

Prospectus



IuteCredit Finance S.à r.l.

Luxembourg

Up to EUR 50,000,000

11 % Senior Secured Bonds 2021/2026 (the “New Bonds”)

to be consolidated and form a single series with the Existing Bonds

with a Term from 6 October 2021 until 6 October 2026

International Securities Identification Number (ISIN): XS2378483494

Common Code: 237848349

Issue price of the New Bonds: 96.5 per cent to 99.5 per cent

Subject to the Minimum Offer Condition (as defined below), IuteCredit Finance S.à r.l. (the “**Issuer**”), a private limited liability company (*société à responsabilité limitée*), incorporated and existing under the laws of the Grand Duchy of Luxembourg, having its registered office at 16, Rue Eugène Ruppert, L-2453 Luxembourg, Grand Duchy of Luxembourg and registered with the Luxembourg Trade and Companies Register under number B 234678 is expected to issue on or about 6 April 2023 (the “**Issue Date**”) between EUR 100 (the “**Minimum Offer Amount**”) and up to EUR 50,000,000 (the “**Maximum Offer Amount**”) 11% senior secured bonds due 6 October 2026 (the “**New Bonds**”), to be immediately consolidated on the Issue Date and form a single series with the EUR 75,000,000, 11% senior secured bonds due 2026 (the “**Existing Bonds**”) for an aggregate principal amount of up to EUR 125,000,000 (the “**Bonds**”), for an issue which will range between 96.5% and 99.5% of their principal amount (the “**Issue Price**”). Unless previously redeemed, or purchased and cancelled, the New Bonds will bear interest from and including 6 April 2023 to, but excluding, 6 October 2026 (the “**Maturity Date**”) at a fixed rate of 11 per cent. per annum payable semi-annually in arrears on 6 April and 6 October each year and will be redeemed at their principal amount on the Maturity Date. The aggregate principal amount of the New Bonds is expected to be determined on 31 March 2023 based on the subscription orders and exchange instructions received in the course of the Retail Offering, the Institutional Offering and the Exchange Offering (each as defined below) and is expected to be communicated to investors on 31 March 2023 in a pricing notice, which will also contain an indication of the net proceeds of the Offering (as defined below) and the final Issue Price (the “**Pricing Notice**”). The Pricing Notice

will be published on the website of the Luxembourg Stock Exchange (www.luxse.com), the Nasdaq Tallinn Stock Exchange (<http://www.nasdaqbaltic.com>), the Frankfurt Stock Exchange (www.boerse-frankfurt.de) and the Issuer's website (<https://iutecredit.com/prospectus/>).

The New Bonds constitute direct, general, unconditional, unsubordinated and secured obligations of the Issuer. The New Bonds will at all times rank *pari passu* in right of payment with all other present and future secured obligations of the Issuer and senior to all its existing and future subordinated debt. The New Bonds are unconditionally and irrevocably guaranteed on a joint and several basis by AS luteCredit Europe ("**Holdco**"), the Issuer's parent company registered in Estonia, and by a direct subsidiary of Holdco, luteCredit Albania SHA ("**ICA**") or the "**Subsidiary Guarantor**" and together with Holdco, the "**Guarantors**" and each a "**Guarantor**" under the terms and conditions set forth herein (collectively the "**Guarantees**" and each a "**Guarantee**"). The New Bonds are further secured by the Transaction Security (as defined below) granted by Holdco and certain other direct subsidiaries of Holdco, including the Issuer (the "**Pledgors**", together with the Guarantors, the "**Security Providers**").

This document (the "**Prospectus**") constitutes a prospectus pursuant to Article 6 para. 1 of the Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market (the "**Prospectus Regulation**"), in connection with the public offering, listing and admission to trading of the New Bonds on the Nasdaq Tallinn Stock Exchange's regulated market and on the Frankfurt Stock Exchange's regulated market.

This Prospectus has been approved by the Luxembourg Commission for the Supervision of the Financial Sector (Commission de Surveillance du Secteur Financier – "**CSSF**"); the CSSF only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation; such approval should not be considered as an endorsement of the Issuer, the Guarantors or the quality of the New Bonds, that are the subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the New Bonds.

Pursuant to Article 6 para. 4 of the Luxembourg Law of 16 July 2019 on prospectuses for securities (the "**Prospectus Law**"), by approving the Prospectus, the CSSF does not take any responsibility for the economic or financial soundness of the transaction and the Issuer's quality and financial solvency.

The New Bond shall be offered (i) by way of a public offer to retail investors in Estonia, Latvia, Lithuania and Germany (the "**Retail Offering**"), (ii) by way of an exempt offer exclusively to qualified investors within the meaning of Article 2(e) of the Prospectus Regulation and other investors in compliance with Article 1(4) (a) and (b) of the Prospectus Regulation in member states of the European Economic Area ("**EEA**") (the "**Institutional Offering**" and, together with the Retail Offering, the "**Cash Offering**") and (iii) by way of a public exchange offer (the "**Exchange Offer**") addressed to the holders of the EUR 50,000,000.00 bonds, 2019/2023, with ISIN number XS2033386603 (the "**2019/2023 Bonds**" and their holders the "**2019/2023 Holders**") in relation to their exchange with the New Bonds, in accordance with the terms and conditions contained in the Exchange Offer Invitation (as defined below) (the "**Exchange Offering**" and, together with the Retail Offering and the Institutional Offering, the "**Offering**"). The division of New Bonds between the retail and institutional investors has not been predetermined.

The period during which the New Bonds may be subscribed for through the Cash Offering, in accordance with the Prospectus, starts on 6 March 2023 at 10:00 EET and ends on 31 March 2023 at 14:00 EET (the "**Offer Period**"). The Issuer reserves the right to cancel the Offering or

change the terms and conditions thereof as described in this Prospectus. Concurrently, and in accordance with the Exchange Offer Invitation, the period during which the 2019/2023 Holders can submit their offer instructions and accept or reject the Exchange Offer starts on 1 March 2023 and ends on 29 March 2023 at 14:00 EET (the “**Exchange Offer Period**”). The offer price per one New Bond (the “**Offer Price**”) will range between 96.5% and 99.5% and will be communicated to investors on 31 March 2023 in the Pricing Notice.

Application has been made for the notification of the approval of this Prospectus to the competent authorities in Estonia, Latvia, Lithuania and Germany, i.e. to the Estonian Financial Supervisory Authority (Finantsinspektsioon – “**EFSA**”), to the Financial and Capital Market Commission of Latvia (Finanšu un kapitāla tirgus komisija – “**FCMC**”), to the Bank of Lithuania (Lietuvos Bankas) and to the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht – “**BaFin**”) in accordance with Article 25 of the Prospectus Regulation. The approved prospectus may be downloaded from the Issuer’s website (<https://iutecredit.com/prospectus/>) and the website of the Luxembourg stock exchange (www.luxse.com). Simultaneously with the Offering, the Issuer will apply to the Frankfurt Stock Exchange for the New Bonds to be listed and admitted to trading on Frankfurt Stock Exchange’s regulated market (*General Standard*), segment for bonds of Deutsche Börse AG. Application will also be made to the Nasdaq Tallinn Stock Exchange for the New Bonds to be listed and admitted to trading on the Baltic regulated market of the Nasdaq Tallinn Stock Exchange. The Existing Bonds are already admitted to trading on Frankfurt Stock Exchange’s regulated market (*General Standard*), segment for bonds of Deutsche Börse AG and on the Baltic regulated market of the Nasdaq Tallinn Stock Exchange.

This Prospectus shall be valid for admission to trading of the New Bonds on a Regulated Market for 12 months after the approval by the CSSF, i.e. until 1 March 2024, provided that it is completed by any supplement, pursuant to Article 23 of the Prospectus Regulation, following the occurrence of a significant new factor, a material mistake or a material inaccuracy relating to the information included (including incorporated by reference) in this Prospectus which may affect the assessment of the New Bonds. After such date, the Prospectus will expire and the obligation to supplement this Prospectus in the event of significant new factors, material mistakes or material inaccuracies will no longer apply.

Investors should be aware, that an investment in the New Bonds involves a risk and that, if certain risks, in particular those described under “*Risk Factors*”, occur, the investors may lose all or a very substantial part of their investment.

The distribution of this Prospectus may be limited by certain legislation. Any person who enters into possession of this Prospectus must take these limitations into consideration. The New Bonds are not and will not be registered, particularly in accordance with the United States Securities Act of 1933, as amended (the “**Securities Act**”) or in accordance with securities law of individual states of the United States of America. Furthermore, they are not permitted to be offered or sold within the United States of America, or for the account or benefit of a person from the United States of America (as defined under Regulation S under the Securities Act), unless this ensues through an exemption of the registration requirements of the Securities Act or the laws of individual states of the United States of America or through a transaction, which is not subject to the aforementioned provisions.

TABLE OF CONTENTS

I. SUMMARY OF THE PROSPECTUS	7
Section 1 - Introduction and Warnings.....	7
Section 2 - The Issuer.....	7
Section 3 - The securities.....	10
Section 4 - Offering and admission to trading.....	13
II. RISK FACTORS	16
III. OVERVIEW OF THE GROUP	50
IV. GENERAL INFORMATION	55
1. Responsibility Statement.....	55
2. Authorisation.....	55
3. Subject of this Prospectus	55
4. Use of this Prospectus.....	55
5. Consent to the use of this Prospectus.....	56
6. References.....	56
7. Hyperlinks.....	56
8. Forward-looking Statements.....	56
9. Third Party Information.....	57
10. Presentation of Financial Information.....	57
11. Further information regarding this Prospectus	58
12. MiFID II Product Governance.....	59
13. Documents available for Inspection	59
V. USE OF NET PROCEEDS	61
VI. CAPITALIZATION	62
VII. SELECTED FINANCIAL INFORMATION AND OPERATING DATA	64
1. Consolidated statement of comprehensive income	64
2. Consolidated statement of financial position	65
3. Consolidated statement of cash flows	66
4. Net debt.....	68
5. Key financial parameters.....	69
a. <i>EBITDA and Adjusted EBITDA</i>	69
b. <i>Consolidated key financial parameters</i>	70
c. <i>Key parameters based on Holdco's unconsolidated financials statements</i>	70
6. Independent Auditors.....	71
7. Significant changes in the financial performance and position of the Group.....	72
VIII. SELECTED PORTFOLIO INFORMATION	73
IX. BUSINESS	74
1. Overview.....	74
2. Key Strengths.....	75
a. <i>Sustainability and simplicity</i>	75
b. <i>Transparent products</i>	75
c. <i>Being always present and everywhere</i>	75
d. <i>Experience for better competitiveness</i>	76
e. <i>Trust leads to success</i>	76
3. Strategy.....	76

