

Iute Group reports unaudited results for 9M/2023

Performing loans portfolio and revenue continued to grow – with fewer and better customers

Strategic Highlights

- Number of active customers declined to 282 thousand (31 Dec. 2022: 293 thousand) but the revenue per customer (LTM) increased to 377 EUR compared to 346 EUR in the previous period.
- Total number of customers increased by 8,8% to 1 million (31 Dec. 2022: 928 thousand).
- Group consolidated balance sheet up 12,8% to 363,7 million EUR and equity up 24,5% to 69,9 million EUR as of 30 Sep. 2023.
- Increasing use of Mylute app – 727 thousand downloads as of 30 Sep. 2023 (31 Dec. 2022: 477 thousand).
- Launch of e-money institution lutePay in Albania as major milestone in evolution of Wallet business.

Operational Highlights

- Loan payouts increased by 10,6% to 213,1 million EUR (9M/2022: 192,7 million EUR).
- Number of loans signed down to 250 thousand (9M/2022: 264 thousand).
- Gross loan portfolio up 12,6% to 242,7 million EUR (31 Dec. 2022: 215,5 million EUR) of which principal amount of loans increased 12,6% to 223,0 million EUR (31 Dec. 2022: 198,1 million EUR).
- Repayment discipline (Customer Performance Index, CPI30) down to 87,3% (9M/2022: 90,5%).
- Net loan portfolio up 14,1% to 221,2 million EUR (31 Dec. 2022: 193,9 million EUR).
- 72 cardless ATMs operational (31 Dec. 2022: 71 ATMs).

Financial Highlights

- Interest and commission fee income up 21,4% to 68,8 million EUR (9M/2022: 56,7 million EUR) driven by lute Non-Bank loan portfolio. Interest income from Energbank portfolio remained at the prior-year level considering consolidation as of Feb. 2022.
- Net interest and commission fee income up 14,0% to 48,1 million EUR (9M/2022: 42,2 million EUR) driven by lute Non-Bank loan portfolio.
- Total revenue up 22,1% to 78,9 million EUR (9M/2022: 64,6 million EUR).
- Cost to revenue ratio at 41,7% (9M/2022: 44,5%).
- Adjusted cost to revenue ratio at 37,8%.
- EBITDA adjusted for FX and integration expenses related to Energbank up 33,6% to 33,8 million EUR (9M/2022: 25,3 million EUR).
- Net profit at 9,3 million EUR compared to 7,4 million EUR adjusted for one-off gains related to the acquisition of Energbank in the prior-year period.
- Strong capitalization and profitability – Eurobond covenants exceeded.

Statement of the Management

Iute Group had another successful quarter thanks to its customers and the Iute teams in the Balkans and Estonia. As management, we are very proud of the strong results achieved, given the current developments and trends on the capital markets, monetary policies, and overall macroeconomic and geopolitical situation. However, it is not only the external environment that determines success or struggle. In other words, we have to take a number of factors into account when making decisions in order to continue to grow profitably. Faced with major challenges, we have resolved at the beginning of this year to focus on quality rather than quantity: Fewer is not only more but also better.

On the one hand, we saw a decline in the absolute number of performing customers with whom we maintain active and profitable business relationships for the first time. Historically, the performing customer pool (PCP) has always grown, but not this year, in which the PCP shrank by 11 thousand people or 3,7%. Moreover, there has been a decline in customers' repayment discipline. Accordingly, the CPI30 fell from 90,5% to 87,3%. This means that during the period 873 thousand EUR out of every repayable million EUR were repaid on time or with a maximum delay of 30 days, whereas a year ago the number was 905 thousand EUR out of every million. To cut a long story short: At the end of the nine-month period, we have fewer customers who are even worse at repaying their loans.

In this context, the number of loan applications also decreased slightly by 2% in Q3. More importantly, however, we tightened the loan approval criteria. As a result, the approval rate in Q3 fell to about 60%, compared to over 66% in the past. Ultimately, a decline in the performing customer pool in conjunction with an increase in late repayments was intensified by slightly lower loan demand and a significantly lower approval rate.

On the positive note, the performing loans portfolio and revenue continued to grow, as we had planned – with fewer but better customers. It is clearly paying off that we take larger exposure per performing customer: Revenues continued to increase. Understanding who these fewer but better customers are requires data science, effort, and investments. So, the biggest challenge is to improve quality. And although we are profitable, we have not yet reached our full potential to reduce the cost-to-income ratio to below 40%, which is becoming increasingly important given the rising cost of capital and overall higher risk in the consumer lending business. The same applies to a CPI30 of over 90 points, which is our Group benchmark for “optimal” in consumer lending.

Part of risk reduction is also the Iute Group's increased involvement in legislative initiatives. Which means that not only we are increasingly adapting to ever-changing requirements, but in turn, we are also being consulted more and more frequently by the regulatory authorities in various countries on our understanding of the role of microfinance, digitalization of finance, responsible lending, and compliance. Tangible examples include the ongoing Wallet development and the Energbank turnaround, which place additional strain on the Group's compliance and risk procedures in view of the primacy of profitability.

We are sticking to our annual targets. The forecast assets have already been exceeded and the Group's revenue will surpass the 100 million EUR mark. Somewhat disappointingly, the Group's net profit may fall short of the 12 million EUR net profit target under a sudden change in corporate income tax laws in Macedonia and the imposition of a one-time solidarity tax of 1,3 million EUR.

Tarmo Sild
CEO of Iute Group

Consolidated key financial figures

| | 30 Sep 2023 | 31 Dec 2022 | Δ in % |
|---|--------------------|--------------------|---------------|
| Capitalization | | | |
| Gross loan portfolio (in thousand EUR) | 242.726 | 215.491 | 12,6% |
| <i>Iute Non-Bank</i> | 179.540 | 163.106 | 10,1% |
| <i>Energbank</i> | 63.185 | 52.384 | 20,6% |
| Net loan portfolio (in thousand EUR) | 221.208 | 193.897 | 14,1% |
| <i>Iute Non-Bank</i> | 161.309 | 145.354 | 11,0% |
| <i>Energbank</i> | 59.898 | 48.544 | 23,4% |
| Assets (in thousand EUR) | 363.727 | 322.335 | 12,8% |
| Equity (in thousand EUR) | 69.856 | 56.096 | 24,5% |
| Equity to assets ratio | 19,2% | 17,4% | 1,8% |
| Capitalization ratio | 31,6% | 28,9% | 2,6% |
| | 9M/2023 | 9M/2022 | Δ in % |
| Profitability | | | |
| Interest income | 68.803 | 56.671 | 21,4% |
| <i>Iute Non-Bank</i> | 55.193 | 44.200 | 24,9% |
| <i>Energbank</i> | 13.610 | 12.471 | 9,1% |
| Net interest margin | 23,0% | 28,6% | -5,6% |
| <i>Iute Non-Bank</i> | 23,9% | 22,4% | 1,5% |
| Adjusted cost to income ratio | 37,8% | 44,5% | -2,8% |
| <i>Iute Non-Bank</i> | 38,4% | 43,8% | -5,4% |
| <i>Energbank</i> | 57,7% | 47,5% | 10,2% |
| Post-allowances operating profit margin | 17,5% | 20,9% | -3,4% |
| <i>Iute Non-Bank</i> | 16,5% | 18,5% | -2,0% |
| Adjusted EBITDA | 33.758 | 25.271 | 33,6% |
| <i>Iute Non-Bank</i> | 26.834 | 18.351 | 46,2% |
| <i>Energbank</i> | 6.924 | 5.319 | 30,2% |
| Interest coverage ratio | 1,7 | 1,7 | 0,6% |
| Profit margin before tax | 15,7% | 33,3% | -17,6% |
| Net profit | 9.330 | 17.942 | -48,0% |
| Return on assets | 3,2% | 7,4% | -4,2% |
| Return on equity | 17,5% | 42,3% | -24,9% |
| | 30 Sep 2023 | 31 Dec 2022 | Δ in % |
| Asset quality | | | |
| Cost of risk | 9,9% | 11,4% | -1,5% |
| <i>Iute Non-Bank</i> | 13,3% | 12,9% | 0,4% |
| <i>Energbank</i> | 0,3% | 1,6% | -1,3% |
| Impairment coverage ratio | 70,5% | 70,9% | -0,4% |
| <i>Iute Non-Bank</i> | 66,5% | 68,1% | -1,6% |
| <i>Energbank</i> | 105,7% | 88,0% | 17,7% |
| Gross NPL ratio | 12,6% | 14,1% | -1,5% |
| <i>Iute Non-Bank</i> | 15,3% | 16,0% | -0,7% |
| <i>Energbank</i> | 4,9% | 8,3% | -3,4% |
| Net NPL ratio | 7,2% | 7,7% | -0,5% |
| <i>Iute Non-Bank</i> | 9,4% | 9,4% | 0,0% |
| <i>Energbank</i> | 1,4% | 2,5% | -1,1% |

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About Iute Group:

Iute Group is a fintech company established in 2008 in Estonia. The Group specializes in consumer finance, payment services, banking, and insurance products. It serves customers in Albania, Bosnia and Herzegovina, Bulgaria, Moldova, and North Macedonia. Iute Group finances its loan portfolios with equity, deposits, and secured bonds on the Regulated Market of the Frankfurt Stock Exchange and the Nasdaq Baltic Main List.

www.iutecredit.com

MANAGEMENT REPORT

Group Corporate and Organizational Overview

lute Group AS (formerly luteCredit Europe) is a holding company that provides services via its subsidiaries in local markets (**Subsidiaries**). As of 30 Sep. 2023, ICE had nine operating subsidiaries: O.C.N. lute Credit SRL (**ICM**) and B.C. Energbank S.A. (**EB**) in Moldova, luteCredit Albania SHA (**ICA**), luteCredit Macedonia DOOEL-Skopje (**ICMK**) in North Macedonia, lutePay Bulgaria EOOD (**lutePay Bulgaria**) and luteCredit Bulgaria EOOD (**ICBG**), MKD luteCredit BH d.o.o. Sarajevo (**ICBH**) in Bosnia and Herzegovina as well as luteCredit Finance S.á r.l. (**ICF**) in Luxembourg and lutePay Sh.p.k. (**IPA**) (formerly VeloxPay Sh.P.K., Velox) in Albania. lute Group AS and its subsidiaries form the **lute Group** or **lute** on a consolidated level.

