted Subsidiary of distributions to an employee of a Group Company in the context of employee incentive schemes, in an amount **not to exceed 3% of the net income of the Group** per financial year.

Proposed wording

""Permitted Payments" means:

[…]

(b) so long as no Event of Default has occurred and is continuing (or would result therefrom), any declaration of payment by Holdco or a Restricted Subsidiary of distributions to an employee of a Group Company in the context of employee incentive schemes, in an amount **not to exceed EUR 1,500,000** per financial year."

Rationale

- The company seeks to amend the permitted payment clause in regard to **employee incentive schemes** in line with the current size of the company.
- The proposal is **more technique in nature**, which reflects a different size of the company than back in 2019 when the Terms and Conditions have been initially drafted.

Thank you for your attention!

Iute Group
Maakri 19/1
EST-10145 Tallinn, Estonia
www.iutecredit.com

Contact person:
Kristel Kurvits, Group CFO
Phone: +372 62 29 177
kristel.kurvits@iutecredit.com

Aalto Capital Group
(Financial Advisor)
Bahnhofstr. 98
D-82166 Graefelfing / Munich, Germany
www.aaltocapital.com

Contact person:
Manfred Steinbeisser, Managing Partner
Phone: +49 175 266 8901
manfred.steinbeisser@aaltocapital.com