4.	Loan Products	77
5.	Marketing	78
	a. Overview	78
	b. Organization	79
	c. Marketing Mix.....	79
6.	Geographic Markets	80
8.	Underwriting and Review	82
	a. Overview of the underwriting and review process.....	82
	b. Verifying the identity of the customer and checking the creditworthiness and affordability (the check step)	83
	c. The loan approval (the approve step).....	83
	d. The notification (the notify step).....	83
	e. Signing and concluding of the loan agreement (the SIGN step)	83
	f. The loan disbursement (the pay-out step)	84
	g. The repayment step	84
	h. The aftersale step.....	84
9.	Portfolio management and overdue sequence	84
10.	Competition	86
11.	Operations and Technology	88
12.	Intellectual Property	89
X.	INFORMATION ABOUT THE ISSUER.....	92
XI.	INFORMATION ABOUT THE GROUP AND THE GUARANTORS	95
	1. History of the Group.....	95
	2. Beneficial ownership	95
	3. The Guarantors.....	95
	4. Information about the Guarantors.....	96
	(1) AS IuteCredit Europe (Estonia)	96
	(2) IuteCredit Albania SH.A (Albania).....	101
	5. Organization Structure	105
	6. Properties	106
	7. Employees.....	107
	8. Material Agreements.....	107
	a. 2019/2023 Bonds due 7 August 2023.....	108
	b. 2021/2026 Bonds due 6 October 2026	108
	c. Facility Agreements.....	109
	d. Kilde PTE. LTD.....	110
	e. Mintos	110
	9. Related Party Transactions	112
	Loans from Related Parties	113
	10. Legal Proceedings	113
	11. Expected financing of the Group's activities.....	114
	12. Recent Events and Trends.....	114
XII.	MANAGEMENT	116
	1. Management structure of the Issuer.....	116
	2. Corporate Governance	117
	3. Litigation statement about directors and officers.....	119
	4. Change of Control over the Group	119
XIII.	REGULATORY FRAMEWORK	120

XIV. TERMS AND CONDITIONS OF THE BONDS	125
XV. EXCHANGE OFFER	177
XVI. GUARANTEES.....	191
XVII. ADDITIONAL INFORMATION ON THE GUARANTEES, THE TRANSACTION SECURITY DOCUMENTS AND THE SECURITY AGENT	201
XVIII. TAXATION	204
XIX. LIMITATIONS ON VALIDITY AND ENFORCEABILITY OF THE GUARANTEES, TRANSACTION SECURITY DOCUMENTS AND THE BONDS AND CERTAIN INSOLVENCY CONSIDERATIONS	216
1. European Union.....	216
2. Luxembourg.....	217
3. Estonia	218
4. Moldova.....	220
5. Albania.....	223
6. North Macedonia.....	225
XX. SUBSCRIPTION, SALE AND OFFER OF THE NEW BONDS.....	228
1. The Offering.....	228
2. Exchange Offering.....	229
<i>Exchange Offer</i>	<i>229</i>
<i>Exchange Offer Period.....</i>	<i>229</i>
<i>Exchange Ratio.....</i>	<i>229</i>
<i>Offer Instructions and their acceptance.....</i>	<i>229</i>
<i>Settlement of the Exchange Offer and the Cash Settlement Amount.....</i>	<i>230</i>
<i>Tender Agent.....</i>	<i>230</i>
3. Right to participate in the Cash Offering.....	230
4. Offer Period of the Cash Offering.....	230
5. Nominal Value	230
6. Disclosure of Principal Amount and Offer Price	230
7. Subscription and Instructions to Investors.....	231
<i>Submitting Subscription Undertakings.....</i>	<i>231</i>
<i>Content of and Requirements for Subscription Undertakings.....</i>	<i>231</i>
<i>Costs and Fees.....</i>	<i>231</i>
<i>Submission of Subscription Undertakings through Nominee Accounts</i>	<i>232</i>
<i>Amendment and Cancellation of Subscription Undertakings</i>	<i>232</i>
<i>Legal Effect of Subscription Undertakings</i>	<i>232</i>
8. Payment.....	233
9. Distribution and Allocation.....	233
10. Settlement and Trading	234
11. Return of Funds.....	234
12. Cancellation of Cash Offering and Extension or Shortening of the Offer Period ..	234
13. Conflicts of Interests	235
14. Listing and Admission to Trading	235
XXI. SELLING RESTRICTIONS.....	236
XXII. GLOSSARY	238
XXIII. DOCUMENTS INCORPORATED BY REFERENCE	240

I. SUMMARY OF THE PROSPECTUS

Section 1 - Introduction and Warnings

Introduction

The securities

11% senior secured bonds due 6 October 2026 for an aggregate principal amount of up to EUR 50,000,000 of 6 April 2023 with ISIN XS2378483494.

The issuer

The Issuer is luteCredit Finance S.à r.l., a private limited liability company (*société à responsabilité limitée*) incorporated and existing under the laws of the Grand Duchy of Luxembourg, registered with the Luxembourg trade and companies register (*Registre de Commerce et des Sociétés de Luxembourg*) under number B. 234678 and having its registered office at 16, Rue Eugène Ruppert, L-2453 Luxembourg, Grand Duchy of Luxembourg. Its telephone number is +352 42 22 29 and its fax number is +352 42 64 43. The Issuer's legal identifier (LEI) is 2221005B3DQGM4INWF57.

Competent authority approving the Prospectus and date of approval

In order for the New Bonds to be offered and admitted to trading on Frankfurt Stock Exchange's regulated market and on Nasdaq Tallinn Stock Exchange's regulated market, this Prospectus has been approved on 1 March 2023 by the Luxembourg Commission for the Supervision of the Financial Sector (*Commission de Surveillance du Secteur Financier – "CSSF"*), with address at 283, route d'Arlon, L-1150 Luxembourg, Grand Duchy of Luxembourg. Its telephone number is +352 26 25 1 - 1 (switchboard), its fax number is +352 26 25 1 – 2601 and its email is direction@cssf.lu.

Warnings

This summary should be read as an introduction to the Prospectus.

Any decision to invest in the securities should be based on a consideration of the Prospectus as a whole by the investor.

The investor could lose all or part of the invested capital.

Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under national law, have to bear the costs of translating the Prospectus before the legal proceedings are initiated.

Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only where the summary is misleading, inaccurate or inconsistent, when read together with the other parts of the Prospectus, or where it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in such securities.

Section 2 - The Issuer

Who is the issuer of the securities?

Domicile, legal form, LEI, relevant jurisdiction

luteCredit Finance S.à r.l., a private limited liability company (*société à responsabilité limitée*) incorporated and operating under the laws of the Grand Duchy of Luxembourg, registered with the Luxembourg trade and companies register (*Registre de Commerce et des Sociétés de Luxembourg*) under number B.234678 and having its registered office at 16, Rue Eugène Ruppert, L-2453 Luxembourg, Grand Duchy of Luxembourg is the Issuer. Its telephone number is +352 42 22 29 and its fax number is +352 42 64 43. The Issuer's legal identifier (LEI) is 2221005B3DQGM4INWF57. As at the date of this Prospectus, the parent company of the Group (as defined below) is AS luteCredit Europe, a public limited liability company incorporated and existing under the laws of Estonia, registered with the trade and companies register of Estonia under number 11551447 and having its registered office at Maakri 19/1, EST-10145 Tallinn, Estonia ("**Holdco**").

Principal activities

The Issuer's principal activity is to issue bonds in one or more tranches or series of bonds for the purpose of applying all of the proceeds thereof to grant one or more loans to AS luteCredit Europe, or any company being a direct or indirect shareholder of the Issuer or any company belonging to the same group as the Issuer (the "**Connected Companies**"), including any tap issuance of additional bonds or bonds having a separate ISIN.

The Issuer and the consolidated group companies under Holdco, including luteCredit Albania SHA ("**ICA**") or the "**Subsidiary Guarantor**" and together with the Issuer and Holdco the "**Group**"), excluding Energbank, are specialized in the provision of consumer loans to individuals. Energbank is a commercial bank operating in Moldova.

Major shareholders

The following table sets out the relevant shareholding of the Issuer as at the date of this Prospectus:

	Details of the holder entity	Number of shares	%
1	AS luteCredit Europe	12,000	100%
	Sum	12,000	100%

As of the date of this Prospectus, the beneficial owners of the Issuer are: (i) Mr. Allar Niinepuu, holding directly 0.64% and indirectly 44.91% of the voting share capital of Holdco and (ii) Mr. Tarmo Sild, holding directly 1.96% and indirectly 35.93% of the voting share capital of Holdco. The remaining voting share capital of Holdco is diluted.

Key managing managers

The Issuer is currently managed by a board of managers composed of one class A manager and two class B managers and being: Ms. Kristel Kurvits, class A manager, Ms. Ann Leonie R Lauwers, class B manager and Mr. Pieter Adriaan C.S. van Nugteren, class B manager, all appointed for an unlimited period.

Statutory auditor

The statutory auditor (*réviseur d'entreprises agréé*) of the Issuer for the financial years ending 31 December 2020 and 31 December 2021 is KPMG Luxembourg (*société coopérative*), incorporated under the laws of the Grand Duchy of Luxembourg, having its registered office at 39, avenue John F. Kennedy, L-1855 Luxemburg, Grand Duchy of Luxembourg and registered with the Luxembourg trade and companies register (*Registre de Commerce et des Sociétés de Luxembourg*) under number B.149133. KPMG Luxembourg is a member of the Luxembourg Institute of Statutory Auditors (*Institut des réviseurs d'entreprises*).

What is the key financial information regarding the Issuer ?

The tables below present key selected financial information for luteCredit Finance S.à r.l. for the periods from 1 January 2020 to 31 December 2020, 1 January 2021 to 31 December 2021 and the six-month periods ended 30 June 2022 and 30 June 2021. This financial information has been derived from luteCredit Finance S.à r.l.'s audited financial statements for the period from 1 January 2021 to 31 December 2021 and luteCredit Finance S.à r.l.'s unaudited interim financial statements as of and for the six-month period ended 30 June 2022. Such financial statements of luteCredit Finance S.à r.l. have been prepared in accordance with the International Financial Reporting Standards as adopted by the European Union ("**IFRS**").