Operationally active companies of the lending business are collectively shown as **lute Non-Bank (INB)**, while the banking business of the lute Group consists of **Energbank (EB)**. All subsidiaries are 100% owned by lute Group AS, except Energbank where lute Group AS holds a 95% stake. lute Group AS plans to acquire the largest possible stake in the bank by purchasing shares at market conditions. Once the new members of the Bank's governing bodies seconded by lute Group AS are elected and approved by the National Bank of Moldova, lute Group AS will be able to exercise full operational control over the Bank.

The Group's Headquarters (**HQ**) is located in Tallin, Estonia. HQ's responsibilities include:

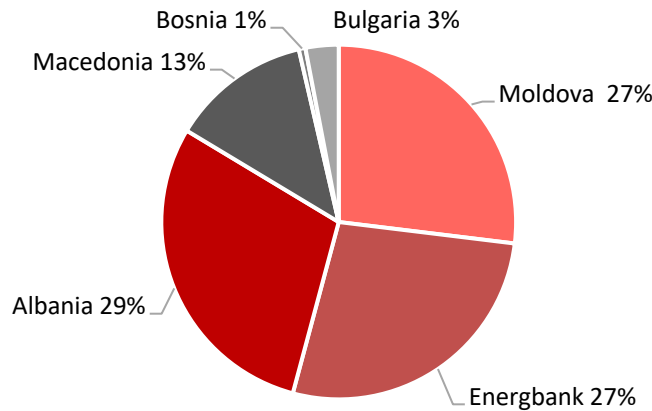
- Strategic targeting
- Scalability of business
- Business capabilities design, including organizations design, process design, and technology design
- Technology development and integration
- Composition of management teams at subsidiaries
- Human resource and customer experience framework rules and targeting guidance
- Financial management framework rules and targeting guidance
- Marketing and sales framework rules and targeting guidance
- Enterprise risk management, including loan products approval and general compliance framework
- Data harvesting
- The Group's financing and investor relations

Each subsidiary is autonomously managed by the respective country's local management within the boundaries and targets set by the HQ and by the country's regulatory framework.

Business Model

The Group’s core loan products are unsecured installment loans and buy-now-pay-later loans with maturities between 3 months and 48 months and pledge-secured loans with maturities of up to 72 months. The median loan amount is 500 EUR, while loan amounts range from 50 EUR to 10 thousand EUR. The weighted average annual percentage rate (APR) is 46% and the effective interest rate (EIR) is 55% depending on the loan amount, maturity, and customer status (new or recurring customer with good payment history).

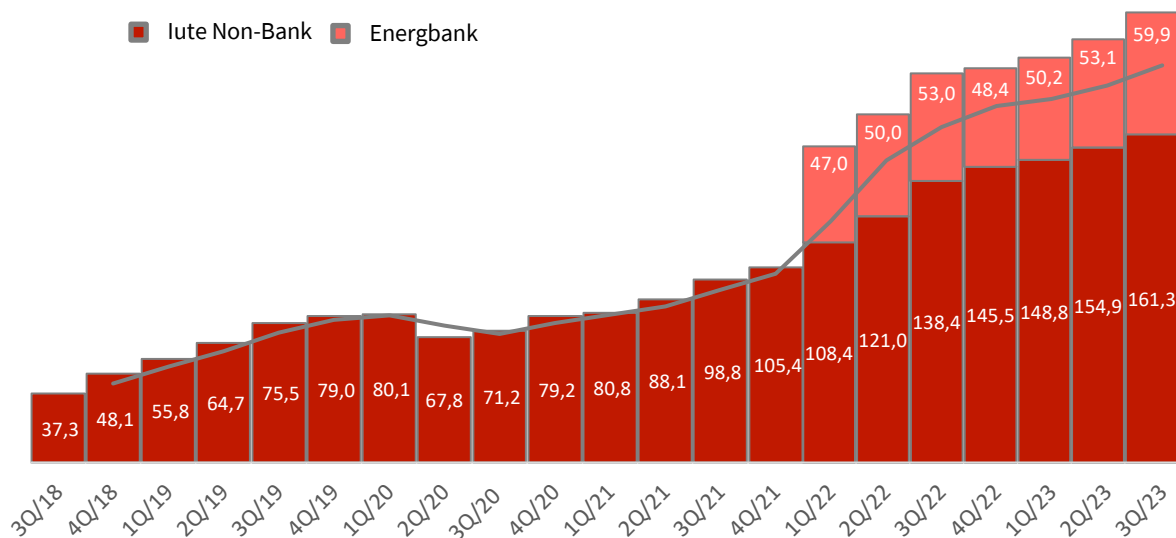
Breakdown of portfolio diversification as of 30/09/2023



lute Group aims to serve only clients with a permanent workplace and stable income. The loan underwriting process is based on personal identification, personal income assessment, and personal loan performance data. Approximately 60% of loan applications by individual customers across the Group are approved on average.

Loans are handled via established partners network (such as shops, money transfer companies, and postal agencies), web portals, and other online channels, as well as lute branches (retail offices). By the end of Sep. 2023, lute Group had 40 lute branches and 2.420 active points of sale, and 31 Energbank branches. Traditionally, lute Non-Bank handles money only via bank accounts or over the counter through its agents. With the introduction of lute ATMs, the operating country subsidiaries are increasingly carrying out cash transactions.

Breakdown of net portfolio development in EUR (million)



Consolidated earnings, financial and asset position

Consolidated statement of profit and loss (condensed)

| (In thousand EUR) | 9M/2023 | 9M/2022 | Δ in % |
|---|----------------|----------------|---------------|
| Interest and similar income | 68.803 | 56.671 | 21,4% |
| Interest and similar expense | -20.724 | -14.504 | 42,9% |
| Net interest and commission fee income | 48.080 | 42.167 | 14,0% |
| Loan administration fees and penalties | 4.821 | 5.754 | -16,2% |
| Total loan administration fees and penalties | 4.821 | 5.754 | -16,2% |
| Other income | 5.259 | 2.165 | 142,9% |
| Allowances for loan impairment | -18.096 | -15.328 | 18,1% |
| Net operating income | 40.064 | 34.757 | 15,3% |
| Personnel expenses | -15.928 | -12.369 | 28,8% |
| Depreciation/amortization charge | -2.759 | -3.150 | -12,4% |
| Other operating expenses | -14.224 | -13.228 | 7,5% |
| Total operating expenses | -32.911 | -28.748 | 14,5% |
| Net gains/losses from financial assets measured at fair value | 0 | 6 | n/a |
| Net income from financial investments | 0 | 10.561 | n/a |
| Foreign exchange gains/losses | 3.678 | 2.306 | 59,5% |
| Net financial result | 3.678 | 12.873 | -71,4% |
| Profit before tax | 10.830 | 18.883 | -42,6% |
| Income tax expense | -1.500 | -941 | 59,4% |
| Net profit for the period | 9.330 | 17.942 | -48,0% |

Iute Group's **lending business** at Iute Non-Bank is focused on performing customers and avoiding poorly performing or defaulting customers. Accordingly, fee income predominantly results from performing customers and primary fees. Primary loan agreement commission fees are charged for receiving, processing loan applications and issuing loans, or modifying valid loan conditions. Interest is charged on the outstanding principal loan amounts. Other primary fees are charged for various services. Secondary fees are applied as a consequence of non-performance of loan repayment payments on the due date. Secondary fees are used to offset the Group's exposure to payments past due related to the original loan agreements. Secondary fees are accounted as collected, whereas primary fees are accounted as accrued.

Iute Groups' **banking business** at Energbank primarily generate interest revenues, investment revenues, and no-interest revenues. Primary loan agreement commission fees are charged for receiving, processing loan applications and issuing loans, or modifying valid loan conditions and are recognized as interest revenues generated by the loan portfolio (retail and corporate). Interest is charged on the outstanding principal loan amounts. Other primary fees are charged for various services. Secondary fees are applied as a consequence of non-performance of loan repayment payments on the due date, being accounted as collected, whereas primary fees are accounted as accrued. Investment revenues mainly result from fixed and variable revenues from mid-term treasury bills and government bonds (both with a maturity of up to 12 months), payable at maturity or monthly. Non-interest revenues consist mainly of fees and commissions for accounts servicing, bank card (VISA, MasterCard) transactional fees, money transfer systems (Western Union, MoneyGram, etc.), and currency exchange.

Total income

Total income before expenses increased by 22,1% to 78.883 thousand EUR (9M/2022: 64.590 thousand EUR).

Breakdown of consolidated total income

| (In thousand EUR) | 9M/2023 | 9M/2022 | Δ in % |
|------------------------------|---------------|---------------|--------------|
| Interest and similar income | 68.803 | 56.671 | 21,4% |
| <i>lute Non-Bank</i> | 55.193 | 44.200 | 24,9% |
| <i>Energbank</i> | 13.610 | 12.471 | 9,1% |
| Penalties and similar income | 4.821 | 5.754 | -16,2% |
| <i>lute Non-Bank</i> | 4.773 | 5.715 | -16,5% |
| <i>Energbank</i> | 48 | 39 | 23,1% |
| Other income | 5.259 | 2.165 | 142,9% |
| <i>lute Non-Bank</i> | 5.356 | 3.031 | 76,7% |
| <i>Energbank</i> | -97 | -866 | -88,8% |
| Total income | 78.883 | 64.590 | 22,1% |

Other income

Other income in 9M/2023 of 5.259 thousand EUR included, primarily, extraordinary income from debt collectors of 2.260 thousand EUR and income of 1.541 thousand EUR from sales of defaulted loan portfolio. Particularly noteworthy is the increase in revenues from insurance brokerage of 1.306 thousand EUR (9M/2022: 272thousand EUR). Defaulted loan portfolio sale depends on the offered price and lute Group's own expectations of the collection. In case the collection results promise better cash flow than portfolio sales, the defaulted loans are not sold.

Interest income

Interest income increased by 21,4% to 68.803 thousand EUR (9M/2022: 56.671 thousand EUR), driven in particular by steadily increasing payouts at lute Non-Bank compared to the 20,8% increase in the average net loan portfolio.

Breakdown of interest income

| (In thousand EUR) | 9M/2023 | 9M/2022 | Δ in % |
|---|---------|---------|--------|
| Total value of loan principal issued | 213.111 | 192.702 | 10,6% |
| <i>lute Non-Bank</i> | 173.067 | 159.978 | 8,2% |
| <i>Energbank</i> | 40.044 | 32.724 | 22,4% |
| Average net loan portfolio | 207.553 | 171.820 | 20,8% |
| <i>lute Non-Bank</i> | 153.332 | 121.832 | 25,9% |
| <i>Energbank</i> | 54.221 | 49.988 | 8,5% |
| Principal | 223.027 | 195.472 | 14,1% |
| <i>lute Non-Bank</i> | 160.628 | 139.371 | 15,3% |
| <i>Energbank</i> | 62.399 | 56.101 | 11,2% |
| Accrued interest | 19.699 | 16.827 | 17,1% |
| <i>lute Non-Bank</i> | 18.912 | 15.809 | 19,6% |
| <i>Energbank</i> | 786 | 1.018 | -22,7% |
| Average annualized interest rate on net portfolio | 45,6% | 46,8% | -2,6% |
| <i>lute Non-Bank</i> | 45,6% | 46,8% | -2,6% |
| <i>Energbank</i> | 14,3% | 14,4% | -0,6% |
| Interest income | 68.803 | 56.671 | 21,4% |
| <i>lute Non-Bank</i> | 55.193 | 44.200 | 24,9% |
| <i>Energbank</i> | 13.610 | 12.471 | 9,1% |

Breakdown of interest income by countries

| | 9M/2023 | Total share in % | 9M/2022 | Total share in % | Δ in % |
|--------------|---------------|------------------|---------------|------------------|--------------|
| Moldova | 16.335 | 23,7% | 14.719 | 26,0% | 11,0% |
| Energbank* | 13.610 | 19,8% | 12.471 | 22,0% | 9,1% |
| Albania | 23.135 | 33,6% | 17.880 | 31,6% | 29,4% |
| Macedonia | 11.835 | 17,2% | 9.093 | 16,0% | 30,2% |
| Bosnia | 629 | 0,9% | 1.609 | 2,8% | -60,9% |
| Bulgaria | 3.258 | 4,7% | 899 | 1,6% | 262,4% |
| Total | 68.803 | 100,0% | 56.671 | 100,0% | 21,4% |

* with consolidation as of Feb. 2022

Interest expense

Interest expense increased by 42,9% to 20.724 thousand EUR (9M/2022: 14.504 thousand EUR) through borrowing in line with business growth.

Breakdown of interest expense

| (In thousand EUR) | 9M/2023 | 9M/2022 | Δ in % |
|---|----------------|----------------|--------------|
| Interest on amounts due to creditors | -5.771 | -1.462 | 294,7% |
| Interest on financial lease liabilities | -167 | -122 | 36,7% |
| Interest on bonds | -12.680 | -11.858 | 6,9% |
| Interests on deposits | -2.106 | -1.061 | 98,47% |
| Total | -20.724 | -14.504 | 42,9% |

Loan administration fees and penalties

Income from other fees and penalties decreased by 16,2% to 4.821 thousand EUR (9M/2022: 5.754 thousand EUR) reflecting penalties and delay interests, resigns, deduction by dealer bonuses, and other secondary fees.

Breakdown of administration fees and penalties

| (In thousand EUR) | 9M/2023 | 9M/2022 | Δ in % |
|---|--------------|--------------|---------------|
| Penalties under loans and delay interests | 5.317 | 6.271 | -15,2% |
| <i>lute Non-Bank</i> | 5.269 | 6.232 | -15,5% |
| <i>Energbank</i> | 48 | 39 | 23,1% |
| Resigns under customer loans | 341 | 579 | -41,1% |
| Dealer bonuses | -926 | -1.254 | -26,1% |
| Other fees from additional services | 90 | 159 | -43,3% |
| Total | 4.821 | 5.754 | -16,2% |

Allowances for loan impairment

Change in allowances for consolidated loan impairment increased by 18,1% to 18.096 thousand EUR (9M/2022: 15.328 thousand EUR). Allowances at Energbank are determined at the end of June and Dec. only, accordingly, allowances at Energbank decreased by 81,6% to 153 thousand EUR (9M/2022: 831 thousand EUR). Changes in allowances for loan impairment at lute Non-Bank increased by 31,9% to 18.649 thousand EUR (9M/2022: 14.141 thousand EUR).

Breakdown of allowances for loan impairment

| (In thousand EUR) | 9M/2023 | 9M/2022 | Δ in % |
|------------------------------------|----------------|----------------|---------------|
| At the beginning of period | -21.593 | -14.993 | 44,0% |
| Addition from business combination | 0 | -2.871 | n/a |
| Allowances for loan impairment | -18.096 | -15.328 | 18,1% |
| Utilized | 18.073 | 12.147 | 48,8% |
| Exchange differences | 98 | 107 | -8,4% |
| At the end of the period | -21.518 | -20.938 | 2,8% |
| (In thousand EUR) | 9M/2023 | 9M/2022 | Δ in % |
| Impairment charges on loans | -18.096 | -15.328 | 18,1% |
| Net impairment charges | -18.096 | -15.328 | 18,1% |

The amount utilized is split between the sale of defaulted loan and monthly write-offs.

Overall net impairment losses represented 26,3% of interest income (9M/2022: 27,0%). The cost of risk, expressed as net impairment charges to average gross loan portfolio, decreased to 9,9% (9M/2022: 11,1%).

Operating expenses

Operating expenses for the period increased by 17,8% to 30.152 thousand EUR (9M/2022: 25.598 thousand EUR) related to the expansion of business activity at Iute Non-Bank. Advertising expenses accounted for 8,7% (9M/2022: 10,3%) of operating expenses while expenses on IT accounted for 7,9% (9M/2022: 9,2%). Adjusted for one-off expenses, the cost-to-income ratio in particular with the concluded Kosovo case decreased by 37,8% (9M/2022: 44,5%).

Breakdown of operating expenses

| (In thousand EUR) | 9M/2023 | 9M/2022 | Δ in % |
|----------------------|----------------|----------------|--------------|
| Personnel | -15.928 | -12.369 | 28,8% |
| Advertising expenses | -2.626 | -2.772 | -5,3% |
| IT | -2.385 | -2.362 | 1,0% |
| Debt collection | -815 | -625 | 30,5% |
| Legal and consulting | -2.426 | -1.727 | 40,5% |
| Rent and utilities | -435 | -516 | -15,7% |
| Taxes | -647 | -330 | 96,0% |
| Travel | -488 | -404 | 20,7% |
| Other | -4.402 | -4.492 | -2,0% |
| Total | -30.152 | -25.598 | 17,8% |
| <i>Iute Non-Bank</i> | -22.961 | -20.429 | 12,4% |
| <i>Energbank</i> | -7.191 | -5.169 | 39,1% |

The increase in IT costs reflects the development of technological solutions at full speed to build up future revenue streams. In legal and consulting expenses, the rise is attributable in particular to the integration of Energbank. Advertising expenses showed a decline, mainly reflecting downsized operations in Bosnia and Herzegovina. Excluding personnel expenses, operating expenses increased by 7,5% to 14.224 thousand EUR (9M/2022: 13.228 thousand EUR).

Personnel expenses

Personnel expenses, mainly salaries and bonuses, and social security expenses increased by 28,8% to 15.928 thousand EUR (9M/2022: 12.369 EUR). Compared to the first-time consolidation of Energbank from 1 Feb. 2022, related personnel costs were incurred for the entire 9M/23 period, while bonus payments were also made to employees in

9M/23 for the successful implementation of the New Core IT platform. The average staff number in full-time with 990 employees decreased as a result of the wind-down of operations in Bosnia and Herzegovina (9M/2022: 1021 employees).