Selected statement of comprehensive income data of the Issuer (in million EUR)

EUR	01.01.2021- 31.12.2021 <i>(audited)</i>	01.01.2020- 31.12.2020 <i>(audited)</i>	01.01.2022- 30.06.2022 <i>(unaudited)</i>	01.01.2021- 30.06.2021 <i>(unaudited)</i>
Total comprehensive income for the year/period	0.02	0.3	0.0	0.0

Selected statement of financial position data of the Issuer (in million EUR)

EUR	01.01.2021- 31.12.2021 <i>(audited)</i>	01.01.2020- 31.12.2020 <i>(audited)</i>	01.01.2022- 30.06.2022 <i>(unaudited)</i>
Total liabilities	124.2	46.6	124.0
Total liabilities and equity	124.3	46.7	124.1

Selected statement of cash flows data of the Issuer (in million EUR)

EUR	01.01.2021- 31.12.2021 (audited)	01.01.2020- 31.12.2020 (audited)	01.01.2022- 30.06.2022 (unaudited)	01.01.2021- 30.06.2021 (unaudited)
Net cash flows from operating activities	(60,4)	(4.9)	(0.4)	3.2
Net cash flows from financing activities	68.2	4.9	(7.4)	-3.3
Net cash flows from investing activities	0.0	0.0	0.0	0.0

What are the key risks that are specific to the Issuer?

a. Risk relating to the Group's business activities and industry

Future prospects: We have a limited operating history in an evolving industry that may not develop as expected. Assessing our business and future prospects is challenging in light of the risks and difficulties we may encounter. These risks and difficulties include our ability to (i) increase the number and total volume of loans we extend to our customers, while managing our credit risk, (ii) improve the terms on which we provide loans to our customers as our business becomes more efficient, (iii) increase the effectiveness of our direct marketing, (iv) increase partnership and brokerage network, (v) successfully develop and deploy new products, (vi) favorably compete with other companies that are currently in, or may in the future enter, the business of consumer lending, (vii) successfully navigate economic conditions and fluctuations in credit markets, (viii) effectively manage the growth of our business, (ix) respond to regulatory developments, (x) successfully integrate new acquisitions and (xi) successfully expand our business into new markets. We may not be able to successfully address these risks and difficulties, which could have a material adverse effect on our business, financial condition, results of operations, prospects or cash flows.

Difficulties in assessing the credit risk of potential customers: Despite the credit scoring of the Group, it may be unable to correctly evaluate the current financial condition of each prospective customer and determine his or her creditworthiness and/or value of the collateral. The Group's lending decisions are based partly on information provided to it by applicants. Prospective customers may fraudulently provide it with inaccurate information upon which, if not alerted to the fraud, the Group may base its credit scoring. Any failure to correctly assess the credit risk of potential customers, due to failure in the Group's evaluation of the customer or incorrect information fraudulently provided by the customer, may have a material adverse effect on the Group's business, financial condition, results of operations, prospects or cash flows and may even invoke regulatory sanctions (including imposition of fines and penalties, suspension of operations, or revocation of our licenses).

Foreign exchange risks: The Group operates in various jurisdictions and provides loan products in local currencies: the Bulgarian Lev, the Moldavian Leu, the Albanian Lek, the North Macedonian Denar and the Bosnia and Herzegovinian Convertible Mark. Thus, its results of operations are exposed to foreign exchange rate fluctuations and any failure to manage foreign exchange risk may have a material adverse effect on its business, financial condition, results of operations, prospects or cash flows.

b. Risks related to the Group's financial situation

Changes in our working capital requirements: Our working capital requirements can vary significantly from market to market, depending, in part, on differences in demand for the provision of consumer loans. If our available cash flows from operations are not sufficient to fund our on-going cash needs, we would be required to look to our cash balances and available credit facilities to satisfy those needs, as well as potential sources of additional capital.

Level of indebtedness: We have substantial indebtedness and we may incur additional indebtedness. Our high level of indebtedness could have important consequences for holders of the Bonds. The high level of our indebtedness and the consequences thereof could have a material adverse effect on our business, financial condition and results of operations. We expect to obtain the funds to pay our expenses and to repay our indebtedness primarily from our operations.

Liquidity risks: The Group is exposed to liquidity risks arising out of the mismatches between the maturities of its assets and liabilities, which may prevent it from meeting its obligations in a timely manner. If short- and, in particular, long-term funding from international capital markets is unavailable or if maturity mismatches between its assets and

liabilities occur, this may have a material adverse effect on its business, financial condition, results of operations, prospects or cash flows.

c. Legal and regulatory risk

Certain countries where the Group operates pose risks of corruption violations. Failure to comply with anti-corruption laws, including anti-bribery laws, may result in penalties and sanctions, which may have a material adverse effect on our reputation and business.

d. Internal control risk

The interests of our beneficial owners may conflict with those of the Holders: The Group is ultimately controlled by several individuals. The interests of the ultimate beneficial owners may, in some circumstances, conflict with the interests of the Holders, particularly if the Group encounters financial difficulties or if we are unable to pay our debts as they become due. The ultimate beneficial owners could also have an interest in pursuing financings or other transactions which, in their judgment, could enhance their equity investment, although such transactions might increase the Group's indebtedness, require the Group to sell assets or otherwise impair our ability to make payments under the New Bonds. Any potential conflict between the interests of the indirect controlling shareholder or the ultimate beneficial owners, on the one hand, and Holders, on the other hand, may have a material adverse effect on the value of the New Bonds.

Section 3 - The securities

What are the main features of the securities ?

Type, class and ISIN

11% senior secured bonds due 6 October 2026 for an aggregate principal amount of up to EUR 50,000,000 (the "**New Bonds**"), to be consolidated and form a single series with the 11% senior secured bonds due 2026 for an aggregate principal amount and issue price of EUR 75,000,000 (the "**Existing Bonds**" and, together with the New Bonds, the "**Bonds**"), payable to the bearer, with ISIN XS2378483494.

Number of New Bonds, denomination, currency and term

Up to 500,000 New Bonds in the denomination of EUR 100.00 each with a term from 6 October 2021 until 6 October 2026.

Rights attached to the New Bonds

The New Bonds will bear interest from (and including) 6 April 2023 to (but excluding) 6 October 2026 at a rate of 11 per cent. per annum. The interest is payable semi-annually in arrears on 6 April and 6 October of each year, commencing on 6 October 2023.

The New Bonds are unconditionally and irrevocably guaranteed on a joint and several basis by the Guarantors (as defined and listed below) and are further secured by local law transaction securities granted by the following Group companies (the "**Pledgors**"): the Issuer, Holdco, O.C.N. "IUTE CREDIT" S.R.L. (*Moldova*), luteCredit Albania SH.A (*Albania*) and luteCredit Macedonia DOOEL Skopje (*North Macedonia*).

Greenmarck Restructuring Solutions GmbH, established in 2010 and registered with the lower court of Munich, HRB 187052, with address in Widenmayerstraße 16, 80538 Munich, Germany, or subsequently any other bondholders' agent appointed from time to time pursuant to the terms and conditions of the Bonds (the "**Terms and Conditions**"), is the Holders' agent and security agent. No Holder may take individual action against the Issuer relating to the New Bonds in accordance with the Terms and Conditions.

Status and ranking of the New Bonds

The New Bonds are governed by Luxembourg law and constitute bonds in bearer form in accordance with Luxembourg applicable laws. The New Bonds constitute direct, general, unconditional, unsubordinated and secured obligations of the Issuer and will at all times rank *pari passu* in right of payment with all other present and future secured obligations of the Issuer and senior to all its existing and future subordinated debt.

Transferability of the New Bonds

The New Bonds are freely transferable but the Holders may be subject to purchase or transfer restrictions with regards to the New Bonds, as applicable from time to time under local laws to which a Holder may be subject.

Where will the securities be traded ?

Application will be made for admission to trading of the New Bonds on the Frankfurt regulated market and on the Nasdaq Tallinn Stock Exchange's regulated market in the aggregate principal amount of up to EUR 50,000,000 in a denomination of EUR 100.00 each, to be consolidated and form a single series with the Existing Bonds.

Is there a guarantee attached to the securities ?Nature and scope of the Guarantees

The Guarantors have given unconditional and irrevocable guarantees for the due and punctual payment of principal of, and interest on, and any other amounts payable by the Issuer under the Bonds (each a "Guarantee" and together the "Guarantees").

Description of the Guarantors

The companies listed below are the guarantors (each a "Guarantor" and together the "Guarantors"), which are Holdco and a direct subsidiary of Holdco and part of the Group.

	Name and Country	LEI	Address	Activity
1.	AS luteCredit Europe (Estonia) as Guarantor	52990040ZC8FL1781027	Maakri 19/1, EST-10145 Tallinn, Estonia	Holding company of the Group
2.	luteCredit Albania SH.A (Albania) as Guarantor	894500DEJR8AOXOS4Y44	Njesia Administrative Nr.5, Rruga Andon Zako Cajupi, Ndertesa Nr.3, Hyrja 2, Zona Kadastrale 8270, Nr. Pasurie 2/462-N3, Albania	Provision of consumer loans to individuals

Key financial information regarding the Guarantors

The tables below present key selected consolidated financial information for AS luteCredit Europe as at and for the financial years ended 31 December 2022, 31 December 2021 and 31 December 2020. This information has been derived from AS luteCredit Europe's unaudited consolidated interim report as at and for the financial year ended 31 December 2022 and the audited consolidated financial statements as at and for the financial years ended 31 December 2021 and 31 December 2020. Such consolidated financial statements of AS luteCredit Europe have been prepared in accordance with IFRS.

The independent auditor's report issued by Audiitorühing KPMG Baltics OÜ on the consolidated financial statements of Holdco and its subsidiaries as of and for the financial year ended 31 December 2021 incorporated by reference in this Prospectus is qualified as described in the basis for qualified opinion with respect to the fair value of luteCredit Kosovo J.S.C due to no access to reliable evidence to support management's assumptions in the estimation of the fair value and future cash flows of the equity investment as well as uncertainty associated with liquidation process of luteCredit Kosovo J.S.C following the revocation of its microfinance license by the Central Bank of Kosovo in December 2019. Please see "Documents incorporated by reference".

The independent auditor's report issued by Audiitorühing KPMG Baltics OÜ on the consolidated financial statements of Holdco and its subsidiaries as of and for the financial year ended 31 December 2020 incorporated by reference in this Prospectus is qualified as described in the basis for qualified opinion with respect to the fair value of luteCredit Kosovo J.S.C due to no access to reliable evidence to support management's assumptions in the estimation of the fair value and future cash flows of the equity investment as well as uncertainty associated with liquidation process of luteCredit Kosovo J.S.C following the revocation of its microfinance license by the Central Bank of Kosovo in December 2019. Please see "Documents incorporated by reference".

Selected statement of comprehensive income data of AS luteCredit Europe (in Million EUR)

EUR	01.01.2022- 31.12.2022 (unaudited)	01.01.2021- 31.12.2021 (audited)	01.01.2020- 31.12.2020 (audited)
Total comprehensive income for the year/period	19.7	7.2	3.5

Selected statement of financial position data of AS luteCredit Europe (in Million EUR)

EUR	01.01.2022- 31.12.2022 (unaudited)	01.01.2021- 31.12.2021 (audited)	01.01.2020- 31.12.2020 (audited)
Total liabilities	266.2	141.2	95.1
Total liabilities and equity	322.3	166.8	116.6

Selected statement of cash flows data of AS luteCredit Europe (in Million EUR)

EUR	01.01.2022- 31.12.2022 (unaudited)	01.01.2021- 31.12.2021 (audited)	01.01.2020- 31.12.2020 (audited)
Net cash flows from operating activities	(20.5)	(3.2)	18.9
Net cash flows from financing activities	3.9	25.8	(5.4)
Net cash flows from investing activities	35.8	4.0	(0.3)

The tables below present key selected financial information for luteCredit Albania SH.A as at and for the financial years ended 31 December 2022 and 31 December 2021. This information has been derived from luteCredit Albania SH.A's audited financial statements as at and for the financial years ended 31 December 2022 and 31 December 2021. Such financial statements of luteCredit Albania SH.A have been prepared in accordance with IFRS.