Breakdown of personnel expenses

| (In thousand EUR) | 9M/2023 | 9M/2022 | Δ in % |
|---|----------------|----------------|--------------|
| Salaries and bonuses | -13.112 | -10.136 | 29,4% |
| Social security expenses | -2.283 | -1.719 | 32,8% |
| Medical insurance expenses | -114 | -147 | -22,8% |
| Other expenses | -418 | -368 | 13,6% |
| Total | -15.928 | -12.369 | 28,8% |
| <i>lute Non-Bank</i> | -10.162 | -8.371 | 21,4% |
| <i>Energbank</i> | -5.766 | -3.999 | 44,2% |
| Number of employees adjusted to full-time | 990 | 1.021 | -3,0% |
| <i>lute Non-Bank</i> | 503 | 491 | 2,4% |
| <i>Energbank</i> | 487 | 530 | -8,1% |

Foreign exchange gains/losses

Foreign exchange movements resulted in a gain of 3.678 thousand EUR (9M/2022: gain of 12.873 thousand EUR) reflecting, in particular, EUR/MDL and EUR/ALL conversion rates.

Profit before tax

Consolidated profit before tax decreased to 10.830 thousand EUR (9M/2022: 18.883 thousand EUR). The profit margin before tax decreased to 15,7% (9M/2022: 33,3%). The prior-year period included in particular accounting gains from the acquisition and the first-time consolidation of Energbank.

Income tax expense

Income tax expense increased to 1.500 thousand EUR (9M/2022: 941 thousand EUR), in particular, as a result of different taxation regulations in home markets, i.e., differences between provisions accounting in national GAAP and IFRS.

Breakdown of income tax

| (In thousand EUR) | 9M/2023 | 9M/2022 | Δ in % |
|----------------------------------|--------------|---------------|---------------|
| Consolidated profit before tax | 10.830 | 18.883 | -42,6% |
| Current income tax expense | -1.500 | -941 | 59,4% |
| Net profit for the period | 9.330 | 17.942 | -48,0% |

Profit for the period

Net profit for the period decreased to 9.330 thousand EUR (9M/2022: 17.942 thousand EUR). The prior-year period included in particular accounting gains from the acquisition and first-time consolidation of Energbank. Adjusted for one-off gains related to the acquisition of Energbank net profit amounted 9,3 million EUR compared to 7,4 million EUR in the prior-year period.

Transition statement of non-IFRS measures EBITDA and Adjusted EBITDA

Breakdown of transition to adjusted EBITDA

| (In thousand EUR) | 9M/2023 | 9M/2022 | Δ in % |
|------------------------------------|---------------|---------------|--------------|
| Profit for the period | 9.330 | 17.942 | -48,0% |
| Provision for corporate income tax | 1.500 | 941 | 59,4% |
| Interest expense | 20.724 | 14.504 | 42,9% |
| Depreciation and amortization | 2.759 | 3.150 | -12,4% |
| EBITDA | 34.313 | 36.537 | -6,1% |
| Adjustments | -555 | -11.267 | -95,1% |
| Adjusted EBITDA | 33.758 | 25.271 | 33,6% |

Breakdown of adjustments to EBITDA

| (In thousand EUR) | 9M/2023 | 9M/2022 | Δ in % |
|---|------------|---------------|---------------|
| Net gains/losses from financial assets measured at fair value | 0 | 10.561 | n/a |
| Foreign exchange gains/losses | 3.678 | 2.306 | 59,5% |
| One-time expenses not attributable to operations | -3.123 | -1.601 | 95,1% |
| Adjustments | 555 | 11.267 | -95,1% |

Note: One-off expenses not attributable to the operating business comprise the acquisition of Energbank as well as related IT, risk and customer experience environment analyses for the integration of Energbank.

Condensed statement of financial position

| (In thousand EUR) | 30 Sep 2023 | 31 Dec 2022 | Δ in % |
|---|----------------|----------------|--------------|
| ASSETS | | | |
| Cash and cash equivalents | 76.090 | 65.647 | 15,9% |
| <i>lute Non-Bank</i> | 21.222 | 16.846 | 26,0% |
| <i>Energbank</i> | 54.868 | 48.802 | 12,4% |
| Loans to customers | 221.208 | 193.897 | 14,1% |
| <i>lute Non-Bank</i> | 161.309 | 145.354 | 11,0% |
| <i>Energbank</i> | 59.898 | 48.543 | 23,4% |
| Prepayments | 2.052 | 1.896 | 8,2% |
| Other assets | 5.276 | 4.273 | 23,5% |
| Other financial investments | 40.347 | 38.650 | 4,4% |
| Property, plant, and equipment | 6.683 | 6.985 | -4,3% |
| Right-of-use assets | 1.634 | 2.075 | -21,2% |
| Intangible assets | 10.437 | 8.912 | 17,1% |
| Total assets | 363.727 | 322.335 | 12,8% |
| LIABILITIES AND EQUITY | | | |
| Liabilities | | | |
| Loans and bonds from investors | 277.764 | 251.204 | 10,6% |
| Lease liabilities | 1.764 | 2.177 | -19,0% |
| Trade and other payables | 1.102 | 1.536 | -28,3% |
| Current income tax liabilities | 446 | 172 | 159,4% |
| Deferred tax liabilities | 719 | 747 | -3,7% |
| Other liabilities | 12.076 | 10.402 | 16,1% |
| Total liabilities | 293.871 | 266.239 | 10,4% |
| Equity | | | |
| Minority share | 4.587 | 4.468 | 2,7% |
| Share capital | 10.000 | 10.000 | n/a |
| Legal reserve | 1.000 | 1.000 | n/a |
| Revaluation reserve | 697 | 783 | -11,0% |
| Unrealized foreign exchange differences | 5.774 | -374 | n/a |
| Retained earnings | 47.798 | 40.218 | 18,8% |
| Total equity | 69.856 | 56.096 | 24,5% |
| Total equity and liabilities | 363.727 | 322.335 | 12,8% |

Assets

Total assets increased by 12,8 % to 363.727 thousand EUR as of 30 Sep. 2023 (31 Dec. 2022: 322.335 thousand EUR).

Loan portfolio

The net loan portfolio increased by 14,1% to 221.208 thousand EUR as of 30 Sep. 2023 (31 Dec. 2022: 193.897 thousand EUR).

Breakdown of net portfolio

| (In thousand EUR) | 30 Sep 2023 | Total in % | 31 Dec 2022 | Total in % | Δ in % |
|---------------------------------|----------------|---------------|----------------|---------------|--------------|
| Moldova | 59.257 | 26,8% | 52.266 | 27,0% | 13,4% |
| Energbank | 59.898 | 27,1% | 48.544 | 25,0% | 23,4% |
| Albania | 64.838 | 29,3% | 56.552 | 29,2% | 14,7% |
| Macedonia | 28.185 | 12,7% | 27.552 | 14,2% | 2,3% |
| Bosnia | 1.270 | 0,6% | 4.317 | 2,2% | -70,6% |
| Bulgaria | 7.760 | 3,5% | 4.668 | 2,4% | 66,2% |
| Total net loan portfolio | 221.208 | 100,0% | 193.897 | 100,0% | 14,1% |

Breakdown of loan applications

| in pcs | 9M/2023 | | | 9M/2022 | | | Δ in % | | |
|-----------------|----------------|----------------|--------------------|----------------|----------------|--------------------|--------------|--------------|--------------------|
| | Processed | Paid out | Approval rate in % | Processed | Paid out | Approval rate in % | Processed | Paid out | Approval rate in % |
| Moldova | 153.467 | 93.823 | 66,5% | 164.392 | 101.826 | 64,6% | -6,6% | -7,9% | 2,9% |
| Energbank | 8.377 | 6.465 | 73,9% | 7.832 | 4.907 | 63,8% | 7,0% | 31,8% | 15,9% |
| Albania | 118.298 | 94.629 | 70,2% | 127.930 | 100.592 | 73,9% | -7,5% | -5,9% | -5,0% |
| Macedonia | 54.003 | 36.085 | 63,9% | 60.004 | 38.666 | 64,7% | -10,0% | -6,7% | -1,2% |
| Bosnia | 0 | 0 | 0,0% | 13.356 | 7.141 | 53,4% | n/a | n/a | n/a |
| Bulgaria | 97.932 | 18.588 | 19,7% | 67.118 | 10.830 | 17,5% | 45,9% | 71,6% | 12,6% |
| In total | 432.077 | 249.590 | 58,9% | 440.632 | 263.962 | 59,8% | -1,9% | -5,4% | -1,6% |

The recognition of loan applications according to Iute Non-Bank principles has not yet been implemented in Energbank's processes.