Selected statement of comprehensive income data of luteCredit Albania SH.A (in Million ALL)

ALL	01.01.2022- 31.12.2022 (audited)	01.01.2021- 31.12.2021 (audited)
Total comprehensive income for the year/period	281	496.4

Selected statement of financial position data of luteCredit Albania SH.A (in Million ALL)

ALL	01.01.2022- 31.12.2022 (audited)	01.01.2021- 31.12.2021 (audited)
Total liabilities	5,369	3,913.6
Total liabilities and equity	6,883.3	5,315.6

Selected statement of cash flows data of luteCredit Albania SH.A (in Million ALL)

ALL	01.01.2022- 31.12.2022 (audited)	01.01.2021- 31.12.2021 (audited)
Net cash flows from operating activities	(896.6)	(772.4)
Net cash flows from financing activities	1,117.1	1,051.1
Net cash flows from investing activities	(105,393)	(17.9)

Most material risk factors specific to the Guarantors

The Issuer and the Guarantors are affected, substantially, by the same risks as those that affect the business and operations of the entire Group. For the most material risk factors specific to the Group see section 2 above “*What are the risks specific to the Issuer ?*”.

What are the key risks that are specific to the securities ?

a. Risk related to the nature of the New Bonds

Inability of the Group to generate sufficient cash: The Group may not be able to maintain a level of cash flows from operating activities sufficient to permit it to pay the principal, premium, if any, and interest and additional amounts, if any, on its indebtedness, including the borrowings under the New Bonds offered.

Inability to repay or repurchase the New Bonds at maturity: At maturity, the entire principal amount of the New Bonds, together with accrued and unpaid interest, will become due and payable. The Group may not have the ability to repay or refinance these obligations.

Section 4 - Offering and admission to trading

Under which conditions and timetable can I invest in this security ?

Offering of the New Bonds

The Issuer is offering up to 500,000 New Bonds with the maximum aggregate nominal value of EUR 50,000,000. The Bond shall be offered (i) by way of a public offer to retail investors in Estonia, Latvia, Lithuania and Germany (the “**Retail Offering**”), (ii) by way of an exempt offer exclusively to qualified investors within the meaning of Article 2(e) of the Prospectus Regulation and other investors in compliance with Article 1(4) (a) and (b) of the Prospectus Regulation in member states of the European Economic Area (“**EEA**”) (the “**Institutional Offering**” and together with the Retail Offering the “**Cash Offering**”), and (iii) by way of a public exchange offer (the “**Exchange Offer**”) addressed to the holders of the EUR 50,000,000.00 bonds, 2019/2023, with ISIN number XS2033386603 (the “**2019/2023 Bonds**” and their holders the “**2019/2023 Holders**”) in relation to their exchange with the New Bonds, in accordance with the terms and conditions contained in the Exchange Offer Invitation (as defined below) (the “**Exchange Offering**” and together with the Retail Offering and the Institutional Offering, the “**Offering**”). The 2019/2023 Holders who accept the Exchange Offer may also subscribe in cash for New Bonds which shall be settled on a delivery-versus-payment basis (the “**Option to Purchase**”).

The Exchange Offer Invitation will be published on 1 March 2023 on the website of the Luxembourg Stock Exchange (www.luxse.com), the Nasdaq Tallinn Stock Exchange (<http://www.nasdaqbaltic.com>), the Frankfurt Stock Exchange (www.boerse-frankfurt.de) and the Issuer’s website (<https://iutecredit.com/prospectus/>).

2019/2023 Holders who wish to exchange their 2019/2023 Bonds and their Instruction Offer is accepted, for each 2019/2023 Bond with a nominal value of EUR 1,000.00 will receive ten (10) New Bonds and an amount of cash that corresponds to an exchange fee of one per cent. (1%) of the nominal value of each exchanged 2019/2023 Bond, to the unpaid accrued interest for each exchanged 2019/2023 Bond, and to the difference between the issue price of each New Bond and its nominal value.

Pricing details

The offer price per one New Bond (the “**Offer Price**”) will range between 96.5% and 99.5% and will be communicated to investors on 31 March 2023 in a pricing notice (the “**Pricing Notice**”).

Conditions of the Offering

The Offering is subject to the Minimum Offer Condition. “Minimum Offer Condition” shall occur if, at the expiration of the Offer Period, Subscription Undertakings (as defined below) have not been placed sufficient for the sale of at least the Minimum Offer Amount, the Offering will be withdrawn.

“**Subscription Undertakings**” shall mean the orders submitted by investors to acquire a certain amount of New Bonds. 2019/2023 Holders who wish to exchange their 2019/2023 Bonds can do so by submitting their exchange instructions (the “**Exchange Instructions**”) and those who wish to use the Option to Purchase can do so by submitting their subscription instructions (the “**Subscription Instruction**” and together with the Exchange Instructions the “**Offer Instruction**”). Subscriptions Undertakings and Offer Instructions shall constitute the “**Subscription Offers**”.

Disclosure of the Principal Amount

The aggregate principal amount of the New Bonds is expected to be determined on 31 March 2023 based on the subscription orders received in the course of the Institutional Offering and will be communicated to investors on 31 March 2023 in a pricing notice, which will also contain an indication of the net proceeds of the Offering, the offer price of the New Bonds, which will range between 96.5% and 99.5%, the total aggregate principal amount of the New Bonds and the final Issue Price (the “Pricing Notice”).

The Pricing Notice will be published on the website of the Luxembourg Stock Exchange (www.luxse.com), the Nasdaq Tallinn Stock Exchange (www.nasdaqbaltic.com), the Frankfurt Stock Exchange (www.boerse-frankfurt.de) and the Issuer’s website (<https://iutecredit.com/prospectus/>).

Exchange Offer Period

The period during which Offer Instructions may be made (the “Exchange Period”) begins on 1 March 2023 and ends on 29 March 2023 at 14:00 EET (the “Participation Deadline”).

The Issuer may at any time during the Exchange Period extend or shorten it or withdraw the Exchange Offer.

Offer period of the Cash Offering

The New Bonds may be subscribed for during the period commencing on 6 March 2023 at 10:00 EET and ending on 31 March 2023 at 14:00 EET (the “Offer Period”). The Issuer reserves the right to cancel the Offering or change the terms and conditions thereof as described in this Prospectus.

Indicative timetable of the Offering

Publication of the Exchange Offer Invitation on the Issuer’s website and communication thereof via the Clearing System	1 March 2023
Start of the Exchange Period	1 March 2023
Start of the Offer Period	6 March 2023
End of the Exchange Period	29 March 2023
Announcement of the results of the Exchange Offering	30 March 2023
End of the Offer Period and announcement of the results of the Cash Offering	31 March 2023
Settlement of the Offering	6 April 2023
Commencement of trading	6 April 2023

Distribution and Allocation

The Issuer expects to decide on the allocation of the New Bonds after the expiry of the Exchange Period and the Offer Period and on or about 31 March 2023. The New Bonds will be allocated to the investors participating in the Offering in accordance with the following principles:

- (i) New Bonds shall be first allocated to investors submitting Instruction Offers as part of the Exchange Offering, provided that they are accepted, and subsequently to investors submitting Subscription Undertakings;
- (ii) should an Over-Subscription occur, the Issuer will have the right to reduce or reject individual Subscription Offers under the Offering in its absolute discretion. For the purpose of the preceding sentence, an “Over-Subscription” will occur if the total amount of the Subscription Offers submitted exceeds the aggregate principal amount of the New Bonds offered. In the event of a reduction or rejection of Subscription Offers, investors will be repaid the respective subscription amount, if any. Investors will be informed via their deposit bank to which extent their subscriptions were accepted;
- (iii) the division of New Bonds between the retail and institutional investors has not been predetermined. The Issuer will determine the exact allocation in its sole discretion;
- (iv) under the same circumstances, all investors shall be treated equally, whereas depending on the number of investors and interest towards the Offering, the Issuer may set minimum and maximum number of

- the New Bonds allocated to one investor; which will apply equally to both – the retail investors and the institutional investors;
- (v) the allocation shall be aimed to create a solid and reliable investor base for the Issuer;
 - (vi) the Issuer shall be entitled to prefer its existing Shareholders and bondholders of the Issuer to other investors;
 - (vii) possible multiple Subscription Undertakings submitted by an investor shall be merged for the purpose of allocation; and
 - (viii) each investor entitled to receive the New Bonds shall be allocated a whole number of New Bonds and, if necessary, the number of New Bonds to be allocated shall be rounded down to the closest whole number. Any remaining New Bonds which cannot be allocated using the above-described process will be allocated to investors on a random basis.

The Issuer expects to announce the results of the Offering and the allocation on or about 31 March 2023 through the information systems of the Nasdaq Tallinn Stock Exchange and the Frankfurt Stock Exchange and through the Issuer's website (<https://iutecredit.com/prospectus/>). The results of the Offering will be notified vis-à-vis the CSSF.

Settlement

The New Bonds allocated to investors are expected to be transferred to their securities accounts on or about 6 April 2023 (i) through the "delivery versus payment" method if subscribed via financial institutions, simultaneously with the transfer of payment for such New Bonds on terms announced for the Offering or (ii) through the "free of payment" method if exchanged in the context of the Exchange Offering. The title to the New Bonds will pass to the relevant investors when the New Bonds are transferred to their securities accounts.

Listing and Admission to Trading

The Issuer will, simultaneously with the Offering, apply for the listing and for the admission to trading of the New Bonds on the Baltic regulated market of Nasdaq Tallinn Stock Exchange and on the Frankfurt Stock Exchange's regulated market (General Standard), segment for bonds of Deutsche Börse AG. The expected date of listing and the admission to trading of the New Bonds is on or about 6 April 2023.

While every effort will be made and due care will be taken by the Issuer in order to ensure the listing and the admission to trading of the New Bonds, the Issuer cannot ensure that the New Bonds are listed and admitted to trading on the Nasdaq Tallinn Stock Exchange's or on the Frankfurt Stock Exchange's regulated markets.

Expenses

Total expenses of the issue are expected to amount to EUR 1,500,000 assuming full placement of the New Bonds in the principal amount of EUR 50,000,000. The investors will not be charged by the Issuer any costs, expenses or taxes.

Why is this Prospectus being produced ?

The New Bonds form part of the Issuer's debt financing on the capital markets and this Prospectus has been prepared for the purposes of exchanging the 2019/2023 Bonds for the New Bonds and of generating proceeds, if any, from the issuance of the New Bonds.