Breakdown of issued loans APR on country level

| (In %) | 9M/2023 | 9M/2022 | Δ in % | 6M/2023 | 6M/2022 | Δ in % | 3M/2023 | 3M/2022 | Δ in % | 12M/2022 | 12M/2021 | Δ in % |
|------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Moldova | 42,8% | 43,9% | -2,5% | 42,5% | 45,4% | -6,4% | 42,1% | 46,2% | -8,9% | 42,7% | 54,3% | -21,3% |
| Albania | 48,4% | 53,8% | -10,0% | 51,5% | 55,1% | -6,5% | 54,8% | 56,5% | -3,0% | 54,3% | 58,6% | -7,4% |
| Macedonia | 47,1% | 41,3% | 14,0% | 50,3% | 39,2% | 28,3% | 52,9% | 39,3% | 34,6% | 42,6% | 41,9% | 1,6% |
| Bosnia | 0,0% | 42,0% | n/a | 0,0% | 43,0% | n/a | 0,0% | 46,1% | n/a | 42,0% | 55,5% | -24,3% |
| Bulgaria | 42,1% | 39,2% | 7,4% | 42,1% | 39,4% | 6,9% | 42,4% | 39,6% | 7,1% | 39,6% | 40,2% | -1,4% |
| Iute Group WAVG | 45,6% | 46,8% | -2,6% | 47,0% | 47,7% | -1,5% | 48,1% | 49,0% | -1,8% | 46,9% | 53,7% | 12,8% |
| Energbank | 14,3% | 14,4% | -0,6% | 18,1% | 17,2% | 5,2% | 19,9% | 11,1% | 78,9% | 14,5% | 0,0% | n/a |

The decrease in average annual percentage rates (APR) at group level in 9M/2023 relates to intensified competition across operating countries as well as to the shift to longer loan maturities and the increasing share of repeating customers. In Moldova and Albania, tighter APR caps became effective.

Breakdown of customer performance index (CPI30)

The following table sets out the ratio of actual loan repayments compared to expected repayments according to loan repayment schedules, plus 30 days tolerance, i.e., Customer Performance Index (CPI30).

| (In %) | 9M/2023 | 9M/2022 | Δ in % | 6M/2023 | 6M/2022 | Δ in % | 3M/2023 | 3M/2022 | Δ in % | 12M/2022 | 12M/2021 | Δ in % |
|----------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------|
| Moldova | 90,0% | 90,8% | -0,9% | 90,4% | 90,4% | 0,0% | 91,0% | 90,3% | 0,8% | 91,0% | 86,3% | 5,4% |
| Albania | 86,2% | 92,3% | -6,6% | 87,4% | 92,5% | -5,5% | 87,1% | 92,7% | -6,0% | 91,9% | 89,3% | 2,9% |
| Macedonia | 86,2% | 89,2% | -3,4% | 86,8% | 93,1% | -6,8% | 87,1% | 92,3% | -5,6% | 89,1% | 86,5% | 3,0% |
| Bosnia | 0,0% | 79,5% | n/a | n/a | 78,4% | n/a | 0,0% | 78,0% | n/a | 80,3% | 70,0% | 14,7% |
| Bulgaria | 80,8% | 73,3% | 10,2% | 80,5% | 72,0% | 11,8% | 80,2% | 70,2% | 14,2% | 75,5% | 59,6% | 26,7% |
| Iute Group WAVG | 87,3% | 90,5% | -3,5% | 88,2% | 91,1% | -3,2% | 88,1% | 91,0% | -3,2% | 90,4% | 86,7% | 4,3% |

CPI30 is a proprietary Iute Non-Bank metric that has not yet been implemented in Energbank processes.

Breakdown of portfolio classification

The following tables set out the classification of the Group's net loan portfolio in terms of overdue buckets as well as the total impairment coverage ratio. Non-performing loans are recorded according to DPD+50.

| (In thousand EUR) | 30 Sep 2023 | | | | 31 Dec 2022 | | | |
|------------------------|----------------|----------------|----------------|--------------------|----------------|----------------|----------------|--------------------|
| | Gross amount | Provisions | Net amount | % of net portfolio | Gross amount | Provisions | Net amount | % of net portfolio |
| Performing | 212.203 | -7.009 | 205.194 | 92,8% | 185.044 | -5.980 | 179.064 | 92,4% |
| <i>Iute Non-Bank</i> | 152.127 | -6.008 | 146.119 | 90,6% | 137.022 | -5.281 | 131.742 | 90,6% |
| <i>Energbank</i> | 60.076 | -1.001 | 59.075 | 98,6% | 48.021 | -700 | 47.322 | 97,5% |
| Non-Performing | 30.523 | -14.510 | 16.014 | 7,2% | 30.447 | -15.613 | 14.834 | 7,7% |
| <i>Iute Non-Bank</i> | 27.413 | -12.223 | 15.190 | 9,4% | 26.084 | -12.472 | 13.612 | 9,4% |
| <i>Energbank</i> | 3.110 | -2.287 | 823 | 1,4% | 4.363 | -3.141 | 1.222 | 2,5% |
| Total portfolio | 242.726 | -21.518 | 221.208 | 100,0% | 215.491 | -21.593 | 193.897 | 100,0% |
| <i>Iute Non-Bank</i> | 179.540 | -18.231 | 161.309 | 72,9% | 163.106 | -17.753 | 145.354 | 75,0% |
| <i>Energbank</i> | 63.185 | -3.287 | 59.898 | 27,1% | 52.384 | -3.841 | 48.544 | 25,0% |

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| (In thousand EUR) | 30 Sep 2023 | Total share in % | 31 Dec 2022 | Total share in % |
|----------------------------|----------------|------------------|----------------|------------------|
| Stage 1 | 202.573 | 91,6% | 176.654 | 91,1% |
| <i>Iute Non-Bank</i> | 143.583 | 64,9% | 129.420 | 66,7% |
| <i>Energbank</i> | 58.991 | 26,7% | 47.234 | 24,4% |
| Stage 2 | 2.621 | 1,2% | 2.401 | 1,2% |
| <i>Iute Non-Bank</i> | 2.536 | 1,1% | 2.322 | 1,2% |
| <i>Energbank</i> | 84 | 0,0% | 79 | 0,0% |
| Stage 3 | 16.014 | 7,2% | 14.834 | 7,7% |
| <i>Iute Non-Bank</i> | 15.190 | 6,9% | 13.612 | 7,0% |
| <i>Energbank</i> | 823 | 0,4% | 1.222 | 0,6% |
| Total net portfolio | 221.208 | 100,0% | 193.897 | 100,0% |
| <i>Iute Non-Bank</i> | 161.309 | 72,9% | 145.354 | 75,0% |
| <i>Energbank</i> | 59.898 | 27,1% | 48.544 | 25,0% |
| Gross NPL ratio | 12,6% | | 14,1% | |
| <i>Iute Non-Bank</i> | 15,3% | | 16,0% | |
| <i>Energbank</i> | 4,9% | | 8,3% | |
| Impairment coverage ratio | 70,5% | | 70,9% | |
| <i>Iute Non-Bank</i> | 66,5% | | 68,1% | |
| <i>Energbank</i> | 105,7% | | 88,0% | |

Distribution principles between stages

| | 30 Sep 2023 | 31 Dec 2022 |
|---------|---------------|---------------|
| Stage 1 | DPD <=30 | DPD <=30 |
| Stage 2 | 30 < DPD <=50 | 30 < DPD <=50 |
| Stage 3 | DPD > 50 | DPD > 50 |

Other assets and prepayments

Breakdown of other assets and prepayments

| (In thousand EUR) | 30 Sep 2023 | 31 Dec 2022 | Δ in % |
|--|--------------|--------------|--------------|
| Deferred tax assets | 547 | 535 | 2% |
| Prepayments of rent | 98 | 99 | -1% |
| Prepayment of taxes | 457 | 772 | -40,9% |
| Prepayments to suppliers and deferred expenses | 950 | 489 | 94,2% |
| Prepayments in total | 2.052 | 1.896 | 8,2% |
| Receivables from collection companies | 1.472 | 1.032 | 42,7% |
| Other receivables | 1.689 | 687 | 145,8% |
| Deposit receivables from partners | 2.115 | 2.554 | -17,2% |
| Trade and other receivables in total | 5.276 | 4.273 | 23,5% |
| TOTAL | 7.328 | 6.168 | 18,8% |

Liabilities

As of 30 Sep. 2023, total liabilities at 293.871 thousand EUR increased by 10,4% (31 Dec. 2022: 266.239 thousand EUR).

Breakdown of loans and borrowings

Loans and borrowings at 279.528 thousand EUR increased with 10,3% (31 Dec. 2022: 253.382 thousand EUR), accounting for 95,1% of all liabilities (31 Dec. 2022: 95,2%).

| (In thousand EUR) | 30 Sep 2023 | 31 Dec 2022 | Δ in % |
|---------------------------------------|--|--|-------------------|
| Loans from investors | 166.135 | 122.247 | 35,9% |
| Due date during next 12 months | 96.414 | 77.808 | 23,9% |
| <i>lute Non-Bank</i> | 22.360 | 13.258 | 68,7% |
| <i>Energbank customer deposits</i> | 74.052 | 64.551 | 14,7% |
| Due date after 12 months | 69.721 | 44.439 | 56,9% |
| <i>lute Non-Bank</i> | 43.955 | 23.175 | 89,7% |
| <i>Energbank customer deposits</i> | 25.766 | 21.264 | 21,2% |
| Bond liabilities | 104.368 | 123.630 | -15,6% |
| Due date during next 12 months | 0 | 48.631 | n/a |
| Due date after 12 months | 104.368 | 74.999 | 39,2% |
| Lease liabilities | 1.764 | 2.178 | -19,0% |
| Due date during next 12 months | 825 | 908 | -9,1% |
| Due date after 12 months | 939 | 1.270 | -26,1% |
| Accrued interest | 7.261 | 5.327 | 36,3% |
| TOTAL | 279.528 | 253.382 | 10,3% |
| <i>weighted average interest rate</i> | 8,5% | 8,2% | |
| <i>currency</i> | <i>EUR, MDL, USD; ALL; MKD; RUB; GBP</i> | <i>EUR, MDL, USD; ALL; MKD; RUB; GBP</i> | |

Loans from investors increased to 166.135 thousand EUR (31 Dec. 2022: 122.247 thousand EUR), of which 44.322 thousand EUR (31 Dec. 2022: 14.699 thousand EUR) are accounted for by P2P loans from the Mintos platform and 99.818 thousand EUR (31 Dec. 2022: 85.815) for customer deposits and current customer bank accounts.