The New Bonds will be delivered to the 2019/2023 Holders in exchange for their 2019/2023 Bonds. The net proceeds of the New Bonds, if any, will be used by the Group to redeem the untendered 2019/2023 Bonds, if any, by 7 August 2023 at the latest. The final amount of net proceeds, if any, will be communicated to investors in the Pricing Notice.

The issue of the New Bonds is not subject to an underwriting agreement.

There are no material conflicts of interest pertaining to the admission of the New Bonds to trading on the Frankfurt Stock Exchange's regulated market and on the Nasdaq Tallinn Stock Exchange's regulated market.

II. RISK FACTORS

Below is the description of risk factors that are material for the assessment of the market risk associated with the New Bonds and risk factors that may affect each of the Issuer's ability to fulfil its obligations under the New Bonds and, as applicable, the Guarantors' ability to fulfil their obligations under the Guarantee. Any of these risks could have a material adverse effect on the financial condition and results of operations of the Group. The market price of the New Bonds could decline due to any of these risks, and investors could lose all or part of their investments.

Potential investors should carefully consider the specific risk factors outlined below in addition to all other information in this Prospectus and consult with their own professional advisors should they deem it necessary before deciding upon the purchase of the New Bonds. In addition, investors should bear in mind that several of the described risks can occur simultaneously and those have, possibly together with other circumstances, a material adverse impact on the Group's business activities, financial conditions and result of operations. Additional risks, of which the Issuer is not presently aware, could also affect the business operations of the Group and have a material adverse effect on the Group's business activities and financial condition and results of operations.

In each category below the Issuer sets out first the most material risks, in its assessment. The assessment of the materiality of each risk factor based on the probability of its occurrence and the expected magnitude of its negative impact is disclosed by rating the relevant risk as, low, medium or high.

Potential investors should, among other things, consider the following:

1. RISK FACTORS RELATING TO THE ISSUER, THE GROUP AND OUR BUSINESS

The Guarantors are part of the Group. Accordingly, the Issuer and the Guarantors are affected, substantially, by the same risks as those that affect the business and operations of the entire Group. Therefore, references in this section to the Group shall include references to the Issuer and all Guarantors (if applicable). In relation to the Issuer and each Guarantor, no additional risks occur.

a. Risks relating to the Group's business activities and industry

We have a limited operating history in an evolving industry, which makes it difficult to evaluate our future prospects and may increase the risk that we will not be successful

We have a limited operating history in an evolving industry that may not develop as expected. Assessing our business and future prospects is challenging in light of the risks and difficulties we may encounter. These risks and difficulties include our ability to:

- increase the number and total volume of loans we extend to our customers, while managing our credit risk;
- improve the terms on which we provide loans to our customers as our business becomes more efficient;
- increase the effectiveness of our direct marketing;
- increase partnership and brokerage network;
- successfully develop and deploy new products;

- favorably compete with other companies that are currently in, or may in the future enter, the business of consumer lending;
- successfully navigate economic conditions and fluctuations in credit markets;
- effectively manage the growth of our business;
- respond to regulatory developments;
- successfully integrate new acquisitions; and
- successfully expand our business into new markets.

We may not be able to successfully address these risks and difficulties, which could have a material adverse effect on our business, financial condition, results of operations, prospects or cash flows.

Risk rating: Medium.

We may face difficulties in assessing the credit risk of potential borrowers

Despite our credit scoring and vehicle valuation models, we may be unable to correctly evaluate the current financial condition of each prospective customer and determine his or her creditworthiness and/or value of the collateral. Our lending decisions are based partly on information provided to us by applicants. Prospective customers may fraudulently provide us with inaccurate information upon which, if not alerted to the fraud, we may base our credit scoring. Any failure to correctly assess the credit risk of potential customers, due to failure in our evaluation of the customer or incorrect information fraudulently provided by the customer, may have a material adverse effect on our business, financial condition, results of operations, prospects or cash flows and may even invoke regulatory sanctions (including imposition of fines and penalties, suspension of operations, or revocation of our licenses).

We utilize a variety of credit scoring criteria, monitor the performance of our loan portfolios and maintain an allowance for estimated losses on loans and advances (including interest fees) at a level estimated to be adequate to absorb expected credit losses. Our allowances for doubtful debts are estimates and if circumstances or risks arise that we do not identify or anticipate when developing our credit scoring model, the level of our non-performing assets and write-offs could be greater than expected. Actual losses may materially exceed the level of our allowance for impairment losses, which may have a material adverse effect on our business, financial condition, results of operations, prospects or cash flows.

In addition, factors beyond our control, such as the impact of macroeconomic trends, political events or adverse events affecting our key jurisdictions, or natural disasters, may result in an increase in non-performing assets. Our allowances for doubtful debts may not be adequate to cover an increase in the amount of non-performing assets or any future deterioration in the overall credit quality of our total portfolio. If the quality of our total portfolio deteriorates, we may be required to increase our allowances for doubtful debts, which may have a material adverse effect on our business, financial condition, results of operations, prospects or cash flows.

Risk rating: Medium.

Our operations in various countries subject us to foreign exchange risk

We operate in various jurisdictions and provide loan products in local non-Euro currencies: the Bulgarian Lev (“BLV”), the Moldavian Leu (“MDL”), the Albanian Lek (“ALL”), the Bosnia and Herzegovinian Convertible Mark (“BAM”) and the North Macedonian Denar (“MKD”). Thus, our results of operations are exposed to foreign exchange rate fluctuations. Although we regularly monitor our open foreign currency positions, and manage them by evaluating potential economically viable financial instruments we are still subject to certain shifts in currency valuations. Any failure to manage foreign exchange risk may have a material adverse effect on our business, financial condition, results of operations, prospects or cash flows.

Risk rating: Medium.

We are dependent upon our information technology systems to conduct our business operations

Our operations are significantly dependent on highly complex information technology (“IT”) systems. The loan underwriting process is mainly performed automatically by IT systems developed internally by us and used at various stages of the underwriting process, including customer registration, application, credit scoring and digital signing. For online identity verification we use an external IT system. In addition, bank transfers are completed online and reminder e-mails are automatically processed and sent to customers. If any IT system at any stage of the loan underwriting process were to fail, any or all stages of the underwriting process could be affected and customer access to our websites and products could be disrupted. Any disruption in our loan engine system would prevent customers from applying for loans, which would hinder our ability to conduct business and have a material adverse effect on our business, financial condition, results of operations, prospects or cash flows.

In addition, IT systems are vulnerable to a number of problems, including computer viruses, unauthorized access, physical damage to vital IT centers and software or hardware malfunctions. Any interruption in, or security breach of, our IT systems, could have a material adverse effect on our operations, such as the ability to serve our customers in a timely manner, accurately record financial data and protect us and our customers from financial fraud or theft. If our operations are compromised, our reputation and customer confidence in our business may deteriorate and we may suffer significant financial losses, any of which may have a material adverse effect on our business, financial condition, results of operations, prospects or cash flows.

Moreover, our IT strategy is based on utilizing in our view the most sophisticated technologies and solutions available on the market. Therefore, we intend to continue making substantial investments in our IT systems and to adapt our operations and software to support current and future growth. We are required to continually upgrade our global IT system, and any failure to carry out such upgrades efficiently may result in the loss or impairment of our ability to do business or in additional remedial expense. In addition, there can be no assurance that we will be able to keep up to date with the most recent technological developments due to financial or technical limitations. Any inability to successfully develop or complete planned upgrades of our IT systems and infrastructure or to adapt our operations and software may have a material adverse effect on our business, financial condition, results of operations, prospects or cash flows.

Risk rating: Medium.

The continued expansion of our loan portfolio depends, to an increasing extent, upon our ability to obtain adequate funding

Our growth depends, to a significant extent, on our ability to obtain adequate funding from a variety of sources such as the international capital markets, marketplace platforms and bank facilities. It is possible that these sources of financing may not be available in the future in the amounts we require, or they may be prohibitively expensive and/or contain overly onerous terms. European and international credit markets have experienced, and may continue to experience, high volatility and severe liquidity disruptions, such as those that took place following the international financial and economic crisis in 2008-2009, and more recently, the European sovereign debt crisis. These and other related events have had a significant impact on the global financial system and capital markets, and may make it increasingly expensive for us to diversify our funding sources and refinance our debt if necessary. Increased funding costs or greater difficulty in diversifying our funding sources may negatively impact our ability to sufficiently finance the expansion of our business operations, which may have a material adverse effect on our business, financial condition, results of operations, prospects or cash flows.

Risk rating: Medium.

Our business depends on services provided by third parties such as banks, local consumer credit agencies, IT services providers and debt-collection agencies

We advance loans to customers and collect repayments from customers using local bank accounts. Our continuing relationships with the banks with which we maintain accounts and with which we may in the future establish direct debit arrangements are critical to our business.

We contact consumer credit agencies and use other publicly available data sources in the jurisdictions in which we operate to verify the identity and creditworthiness of potential customers. Should access to such information be restricted or disrupted for any period of time, or should the rates we are charged for access to such information significantly increase, we may not be able to complete automatic credit scoring checks, especially to our new customers whose financial data and loan performance is unknown to us, in a timely manner or at all. This could impede our ability to process applications and issue loans and/or increase our cost of operation.

Risk rating: Medium.

Our current interest rate spread may decline in the future, which could reduce our profitability

We earn a substantial majority of our income from interest payments and fees on the loans we make to our customers. Bonds issuance in the international capital markets and other funding sources provide us with the capital to fund these loans and charge us interest on those borrowings. In the event that the spread between the rate at which we lend to our customers and the rate at which we raise debt funding or pay from our depositors decreases, our financial results and operating performance will suffer. The interest rates we charge to our customers and pay to our lenders could each be affected by a variety of factors, including access to capital based on our business performance, the volume of loans we make to our customers, competition and regulatory requirements. These interest rates may also be affected by a change over time in the mix of the types of products we sell to our customers and investors. Interest rate changes may adversely affect our business forecasts and expectations and are highly sensitive to many macroeconomic factors beyond our control, such as inflation, the

level of economic growth, the state of the credit markets, changes in market interest rates, global economic disruptions, unemployment and the fiscal and monetary policies of the jurisdictions in which we operate. Any material reduction in our interest rate spread could have a material adverse effect on our business, financial condition, results of operations, prospects or cash flows.

Risk rating: Medium.

Owning Energbank is exposing us to additional regulatory and operational burdens

Following the acquisition of Energbank, we became and continue to be exposed to new, or to changes in existing, laws or regulations in the banking sector, including the interpretation and application thereof. Moreover by acquiring Energbank, we are facing the challenge of integrating existing business operations within our own operations. The integration of Energbank, together with any regulatory changes, may significantly impact the capital resources and requirements of Energbank and, therefore, could have a material adverse effect on our business, results of operations and financial condition, by requiring us to enter into business transactions which are not otherwise part of our current group strategy, restricting the type or volume of the transactions we may enter into, set limits on or require the modification of rates or fees that we charge on loans or other financial products. We may also be faced with increased compliance costs and material limitations on our ability to pursue business opportunities, which may, in turn, have a material adverse effect on our business, financial condition, results of operations, prospects or cash flows.

Risk rating: Medium.

Our ability to recover outstanding debt may deteriorate if there is an increase in the number of our customers facing personal insolvency procedures

Various economic trends and potential changes to existing legislation may contribute to an increase in the number of customers subject to personal insolvency procedures. Under some insolvency procedures, a person's assets may be sold to repay creditors; a majority of our loans, however, are unsecured, and we are often unable to collect on such loans. The ability to successfully collect on our loans may decline with an increase in personal insolvency procedures or a change in insolvency laws, regulations, practices or procedures, which may have a material adverse effect on our business, financial condition, results of operations, prospects or cash flows.

Risk rating: Low.

Rapid growth and expansion may place significant strain on our managerial and operational resources and could be costly

We have experienced substantial growth and development in a relatively short period of time, although our strategy is to grow profitably our business may continue to grow substantially in the future. This growth has placed and may continue to place significant demands on our management and our operational and financial infrastructure. Expanding our products or entering into new jurisdictions with new or existing products can be costly and may require significant management time and attention. Additionally, as our operations grow in size, scope and complexity and our product offerings increase, we will need to upgrade our systems and infrastructure to offer an increasing number of customers enhanced solutions, features and functionality. The expansion of our systems and infrastructure will require us to commit substantial financial, operational and technical resources in advance of an increase in the volume of business, with no assurance that the volume of business will ultimately increase.

Continued growth could also strain our ability to maintain reliable service levels for our customers, develop and improve our operational, financial and management controls, develop and enhance our legal and compliance controls and processes, enhance our reporting systems and procedures and recruit, train and retain highly skilled personnel. Managing our growth will require, among other things, continued development of financial and management controls and IT systems; increased marketing activities; hiring and training of new personnel; and the ability to adapt to changes in the markets in which we operate, including changes in legislation, incurrence of additional taxes, increased competition and changes in the demand for our services. Rapid growth and expansion may be costly, and may strain our managerial and operational resources; any difficulties encountered in managing our growth may have a material adverse effect on our business, financial condition, results of operations, prospects or cash flows.

Risk rating: Low.

Damage to our reputation and brand or a deterioration in the quality of our service may impede our ability to attract new customers and retain existing customers

Our ability to attract new customers and retain existing customers depends in part on our brand recognition and our reputation for and delivery of high quality services. Our reputation and brand may be harmed if we encounter difficulties in the provision of new or existing services, whether due to technical difficulties, changes to our traditional product offerings, financial difficulties, regulatory sanctions, or for any other reason. Damage to our reputation and brand, or a deterioration in the quality of our service, may have a material adverse effect on our business, financial condition, results of operations, prospects or cash flows.

Risk rating: Low.

The international scope of our operations may contribute to increased costs

We currently operate in 5 jurisdictions and, as part of our business strategy, we aim to continue pursuing attractive business opportunities in new jurisdictions. Although we analyze and carefully plan our international expansion and strictly control our investments, such expansion increases the complexity of our organization and may result in additional administrative costs (including costs relating to investments in IT), operational risk (including risks relating to management and control of cash flows and management and control of local personnel), other regulatory risk (including risks relating to non-compliance with data protection, anti-money laundering and local laws and regulations) and other challenges in managing our business. Any unforeseen changes or mistakes in planning or controlling our operations in these respects may have a material adverse effect on our business, financial condition, results of operations, prospects or cash flows.

Risk rating: Low.

The introduction of our new products and services may not be successful

As part of our business strategy, we may develop and introduce products and services that complement our current lending proposition. For example, in January 2019, we launched our new product, the Mastercard by luteCredit Macedonia DOOEL–Skopje in North Macedonia only for the time being. This card is available immediately upon the approval of any loan application and it offers a unique vertical look on the current market. The Mastercard product offers, among others, the possibility to withdraw money from all ATMs around North Macedonia and rest of the world. However, we cannot guarantee these pilot products will be developed into permanent product offerings or that we will launch any other new products.

We can also offer no assurance that any products or services that we introduce will be successful once they are offered to our current or future customers. We may not be able to adequately anticipate our target customers' needs or desires, which could change over time rendering certain of our products and services obsolete. We may face difficulties in making these products and services profitable and may incur significant costs in connection with such products. Moreover, our introduction of additional financial products or services could subject us to additional regulation or regulatory oversight by governmental authorities. Any of these factors may have a material adverse effect on our business, financial condition, results of operations, prospects or cash flows.

Risk rating: Low.

Our business depends on marketing affiliates to assist us in obtaining new customers

We are dependent on marketing affiliates as a source for new customers. Our marketing affiliates place our advertisements on their websites, which, in turn, direct potential customers to our websites. As a result, the success of our business depends substantially on the willingness and ability of marketing affiliates to provide us customer leads at acceptable prices.

The failure of our marketing affiliates to comply with applicable laws and regulations, or any changes in laws and regulations applicable to marketing affiliates or changes in the interpretation or implementation of such laws and regulations, could have an adverse effect on our business and could increase negative perceptions of our business and industry. Also, certain changes in our online marketing affiliates' internal policies or privacy rules could limit our ability to advertise online. Additionally, the use of marketing affiliates could subject us to additional regulatory cost and expense. Any restriction on our ability to use marketing affiliates may have a material adverse effect on our business, financial condition, results of operations, prospects or cash flows.

Risk rating: Low.

A decrease in demand for our financial products and failure by us to adapt to such decrease could result in a loss of income

Our income is primarily based on short-term consumer lending. Accordingly, any decrease in demand for our products could have a significant impact on our income. A variety of factors could influence demand for our products, such as increased availability or attractiveness of competing financial products, changes in consumer sentiment and spending or borrowing patterns, regulatory restrictions that inhibit customer access to particular financial services, and changes in the financial condition of our customers that cause them to seek loans with longer maturities and/or larger size from other lending institutions or, alternatively, to exit the lending market entirely. Should we fail to adapt to a significant change in customer demand for, or access to, our products and services, our income could decrease significantly and our on-going business operations could be adversely affected. Even if we do adapt our existing products or introduce new products to meet changing customer demand, customers may resist or reject such products. The effect of any product diversification or change on the results of our business may not be fully ascertainable until the change has been in effect for some time. All of these factors may result in a loss of income and may have a material adverse effect on our business, financial condition, results of operations, prospects or cash flows.

Risk rating: Low.

We may be unable to protect our proprietary technology or keep up with that of our competitors and we may become subject to intellectual property disputes, which are costly to defend and could harm our business and operating results

The success of our online and mobile lending business depends to a significant degree upon the protection of our software and other proprietary intellectual property rights. We may be unable to deter misappropriation or other unauthorized use of our proprietary information or take appropriate steps to enforce our intellectual property rights. In addition, competitors could, without violating our proprietary rights, develop technologies that are as good as or better than our technology. Failure to protect our software and other proprietary intellectual property rights or to develop technologies that are as good as our competitors' could put us at a competitive disadvantage. Any such failures may have a material adverse effect on our business, financial condition, results of operations, prospects or cash flows.

From time to time, we may face allegations that we have infringed trademarks, copyrights, patents or other intellectual property rights of third parties, including from our competitors. Patent and other intellectual property litigation may be protracted and expensive, and the results are difficult to predict and may require us to stop offering certain products or product features, acquire licenses which may not be available at a commercially reasonable price or at all, or modify our products, product features, processes or websites while we develop non-infringing substitutes. Such events may have a material adverse effect on our business, financial condition, results of operations, prospects or cash flows.

Risk rating: Low.

We are subject to cyber security risks and security breaches and may incur increasing costs in an effort to minimize those risks and respond to cyber incidents

Our business involves the storage and transmission of customers' proprietary information, and security breaches could expose us to a risk of loss or misuse of this information, litigation and potential liability. We are entirely dependent on the secure operation of our websites and systems, and the websites and systems of our data center providers, as well as on the operation of the internet generally. While we experience cyber-attacks or security breaches from time to time, we have incurred no significant material cyber-attacks or security breaches to date, a number of other companies have disclosed cyber-attacks and security breaches, some of which have involved intentional attacks. Attacks may be targeted at us, our customers and/or our data center providers. Although we and our data center providers devote resources to maintain and regularly upgrade our systems and processes that are designed to protect the security of our computer systems, software, networks and other technology assets and the confidentiality, integrity and availability of information belonging to us and our customers, there is no assurance that these security measures will provide absolute security. Despite our efforts to ensure the integrity of our systems and our data center providers' efforts to ensure the integrity of their systems, effective preventive measures against all security breaches may not be anticipated or implemented, especially because the techniques used change frequently or are not recognized until launched, and because cyber-attacks can originate from a wide variety of sources, including third parties outside the Group such as persons who are involved with organized crime or associated with external service providers or who may be linked to terrorist organizations or hostile foreign governments. These risks may increase in the future as we continue to increase our mobile and other internet-based product offerings and expand our internal usage of web-based products and applications or expand into new countries. If an actual or perceived breach of security occurs, customer and/or supplier perception of the effectiveness of our security measures could be harmed and could result in the loss of customers, suppliers or both. Actual or anticipated attacks and risks

may cause us to incur increased costs, including costs to deploy additional personnel and protection technologies, train employees or engage third party experts and consultants.

A successful penetration or circumvention of our security systems or the security system of our data center providers could cause serious negative consequences to our business, including significant disruption of our operations, misappropriation of our confidential information or that of our customers or damage to our computers or systems or those of our customers and counterparties, and could result in violations of applicable privacy and other laws, financial loss to us or to our customers, loss of confidence in our security measures, customer dissatisfaction, significant litigation exposure and reputational harm, all of which could have a material adverse effect on us. In addition, most of our applicants provide personal information, including bank account information when applying for consumer loans. We rely on encryption and authentication technology licensed from third parties to provide the security and authentication to effectively secure transmission of confidential information, including customer bank account and other personal information. Advances in computer capabilities, new discoveries in the field of cryptography or other developments may result in the breach or compromise of the technology used by us to protect transaction data. Data breaches can also occur as a result of non-technical issues.

Our servers are also vulnerable to computer viruses, physical or electronic break-ins, and similar disruptions, including “denial-of-service” type attacks. We may need to expend significant resources to protect against security breaches or to address problems caused by breaches. Security breaches that result in the unauthorized release of customers’ personal information could damage our reputation and expose us to a risk of loss or litigation and possible liability. In addition, many of the third parties who provide products, services or support to us could also experience any of the cyber risks or security breaches described above, which could impact our customers and our business and could result in a loss of customers, suppliers or income.

Any of these events could result in a loss of income and may have a material adverse effect on our business, financial condition, results of operations, prospects or cash flows.

Risk rating: Low.