At the end of Sep. 2021, luteCredit Finance S.á r.l., wholly owned Luxembourg subsidiary of lute Group AS (formerly: luteCredit Europe AS), issued 75 million EUR senior secured corporate bonds with a maturity of 5 years and a coupon of 11% ISIN: XS2378483494). The bonds were subscribed by professional as well as retail investors and are listed on the Regulated Market of the Frankfurt Stock Exchange as well as on the Regulated Market of the Nasdaq Tallinn Stock Exchange. In Mar. 2023, a 40 million EUR tap at a price of 96.5% followed, of which 23.3 million EUR related to the conversion of EUR 2019/2023 bonds and 16.7 million EUR to new subscriptions. After the tap issue, the total amount outstanding of lute Group's 11% corporate bonds 2021/2026 amounts to 115 million EUR. In July 2023, a 10 million EUR tap followed, increasing the total volume of the bond to EUR 125 million. In July 2023, the total volume of the bond increased by EUR 10 million to EUR 125 million as a result of another exchange offer for the expiring EUR 2019/2023 bonds (repaid in Aug. 2023) and a tap issue. In Aug. 2023, lute Group held a bondholders meeting to amend the terms and conditions of its EUR 2021/2026 bonds. The proposals included lowering the interest coverage ratio in relation to the incurrence test, increasing the flexibility of the permitted debt baskets, and facilitating the implementation of employee participation programs. Bondholders resolved all proposed amendments with great consent.

In Oct. 2022, lute Group AS (formerly: luteCredit Europe AS) concluded a credit facility of up to USD 10 million with a term of 3 years and an interest rate of 13% with a Singaporean financial services institution. A first tranche of USD 3 million was utilized in Oct. 2022. Two further tranches of 1 million USD each were utilized in July and Aug. 2023.

Eurobond covenant ratios

| | 30 Sep 2023 | 31 Dec 2022 | Δ in % |
|---|-------------|-------------|--------|
| Capitalization | | | |
| Capitalization ratio (Equity/net loan portfolio) | 31,6% | 28,9% | 9,2% |
| Financial covenant at least | 15% | 15% | |
| | 9M/2023 | 9M/2022 | Δ in % |
| Profitability | | | |
| Interest coverage ratio (ICR), times (Adjusted EBITDA/interest expenses) | 1,7 | 1,7 | 0,4% |
| Financial covenant at least | 1,5 | 1,5 | |

Distribution of investor loan (Mintos)

| (In thousand EUR) | Mintos loans | | | Net loan portfolio | | | |
|-------------------|---------------|---------------|---------------|--------------------|------------------|----------------|------------------|
| | 30 Sep 2023 | 31 Dec 2022 | Δ in % | 30 Sep 2023 | Total share in % | 31 Dec 2022 | Total share in % |
| Moldova | 17.734 | 6.248 | 183,8% | 59.257 | 29,9% | 52.266 | 12,0% |
| Energbank | 0 | 0 | n/a | 59.898 | n/a | 48.544 | n/a |
| Albania | 20.118 | 6.660 | 202,1% | 64.838 | 31,0% | 56.552 | 11,8% |
| Macedonia | 6.470 | 1.790 | 261,4% | 28.185 | 23,0% | 27.552 | 6,5% |
| Bosnia | 0 | 0 | n/a | 1.270 | n/a | 4.317 | n/a |
| Bulgaria | 0 | 0 | n/a | 7.760 | n/a | 4.668 | n/a |
| Total | 44.322 | 14.699 | 201,5% | 221.208 | 29,1% | 193.897 | 10,8% |

Other liabilities

Breakdown of other liabilities

| (In thousand EUR) | 30 Sep 2023 | 31 Dec 2022 | Δ in % |
|----------------------------------|---------------|---------------|--------------|
| Trade payables | 1.102 | 1.536 | -28,3% |
| Payables to employees | 520 | 582 | -10,7% |
| Corporate income tax payables | 446 | 172 | 159,4% |
| Other tax payables | 719 | 902 | -20,2% |
| Allocations and other provisions | 2.303 | 2.234 | 3,1% |
| Deferred revenue | 6.967 | 3.642 | 91,3% |
| Other liabilities | 2.285 | 3.788 | -39,7% |
| TOTAL | 14.343 | 12.857 | 11,6% |

Equity

As of 30 Sep. 2023, equity increased by 24,5% to 69.856 thousand EUR (31 Dec. 2022: 56.096 thousand EUR), representing an equity to assets ratio of 19,2% (31 Dec. 2022: 17,4%). The equity to net loan portfolio ratio increased to 31,6% (31 Dec. 2022: 28,9%), reflecting the Group's strong capitalization, and exceeds Iute Group Eurobond covenants of at least 15% significantly.

Off-balance sheet arrangements

Future receivable commission fees, guarantee fees, administration fees, collaterals of car loan credit, and penalties (penalties are also called: secondary receivables) are not accounted in the Group's balance sheet, although the customers have a legally binding, irreversible obligation to pay those receivables in full according to the terms of signed loan agreements.

Recent developments

There were no significant events affecting earnings, assets and financial position after the end of the reporting period.

FINANCIAL STATEMENTS

Consolidated statement of comprehensive income

| (In thousand EUR) | 9M/2023 | 9M/2022 | Δ in % |
|---|----------------|----------------|---------------|
| Interest and similar income | 68.803 | 56.671 | 21,4% |
| Interest and similar expense | -20.724 | -14.504 | 42,9% |
| Net interest and commission fee income | 48.080 | 42.167 | 14,0% |
| Loan administration fees and penalties | 4.821 | 5.754 | -16,2% |
| Loan administration fees and penalties in total | 4.821 | 5.754 | -16,2% |
| Other income | 5.259 | 2.165 | 142,9% |
| Allowances for loan impairment | -18.096 | -15.328 | 18,1% |
| Net operating income | 40.064 | 34.757 | 15,3% |
| Personnel expenses | -15.928 | -12.369 | 28,8% |
| Depreciation/amortization charge | -2.759 | -3.150 | -12,4% |
| Other operating expenses | -14.224 | -13.228 | 7,5% |
| Total operating expenses | -32.911 | -28.748 | 14,5% |
| Net gains/losses from financial assets measured at fair value | 0 | 6 | n/a |
| Net income from financial investments | 0 | 10.561 | n/a |
| Foreign exchange gains/losses | 3.678 | 2.306 | 59,5% |
| Net financial result | 3.678 | 12.873 | -71,4% |
| Profit before tax | 10.830 | 18.883 | -42,6% |
| Income tax expense | -1.500 | -941 | 59,3% |
| Profit for the reporting period | 9.330 | 17.942 | -48,0% |
| Other comprehensive income | | | |
| Exchange differences on translation of foreign operations | 6.148 | 5.509 | -11,6% |
| Revaluation reserve change | -86 | 0 | n/a |
| Other comprehensive income total | 15.392 | 23.451 | -34,4% |
| Profit attributable to: | | | |
| Equity holders of the parent | 9.211 | 17.533 | -47,5% |
| Equity holders of minority | 119 | 409 | -70,9% |
| Total comprehensive income attributable to: | | | |
| Equity holders of the parent | 15.273 | 23.042 | -33,7% |
| Equity holders of minority | 119 | 409 | -70,9% |

Iute Non-Bank statement of comprehensive income

| (In thousand EUR) | 9M/2023 | 9M/2022 | Δ in % |
|--|----------------|----------------|---------------|
| Interest and similar income | 55.193 | 44.175 | 24,9% |
| Interest and similar expense | -18.429 | -13.263 | 39,0% |
| Net interest and commission fee income | 36.764 | 30.911 | 18,9% |
| Loan administration fees and penalties | 4.773 | 5.715 | -16,5% |
| Loan administration fees and penalties in total | 4.773 | 5.715 | -16,5% |
| Other income | 5.355 | 3.031 | 76,7% |
| Allowances for loan impairment | -18.649 | -14.141 | 31,9% |
| Net operating income | 28.243 | 25.516 | 10,7% |
| Personnel expenses | -10.162 | -8.371 | 21,4% |
| Depreciation/amortization charge | -2.121 | -2.777 | -23,6% |
| Other operating expenses | -12.800 | -12.058 | 6,2% |
| Total operating expenses | -25.082 | -23.205 | 8,1% |
| Net income from subsidiaries using equity method | 0 | 10.561 | n/a |
| Foreign exchange gains/losses | 3.777 | 2.317 | 63,0% |
| Net financial result | 3.777 | 12.878 | -70,7% |
| Profit before tax | 6.938 | 15.189 | -54,3% |
| Income tax expense | -1.175 | -601 | 95,4% |
| Profit for the reporting period | 5.764 | 14.588 | -60,5% |
| Other comprehensive income | | | |
| Other comprehensive income to be classified to profit or loss in subsequent periods: | | | |
| Exchange differences on translation of foreign operations | 3.595 | 2.023 | 77,7% |
| Other comprehensive income total | 9.359 | 16.611 | -43,7% |
| Profit attributable to: | | | |
| Equity holders | 9.359 | 16.611 | -43,7% |
| Total comprehensive income attributable to: | | | |
| Equity holders | 9.359 | 16.611 | -43,7% |