Our success is dependent upon our management and employees and our ability to attract and retain qualified employees

Our success depends on our management and employees who possess highly specialized knowledge and experience in IT and the development of the consumer lending business. Many members of our senior management team possess significant experience in the consumer lending industry and knowledge of the regulatory and legal environments in the markets in which we operate, and we believe that our senior management would be difficult to replace. The market for qualified individuals is highly competitive and labor costs for the hiring and training of new employees are increasing. Accordingly, we may not be able to attract and/or retain qualified managers or IT specialists, which may have a material adverse effect on our business, financial condition, results of operations, prospects or cash flows.

Risk rating: Low.

The preparation of our consolidated financial statements under IFRS and certain tax positions taken by us require the judgment of management, and we could be subject to risks associated with these judgments or could be adversely affected by the implementation of new, or changes in the interpretation of existing, accounting standards, financial reporting requirements or tax rules

We prepare our consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (“IFRS”). IFRS and its interpretations are subject to change over time. If new accounting standards or interpretations of or amendments to existing accounting standards require us to change our financial reporting, our results of operations and financial condition could be materially adversely affected, and we could be required to restate historical financial reporting.

The preparation of our consolidated financial statements in conformity with IFRS requires the board of directors and other management personnel to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities, at the dates of the consolidated financial statements, and the reported amounts of income and expenses in the reporting periods. It also requires our board of directors and other management personnel to exercise their judgment in the application of our accounting policies. There is a risk that such estimates, assumptions or judgments by the board of directors and other management personnel do not correctly reflect the actual financial position of the Group.

In addition, management’s judgment is required in determining the provision for income taxes, the levels of deferred tax assets and liabilities and any valuation allowance recorded against deferred tax assets, along with our approach to matters concerning withholding tax and value added tax. We regularly assess the adequacy of our tax provisions. If required, we also seek advice from external tax advisors. There can be no assurance as to the outcome of these decisions, or to the quality of advice we receive. From time to time, we may become subject to tax audits in the jurisdictions in which we operate. Furthermore, the tax laws and regulations, including the interpretation and enforcement thereof, in the jurisdictions in which we operate may be subject to change. As a result, we may face increases in taxes payable if tax rates increase, or if tax laws or regulations are modified in an adverse manner. Any additional or increased tax payments may have a material adverse effect on our business, financial condition, results of operations, prospects or cash flows.

Risk rating: Low.

If we fail to geographically diversify and expand our operations and customer base, our business may be adversely affected

Several countries in which we operate generate a significant share of our income. As a result, we are exposed to country-specific risks with respect to such national markets. In such markets, a dissatisfaction with our products, a revocation of our operating license, a decrease in customer demand, a failure to successfully market our new and existing products or the failure to further expand our customer base and retain our existing customer base may have a material adverse effect on our business, financial condition, results of operations, prospects or cash flows. While we continue to seek opportunities to expand our operations into new markets, there can be no guarantee that such efforts of diversification will be successful. Failure to geographically diversify and expand our operations and customer base could have a material adverse effect on our business, financial condition, results of operations, prospects or cash flows.

Risk rating: Low.

Failure to keep up with the rapid changes in e-commerce and the uses and regulation of the Internet could harm our business

The business of providing products and services such as ours over the Internet is dynamic and relatively new. We must keep pace with rapid technological change, consumer use habits, Internet security risks, risks of system failure or inadequacy and governmental regulation and taxation. Local regulators may have divergent interpretations as to the classification of our services provided online, which may result in the reclassification of our services into e-money, payment or other services requiring a separate license. In addition, concerns about fraud, computer security and privacy and/or other problems may discourage additional customers from adopting or continuing to use the Internet as a medium of commerce, and each of these factors could adversely impact our business.

Risk rating: Low.

Negative public perception of our business could cause demand for our products to significantly decrease

In recent years, there has been an increase in negative media coverage relating to short-term and single-payment loans of the type we offer. Certain consumer advocacy groups, as well as politicians and government officials in various jurisdictions where we operate, have advocated governmental action designed to place severe restrictions on the activities of short-term consumer lenders such as ourselves. The fees and/or interest charged by us and others in the industry attract media publicity about the industry and can be perceived as controversial. The negative characterization of these types of loans and lending practices could lead to more restrictive or adverse legislative or regulatory changes, which, in turn, may have a material adverse effect on our business, financial condition, results of operations, prospects or cash flows. See *“Our business is highly regulated, and if we fail to comply with existing or newly introduced applicable laws, regulations, rules and guidance, we may be subject to fines or, penalties or limitations, have to exit certain markets or be restricted from carrying out certain operations.”*

In addition, our ability to attract and retain customers is highly dependent upon the success of our marketing campaigns and public reputation, including perceptions of our customer service, integrity, business practices and financial condition. Restrictions on our ability to advertise our products or negative perceptions or publicity regarding short-term lending in general—even if related to seemingly isolated incidents or to practices not specific to short-term loans, such as debt collection—could erode trust and confidence in us and damage our reputation among existing and potential customers, which could make it difficult for us to maintain or expand our customer base or could reduce the demand for our products and services, both of which may have a material adverse effect on our business, financial condition, results of operations, prospects or cash flows.

Risk rating: Low.

If internet search engine providers change their methodologies for organic rankings or paid search results, or our organic rankings or paid search results decline for other reasons, our ability to attract new customers or to expand the volume of business from returning customers could be adversely affected

Our acquisition marketing for new customers and our relationship management with respect to returning customers are partly dependent on search engines, such as Google, Bing, Yahoo!

and others, directing a significant amount of traffic to our desktop and mobile websites via organic ranking and paid search advertising. Our competitors' paid search activities may result in their sites receiving higher paid search results than ours and/or in a substantial increase to our advertising costs.

Our paid search activities may not produce (and in the past have not always produced) the results we desire. Internet search engines often revise their methodologies, which could adversely affect our organic rankings or paid search results, leading to a decline in our ability to attract new customers or retain existing customers (for example, in July 2016, Google introduced a global policy update that prevented companies offering online loans with a term of less than 60 days from using its advertising services). Such revisions may also cause difficulties for our customers in using our web and mobile sites, or result in more successful organic rankings, paid search results or tactical execution efforts for our competitors, a slowdown in the overall growth in our customer base and the loss of existing customers, as well as higher costs for acquiring returning customers. In addition, search engines could implement policies that restrict the ability of consumer finance companies, such as the Group, to advertise their services and products, which could reduce the likelihood of companies in our industry appearing in a prominent location in organic rankings or paid search results when certain search terms are used by the consumer. Our online marketing efforts are also susceptible to actions by third parties that negatively impact our search results such as spam link attacks, which are often referred to as 'black hat' tactics. Our sites have experienced meaningful fluctuations in organic rankings and paid search results in the past, and we anticipate similar fluctuations in the future. Any reduction in the number of consumers directed to our web and mobile sites may have a material adverse effect on our business, financial condition, results of operations, prospects or cash flows.

Risk rating: Low.

We also outsource certain IT services, such as software development, data center and technical support, to third party providers

Moreover, we generally outsource the collection of debt to debt-collection agencies in the jurisdictions in which we operate. The loss of a key debt-collection agency relationship, or the financial failure of one of our core debt-collection agency partners, could restrict our ability to recover delinquent debt, and there is no guarantee that we could replace a strategic debt-collection agency partner in a timely manner or on favorable terms.

Any inability to maintain existing business relationships with banks, local consumer credit agencies, IT service providers, debt-collection agencies and other third party providers or the failure by these third party providers to maintain the quality of their services or otherwise provide their services to us may have a material adverse effect on our business, financial condition, results of operations, prospects or cash flows.

Risk rating: Low.

New top level domain names may allow for the entrance of new competitors or dilution of our brands, which may reduce the value of our domain name assets

We have invested heavily in promoting our brands, including our website addresses. The Internet Corporation for Assigned Names and Numbers, the entity responsible for administering internet protocol addresses, has introduced, and has proposed the introduction of, additional new domain name suffixes in different formats, many of which may be more attractive than the formats held by us and which may allow the entrance of new competitors at limited cost. It may also permit other operators to register websites with addresses similar

to ours, causing customer confusion and the dilution of our brands, which could materially adversely affect our business, prospects, results of operations and financial condition. Any defensive domain registration strategy or attempts to protect our trademarks or brands may be costly and may ultimately prove unsuccessful, which may have a material adverse effect on our business, financial condition, results of operations, prospects or cash flows.

Risk rating: Low.

Potential union activities could have an adverse effect on our relationship with our workforce

None of our employees are currently covered by a collective bargaining agreement or represented by an employee union. If our employees become represented by an employee union or become subject to a collective bargaining agreement, it may make it more difficult for us to manage our business and to attract and retain new employees and may increase our cost of doing business. If our employees unionize or sign up to a collective bargaining agreement or if other labor-related requirements are imposed on us, we may experience work stoppages and incur higher employee costs, which, in turn, could have a material adverse effect on our business, financial condition, results of operations, prospects or cash flows.

Risk rating: Low.

b. Risks related to the Group's financial situation

Changes in our working capital requirements may adversely affect our liquidity and financial condition

Our working capital requirements can vary significantly from market to market, depending, in part, on differences in demand for used consumer credit. If our available cash flows from operations are not sufficient to fund our on-going cash needs, we would be required to look to our cash balances and available credit facilities to satisfy those needs, as well as potential sources of additional capital. We are, as such, exposed to liquidity risks arising out of the mismatches between the maturities of our assets and liabilities, which may prevent us from meeting our obligations in a timely manner. If short- and, in particular, long-term funding from international capital markets is unavailable or if maturity mismatches between our assets and liabilities occur, this may have a material adverse effect on our business, financial condition, results of operations, prospects or cash flows.

Furthermore, an economic or industry downturn, such as the recent financial and economic downturn in Europe, could increase the level of non-performing loans. A significant deterioration in our debt collection could affect our cash flow and working capital position and could also negatively impact the cost or availability of financing to us.

If our capital resources are insufficient to meet our working capital requirements, we will have to raise additional funds. We may not be able to raise sufficient additional funds on terms that are favorable to us, if at all. If we fail to raise sufficient funds, our ability to fund our operations, take advantage of strategic opportunities or otherwise respond to competitive pressures could be significantly limited, which may have a material adverse effect on our business, financial condition, results of operations, prospects or cash flows. See also *"The continued expansion of our loan portfolio depends, to an increasing extent, upon our ability to obtain adequate funding."*

Risk rating: Medium.

Our substantial level of indebtedness could adversely affect our financial condition, our ability to obtain financing in the future and our ability to fulfill our obligations under the Bonds

We have substantial indebtedness and we may incur additional indebtedness. Our high level of indebtedness could have important consequences for holders of the Bonds. For example, it could:

- make it more difficult for us to satisfy our obligations with respect to the Bonds and our other indebtedness, resulting in possible defaults on and acceleration of such indebtedness;
- require us to dedicate a substantial portion of our cash flow from operations to the payment of principal and interest on our indebtedness, thereby reducing the availability of such cash flows to fund working capital, acquisitions, capital expenditures and other general corporate purposes;
- limit our ability to obtain additional financing for working capital, acquisitions, capital expenditures, debt service requirements and other general corporate purposes;
- limit our ability to refinance indebtedness or cause the associated costs of such refinancing to increase;
- limit our ability to fund change of control offers;
- restrict the ability of our subsidiaries to pay dividends or otherwise transfer assets to us, which could limit our ability to, among other things, make required payments on our debt;
- increase our vulnerability to general adverse economic and industry conditions, including interest rate fluctuations (because a portion of our borrowings may have variable rates of interest); and
- place us at a competitive disadvantage compared to other companies with proportionately less debt or comparable debt at more favorable interest rates who, as a result, may be better positioned to withstand economic downturns.