Energbank statement of comprehensive income

| (In thousand EUR) | 9M/2023 | 9M/2022 | Δ in % |
|--|---------------|---------------|---------------|
| Interest and similar income | 13.610 | 11.791 | 15,4% |
| Interest and similar expense | -2.294 | -1.339 | 71,3% |
| Net interest and commission fee income | 11.316 | 10.452 | 8,3% |
| Loan administration fees and penalties | 48 | 39 | 23,1% |
| Loan administration fees and penalties in total | 48 | 39 | 23,1% |
| Other income | -97 | 6 | n/a |
| Allowances for loan impairment | -153 | -831 | -81,6% |
| Net operating income | 11.114 | 9.666 | 15,0% |
| Personnel expenses | -5.766 | -4.165 | 38,4% |
| Depreciation/amortization charge | -639 | -492 | 29,9% |
| Other operating expenses | -1.425 | -812 | 75,5% |
| Total operating expenses | -7.830 | -5.469 | 43,2% |
| Foreign exchange gains/losses | -99 | -46 | 115,2% |
| Net financial result | -99 | -46 | 115,2% |
| Profit before tax | 3.185 | 4.151 | -23,3% |
| Income tax expense | -325 | -365 | -11,0% |
| Profit for the reporting period | 2.860 | 3.786 | -24,5% |

Consolidated statement of financial position

| (In thousand EUR) | 30 Sep 2023 | 31 Dec 2022 | Δ in % |
|---|----------------|----------------|--------------|
| ASSETS | | | |
| Cash and cash equivalents | 76.090 | 65.647 | 15,9% |
| Loans to customers | 221.208 | 193.897 | 14,1% |
| Prepayments | 2.052 | 1.896 | 8,2% |
| Other assets | 5.276 | 4.273 | 23,5% |
| Other financial investments | 40.347 | 38.650 | 4,4% |
| Property, plant, and equipment | 6.683 | 6.985 | -4,3% |
| Right-of-use assets | 1.634 | 2.075 | -21,2% |
| Intangible assets | 10.437 | 8.912 | 17,1% |
| Total assets | 363.727 | 322.335 | 12,8% |
| LIABILITIES AND EQUITY | | | |
| Liabilities | | | |
| Loans and bonds from investors | 277.764 | 251.204 | 10,6% |
| Lease liabilities | 1.764 | 2.177 | -19,0% |
| Trade and other payables | 1.102 | 1.536 | -28,3% |
| Current income tax liabilities | 446 | 172 | 159,4% |
| Deferred tax liabilities | 719 | 747 | -3,7% |
| Other liabilities | 12.076 | 10.402 | 16,1% |
| Total liabilities | 293.871 | 266.239 | 10,4% |
| Equity | | | |
| Minority share | 4.587 | 4.468 | 2,7% |
| Share capital | 10.000 | 10.000 | n/a |
| Legal reserve | 1.000 | 1.000 | n/a |
| Revaluation reserve | 697 | 783 | -11,0% |
| Unrealized foreign exchange differences | 5.774 | -374 | n/a |
| Retained earnings | 47.798 | 40.218 | 18,8% |
| Total equity | 69.856 | 56.096 | 24,5% |
| Total equity and liabilities | 363.727 | 322.335 | 12,8% |

Iute Non-Bank statement of financial position

| (In thousand EUR) | 30 Sep 2023 | 31 Dec 2022 | Δ in % |
|---|----------------|----------------|--------------|
| ASSETS | | | |
| Cash and cash equivalents | 21.222 | 15.846 | 33,9% |
| Loans to customers | 161.309 | 145.354 | 11,0% |
| Prepayments | 1.301 | 1.599 | -18,7% |
| Other assets | 3.879 | 3.892 | -0,3% |
| Other financial investments | 35.714 | 35.073 | 1,8% |
| Property, plant, and equipment | 986 | 1.186 | -16,9% |
| Right-of-use assets | 1.466 | 1.890 | -22,4% |
| Intangible assets | 9.858 | 8.304 | 18,7% |
| Total assets | 235.734 | 213.144 | 10,6% |
| LIABILITIES AND EQUITY | | | |
| Liabilities | | | |
| Loans and bonds from investors | 174.205 | 161.422 | 7,9% |
| Lease liabilities | 1.596 | 1.866 | -14,5% |
| Trade and other payables | 1.007 | 1.482 | -32,1% |
| Current income tax liabilities | 14 | 9 | 56,4% |
| Deferred tax liabilities | 710 | 743 | -4,5% |
| Other liabilities | 9.655 | 7.802 | 23,8% |
| Total liabilities | 187.187 | 173.324 | 8,0% |
| Equity | | | |
| Share capital | 10.000 | 10.000 | n/a |
| Legal reserve | 1.000 | 1.000 | n/a |
| Unrealized foreign exchange differences | 4.028 | 433 | 830,2% |
| Retained earnings | 33.520 | 29.387 | 14,1% |
| Total equity | 48.548 | 40.820 | 18,9% |
| Total equity and liabilities | 235.734 | 214.144 | 10,1% |

Energbank statement of financial position

| (In thousand EUR) | 30 Sep 2023 | 31 Dec 2022 | Δ in % |
|-------------------------------------|----------------|----------------|--------------|
| ASSETS | | | |
| Cash and cash equivalents | 54.868 | 48.802 | 12,4% |
| Loans to customers | 59.898 | 48.544 | 23,4% |
| Prepayments | 752 | 297 | 153,2% |
| Other assets | 1.397 | 596 | 134,4% |
| Other financial investments | 36.005 | 34.762 | 3,6% |
| Property, plant, and equipment | 5.697 | 5.799 | -1,8% |
| Right-of-use assets | 168 | 185 | -9,2% |
| Intangible assets | 579 | 608 | -4,7% |
| Total assets | 159.364 | 139.592 | 14,2% |
| LIABILITIES AND EQUITY | | | |
| Liabilities | | | |
| Loans and bonds from investors | 103.560 | 89.779 | 15,3% |
| Lease liabilities | 167 | 191 | -12,6% |
| Trade and other payables | 95 | 53 | 79,2% |
| Current income tax liabilities | 432 | 164 | 163,4% |
| Deferred tax liabilities | 150 | 155 | -3,2% |
| Other liabilities | 2.280 | 2.450 | -6,9% |
| Total liabilities | 106.684 | 92.792 | 15,0% |
| Equity | | | |
| Share capital | 5.010 | 5.010 | n/a |
| Share premium | 6.208 | 5.829 | 6,5% |
| Legal reserve | 523 | 491 | 6,5% |
| Revaluation reserve | 697 | 783 | -11,0% |
| Foreign currency exchange reserve | 326 | -278 | -217,3% |
| Other reserves | 2.299 | 2.159 | 6,5% |
| Retained earnings | 37.617 | 32.807 | 14,7% |
| Total equity | 52.680 | 46.800 | 12,6% |
| Total equity and liabilities | 159.364 | 139.592 | 14,2% |

Consolidated statement of cash flows

| (In thousand EUR) | 9M/2023 | 9M/2022 | Δ in % |
|--|------------------------|------------------------|--------------------|
| Paid prepayments (-) | -5.798 | -23.229 | -75,0% |
| Received pre- and overpayments (+) | 10.045 | 37.057 | -72,9% |
| Paid trade payables outside the Group (-) | -20.886 | -15.744 | 32,7% |
| Received debts from buyers and received other claims (+) | 500 | 1.971 | -74,6% |
| Received from collection companies (+) | 19.920 | 24.212 | -17,7% |
| Paid net salaries (-) | -11.517 | -8.384 | 37,4% |
| Paid tax liabilities, excl. CIT (-) | -6.629 | -4.440 | 49,3% |
| Corporate income tax paid (-) | -1.203 | -2.134 | -43,6% |
| Paid out to customers outside the Group (-) | -186.658 | -154.836 | 20,6% |
| Change in MasterCard settlement account (+/-) | -11.317 | -10.216 | 10,8% |
| Principal repayments from customers outside the Group (+) | 185.840 | 101.021 | 84,0% |
| Loan principal repayments from customers related to MasterCard (+) | 0 | 15.335 | n/a |
| Interest, commission and other fees received outside the Group (+) | 41.517 | 29.897 | 38,9% |
| NET CASH FLOWS FROM OPERATING ACTIVITIES | 13.814 | -9.488 | n/a |
| Purchase of fixed assets outside the Group, incl. prepayments (-) | -2.098 | -4.939 | -57,5% |
| Net cash flow from acquisition of subsidiaries (+) | 0 | 44.771 | n/a |
| Payments for other financial investments (-) | -48.065 | -22.303 | 115,5% |
| Receipts from other financial investments (+) | 34.552 | 17.246 | 100,3% |
| NET CASH FLOWS FROM INVESTING ACTIVITIES | -15.611 | 34.775 | n/a |
| Loans received from investors outside the Group (+) | 46.369 | 21.854 | 112,2% |
| Repaid loans to investors outside the Group (-) | -19.936 | -7.343 | 171,5% |
| Principal payments of financial lease contracts (-) | -1.172 | -876 | 33,8% |
| Interests paid outside the Group (-) | -13.988 | -12.843 | 8,9% |
| Receipts from other financing activities (+) | 27 | 3 | 811,5% |
| NET CASH FLOWS FROM FINANCING ACTIVITIES | 11.300 | 796 | > 1.000% |
| Change in cash and cash equivalents | 9.503 | 26.083 | -63,6% |
| Cash and cash equivalents at the beginning of the period | 65.647 | 46.324 | 41,7% |
| Change in cash and cash equivalents | 9.503 | 26.083 | -63,6% |
| Net foreign exchange difference | 939 | -328 | n/a |
| Cash and cash equivalents at the end of the period | 76.089 | 72.079 | 5,6% |
| Cash and cash equivalents comprise | 30 Sep 2023 | 31 Dec 2022 | Δ in % |
| Cash on hand | 6.682 | 9.924 | -32,7% |
| Non-restricted current account | 69.408 | 62.155 | 11,7% |

Consolidated statement of changes in equity

| (In thousand EUR) | Share capital | Legal reserve | Unrealized foreign exchange differences | Revaluation reserve | Retained earnings | Minority share | Total |
|---|---------------|---------------|---|---------------------|-------------------|----------------|----------------|
| 01/01/22 | 10.000 | 799 | -510 | 0 | 15.296 | 0 | 25.585 |
| Profit for the year | 0 | 0 | 0 | 0 | 17.533 | 409 | 17.942 |
| Other comprehensive income | | | | | | | |
| Foreign currency translation | 0 | 0 | 5.509 | 0 | 0 | 0 | 5.509 |
| Revaluation reserve of financial assets | 0 | 0 | 0 | 838 | 0 | 0 | 838 |
| Total comprehensive income | 0 | 0 | 5.509 | 838 | 17.533 | 409 | 24.288 |
| Acquisition of subsidiary | 0 | 0 | 0 | 0 | 7.103 | 13.948 | 21.051 |
| Acquisition of non-controlling interest | 0 | 0 | 0 | 0 | -1.768 | -9.970 | -11.738 |
| Allocation to reserves | 0 | 201 | 0 | 0 | -201 | 0 | 0 |
| 30/09/22 | 10.000 | 1.000 | 4.999 | 838 | 37.963 | 4.387 | 59.186 |
| 01/01/23 | 10.000 | 1.000 | -374 | 783 | 40.218 | 4.468 | 56.096 |
| Profit for the period | 0 | 0 | 0 | 0 | 9.211 | 119 | 9.330 |
| Other comprehensive income | | | | | | | |
| Foreign currency translation | 0 | 0 | 6.148 | 0 | 0 | 0 | 6.148 |
| Revaluation reserve of financial assets | 0 | 0 | 0 | -86 | 0 | 0 | -86 |
| Total comprehensive income | 0 | 0 | 6.148 | -86 | 9.211 | 119 | 15.392 |
| Other changes | 0 | 0 | 0 | 0 | -1.631 | 0 | -1.631 |
| 30/09/23 | 10.000 | 1.000 | 5.774 | 697 | 47.798 | 4.587 | 69.856 |

Additional consolidated key performance indicators

| Profitability | 9M/2023 | 9M/2022 | Δ in % |
|--|----------------|----------------|---------------|
| Return on average assets | 3,2% | 7,4% | -4,2% |
| Return on average equity | 17,5% | 42,3% | -24,9% |
| Interest income/Average interest-earning assets | 28,9% | 36,4% | -7,5% |
| Interest income/Average gross loan portfolio | 30,0% | 34,1% | -4,0% |
| Interest income/Average net loan portfolio | 33,1% | 33,0% | 0,2% |
| Interest expense/Interest income | 30,1% | 25,6% | 4,5% |
| Cost of funds | 7,4% | 7,2% | 0,2% |
| Cost of interest-bearing liabilities | 7,8% | 7,5% | 0,3% |
| Net interest margin | 23,0% | 28,6% | -5,6% |
| Net effective annualized yield | 33,1% | 38,2% | -5,0% |
| Net impairment/interest income | 26,3% | 27,0% | -0,7% |
| Net fee and commission income/Total operating income | 93,3% | 96,6% | -3,3% |
| Earnings before taxes/Average total assets | 3,2% | 7,7% | -4,6% |
| Efficiency | 9M/2023 | 9M/2022 | Δ in % |
| Total assets/Employee (in thousand EUR) | 367 | 331 | 11,0% |
| Total operating income/Employee (in thousand EUR) | 80 | 63 | 26,0% |
| Cost/Income ratio | 41,7% | 44,5% | -2,8% |
| Total recurring operating costs/Average total assets | 1,1% | 1,6% | -0,4% |
| Total operating income/ Average total assets | 23,0% | 26,5% | -3,5% |
| Personnel costs/Total recurring operating costs | 411,0% | 325,3% | 85,7% |
| Personnel costs/Total operating income | 20,2% | 19,2% | 1,0% |
| Net operating income/Total operating income | 50,8% | 53,8% | -3,0% |
| Net income (Loss)/Total operating income | 13,9% | 27,8% | -13,8% |
| Profit before tax (Loss)/Interest income | 15,7% | 33,3% | -17,6% |
| Liquidity | 9M/2023 | 9M/2022 | Δ in % |
| Net loan receivables/Total assets | 60,8% | 60,2% | 0,7% |
| Average net loan receivables/Average total assets | 60,5% | 70,5% | -10,0% |
| Net loan receivables/Total liabilities | 75,3% | 72,8% | 2,4% |
| Interest-earning assets/Total assets | 74,1% | 64,1% | 10,0% |
| Average interest-earning assets/Average total assets | 69,4% | 63,8% | 5,6% |
| Liquid assets/Total assets | 32,0% | 32,4% | -0,3% |
| Liquid assets/Total liabilities | 39,6% | 39,2% | 0,4% |
| Total deposits/Total assets | 9,9% | 11,2% | -1,3% |
| Total deposits/Total liabilities | 12,3% | 13,6% | -1,3% |
| Total deposits/Shareholders' equity | 51,7% | 64,4% | -12,7% |
| Tangible common equity/Tangible assets | 16,8% | 15,1% | 1,8% |
| Tangible common equity/Net receivables | 26,9% | 24,3% | 2,5% |
| Net Loan Receivables/Equity (times) | 3,2 | 3,5 | -8,4% |
| Asset quality | 9M/2023 | 9M/2022 | Δ in % |
| Loan loss reserve/Gross receivables from client | 8,9% | 10,0% | -1,2% |
| Average loan loss reserve/Average gross receivables from clients | 9,4% | 10,8% | -1,4% |
| Cost of risk | 9,9% | 11,1% | -1,2% |
| Gross NPL ratio | 12,6% | 13,8% | -1,2% |
| Impairment coverage ratio | 70,5% | 71,5% | -1,0% |
| Selected operating data | 9M/2023 | 9M/2022 | Δ in % |
| Number of employees (adjusted to full-time) | 990 | 1.021 | -3,0% |
| Average monthly gross salary in group (in EUR) | 1.472 | 1.103 | 33,4% |

DEFINITIONS

EBITDA – EBITDA means for the reporting period prior the calculation date, the consolidated net earnings of the Borrower prepared in accordance with the IFRS before any provision on account of taxation, depreciation and amortization, any interest, commissions, discounts and other fees incurred in respect of any financial debt or any interest earned on debts

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

Adjusted interest coverage – Adjusted EBITDA/interest expense

Cost of risk – Annualized net impairment charges/average gross loan portfolio (total gross loan portfolio as of the start and end of each period divided by two)

Cost/income ratio – Operating costs/operating income

Equity/assets ratio – Total equity/total assets

Equity/net loan portfolio – Total equity/net customer receivables (including accrued interest)

Gross NPL ratio – Non-performing loan portfolio (including accrued interest) with a delay of over 50 days/gross loan portfolio (including accrued interest)

Gross loan portfolio – Total amount receivable from customers, including principal and accrued interest, after deduction of deferred income

Impairment coverage ratio – Total impairment/gross NPL (+50 days overdue)

Intangible assets – Intangible IT assets (software and developments costs)

Interest and similar income – Generated from our customer loan portfolio

Loss given default – Loss on non-performing loan portfolio (i.e., 1 – recovery rate) based on recoveries during the appropriate time window for the specific product, reduced by costs of collection, discounted at the weighted average effective interest rate

Net effective annualized yield – Annualized interest income (excluding penalties)/average net loan principal

Net impairment to interest income ratio – Net impairment charges on loans and receivables/interest income

Net interest margin – Annualized net interest income/average gross loan principal (total gross loan principal as of the start and end of each period divided by two)

Net loan portfolio – Gross loan portfolio (including accrued interest) less impairment provisions

Non-performing loans (NPLs) – Loan principal or receivables (as applicable) that are over 50 days past due

Overall provision coverage – Allowance account for provisions/non-performing receivables

Profit before tax margin – Profit before tax/interest income

Performing customers – Online lending customers with open loans that are up to 30 days past due

Poorly performing customers – Online lending customers with open loans that are over 30 days and less than 50 days past due

Return on average assets – Annualized profit from continuing operations/average assets (total assets as of the start and end of each period divided by two)

Return on average equity – Annualized profit from continuing operations/average equity (total equity as of the start and end of each period divided by two)

Tangible equity – Total equity minus intangible assets

STAGE 1 – The 12MECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Group calculates the 12MECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR.

STAGE 2 – When a loan has shown a significant increase in credit risk since origination, the Group records an allowance for the LTECLs. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.

STAGE 3 – For loans considered credit-impaired, the Group recognizes the lifetime expected credit losses for these loans. The method is similar for Stage 2 assets, with the PD set at 100%.

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