The high level of our indebtedness and the consequences thereof (as described above) could have a material adverse effect on our business, financial condition and results of operations. We expect to obtain the funds to pay our expenses and to repay our indebtedness primarily from our operations. Our ability to meet our expenses and make these payments thus depends on our future performance, which will be affected by financial, business, economic, regulatory and other factors, many of which we cannot control. Our business may not generate sufficient cash flow from operations in the future and our currently anticipated growth in income and cash flow may not be realized, either or both of which could result in our being unable to repay indebtedness, or to fund other liquidity needs. If we do not have enough funds, we may be required to refinance all or part of our then existing debt, sell assets or borrow more funds, which we may not be able to accomplish on terms acceptable to us, or at all. In addition, the terms of existing or future debt agreements may restrict us from pursuing any of these alternatives.

Risk rating: Medium.

We may face liquidity risks

We are exposed to liquidity risks arising out of the mismatches between the maturities of our assets and liabilities, which may prevent us from meeting our obligations in a timely manner. If short- and, in particular, long-term funding from international capital markets is unavailable or if maturity mismatches between our assets and liabilities occur, this may have a material adverse effect on our business, financial condition, results of operations, prospects or cash flows.

Risk rating: Medium.

We are subject to impairment risk

Our loan portfolio is subject to the risk of impairment. We examine each of our delinquency buckets separately for impairment on a monthly basis and we apply a formula for assessing net impairment losses for each reporting period.

In relation to our growth, our net impairment charges have increased substantially in recent years. In the financial years ended 31 December 2021, 31 December 2020, 31 December 2019 and 31 December 2018, we recorded net impairment charges resulting from allowances for loan impairment of EUR 16,322 thousand, EUR 18,756 thousand, EUR 10,937 thousand and EUR 10,376 thousand respectively, substantially higher than the impairment charge of EUR 3,200 thousand taken in the financial year ended 31 December 2017. In the financial years ended 31 December 2016 and 2015, our net impairment charges were EUR 1,500 thousand and EUR 900 thousand respectively. We attribute a significant portion of this increase in impairment charges to our rapid expansion in existing and new jurisdictions in recent years. As we plan to continue expanding our operations in the future, particularly in new jurisdictions (with the remaining increase due to an increase in the scale of our operations), there is a risk that our impairment charges will continue to rise. Nevertheless, the rising propensity of impairment costs was partly interrupted in 2021. Despite that, we continue to monitor relevant circumstances, including consumer levels, general economic conditions and the market prices for our products, and the potential impact that such circumstances might have on the valuation of our assets. It is possible that changes in such circumstances, or in the numerous variables associated with our judgments, assumptions and estimates made in assessing the appropriate valuation of assets, could in the future require us to further reduce our assets and record related non-cash impairment charges. If we are required to record additional impairment charges, this may have a material adverse effect on our business, financial condition, results of operations, prospects or cash flows.

Risk rating: Medium.

The terms of existing and future financings may impose financial and operating restrictions on us

The terms of existing financings, contain (and the terms of future financings may contain) a number of customary negative and other covenants, including, restricting our ability to do the following, among other things:

- incur more debt;
- change our line of business;
- make dividend payments, stock repurchases and other distributions;

- engage in certain mergers, consolidations and transfers of all or substantially all of our assets;
- make acquisitions of all of the business or assets of, or stock representing beneficial ownership of, any person;
- dispose of certain assets; and
- incur liens.

These covenants and restrictions could limit our ability to fund future operations or make capital expenditures, acquisitions or other investments in the future. Any failure to comply with any of the covenants under our existing and future financings may constitute an event of default under such financings, entitling the lenders to, among other things, terminate future credit availability, increase the interest rate on outstanding debt and/or accelerate the maturity of outstanding obligations. Any such default may have a material adverse effect on our business, financial condition, results of operations, prospects or cash flows.

Risk rating: Medium.

Difficult conditions in the global financial markets and in the economy could have an adverse effect on our business

Although there have been signs of a global economic recovery during the last several years, various concerns remain regarding the ability of certain EU Member States and other countries to continue servicing their sovereign debt obligations or maintain their existing credit ratings. The significant economic stagnation in certain countries in the Eurozone, especially Greece, Ireland, Italy, Portugal, Spain, Slovenia and Cyprus, in part due to the effects of the sovereign debt crisis and corresponding austerity measures in these markets, has added to these concerns. The measures so far implemented to reduce public debt and fiscal deficits have already resulted in lower or negative GDP growth and high unemployment rates in these countries. If the fiscal obligations of these or other countries continue to exceed their respective fiscal revenues, taking into account the reactions of the credit and swap markets, or if the banking systems of these jurisdictions destabilize, the ability of such countries to service their debt in a cost efficient manner could be impaired. We operate in many countries which are likely to be affected by these developments. The continued uncertainty over the outcome of various international financial support programs, the possibility that other countries might experience similar financial pressures, investor concerns about inadequate liquidity or unfavorable volatility in the capital and foreign exchange markets, lower consumer spending, higher inflation or political instability could further disrupt the global financial markets and might adversely affect the economy in general. In addition, the risk remains that a default of one or more countries in the Eurozone, the extent and precise nature of which are impossible to predict, could lead to the expulsion or voluntary withdrawal of one or more countries from the Eurozone or a disorderly break-up of the Eurozone, either of which could significantly disrupt financial markets and possibly trigger another global recession. Such events may have a material adverse effect on our business, financial condition, results of operations, prospects or cash flows.

Risk rating: Medium.

We may be able to incur substantially more debt, including secured debt, which could further exacerbate the risks associated with our substantial level of indebtedness

We may incur substantial additional indebtedness in the future, including secured debt. If new debt is added to our current debt levels, the related risks that we face would increase, and we may not be able to meet all of our debt obligations.

Risk rating: Low.

Our operations could be subject to natural disasters and other business disruptions, which could adversely impact our future income and financial condition and increase our costs and expenses

Our services and operations are vulnerable to damage or interruption from tornadoes, earthquakes, fires, floods, power losses, telecommunications failures, terrorist attacks, acts of war, human errors and similar events. A significant natural disaster, such as a tornado, earthquake, fire or flood, could have a material adverse impact on our ability to conduct business, and our insurance coverage may be insufficient to compensate for losses that may occur. Although we have clear understanding of actions necessary to be taken in case of disaster to recover IT part, acts of terrorism, war, civil unrest, violence or human error could cause disruptions to our business or the economy as a whole. Any of these events could cause consumer confidence to decrease, which could decrease the number of loans we make to customers. Any of these occurrences may have a material adverse effect on our business, financial condition, results of operations, prospects or cash flows.

Risk rating: Low.

Our operations could be affected by conditions in the global and regional financial markets and by global and regional economic conditions, including, in particular, the direct and indirect impacts of the Russian Federation's invasion of Ukraine

The Russian Federation's invasion of Ukraine on 24 February, 2022 and the subsequent implementation of extensive sanctions, including those by the US, UK and the EU on Russia and Russia's counter-measures, exacerbated the energy supply shortages, resulting in further increases in energy and commodity prices as well as increased global inflationary and interest rate pressures. This caused leading central banks around the world to initiate an earlier tightening of their monetary policies than previously anticipated. Even though we have no exposure on those countries, nor there is a material direct risk to our operation, the heightened uncertainty and general downward revision of economic growth forecasts is having and could continue to have adverse effects on global markets. The Russia-Ukraine war, if escalated further, could result in further geopolitical instability, trade restrictions, supply chain disruptions, increases in energy prices and global inflationary pressure, which could in turn have further adverse impacts on the regional and global economic environment.

Risk rating: Low.

Significant, rapid or unforeseen economic or political changes in the economies in which we operate could reduce demand for our products and services and result in reduced income

We operate in a variety of markets in Europe and the Balkans, so-called emerging markets, such as Albania, Bulgaria, Bosnia and Herzegovina, Moldova and North Macedonia. We are considering expanding our business into other new markets should opportunities present themselves. In recent years, certain of the emerging markets where we operate have undergone substantial political, economic and social change. As is typical of emerging or

transitioning markets, they do not possess the full business, legal and regulatory infrastructures that would generally exist in more mature, free market economies, and the business, legal and regulatory infrastructures in these jurisdictions are continuously evolving. See also *“Our business is highly regulated, and if we fail to comply with existing or newly introduced applicable laws, regulations, rules and guidance, we may be subject to fines or penalties, have to exit certain markets or be restricted from carrying out certain operations.”* In addition, the tax and currency legislation in the markets in which we operate are subject to varying interpretations and changes, which can occur frequently. Any disruption of the reform policies and recurrence of political or governmental instability may have a material adverse effect on our business, financial condition, results of operations, prospects or cash flows.

If either our controlling shareholder or one of our ultimate beneficial owners were to become the subject of sanctions, this could have a material adverse effect on our business, including our reputation, and depending on the nature of the sanctions, on our ability (including the ability of the Guarantors) to make payments on the Bonds. Any significant changes in, or a deterioration of, the political or economic environment in regions where we currently operate or will operate in the future could lead to political and economic instability, which may have an adverse effect on investor and consumer confidence and affect consumers’ ability to repay loans and accrued interest. Should the ability of our customers to repay loans and accrued interest be affected, this could restrict our ability to sustain or expand our operations in these countries and could therefore adversely and materially affect our cash flow, liquidity and working capital position. If such a situation were to occur, we may be required to seek additional capital. There is no guarantee that we would be successful in raising additional capital, or that we will be able to do so on a timely basis or on terms which are acceptable to us. If significant political or economic deterioration were to continue, we could face a liquidity shortage, which may have a material adverse effect on our business, financial condition, results of operations, prospects or cash flows.

The future economic direction of the markets in which we operate remains largely dependent upon the effectiveness of economic, financial and monetary measures undertaken by their respective governments, together with tax, legal, regulatory, and political developments. Our failure to manage the risks associated with our operations in emerging markets may have a material adverse effect on our business, financial condition, results of operations, prospects or cash flows.

Risk rating: Low.

c. *Legal and regulatory risk*

Failure to comply with anti-corruption laws, including anti-bribery laws, could have an adverse effect on our reputation and business

While we are committed to doing business in accordance with applicable anti-corruption and anti-bribery laws, we face the risk that any of our operating subsidiaries or their respective officers, directors, employees, agents or business partners may, despite the fact that we do not tolerate or accept any such behavior, take actions or have interactions with persons that violate such anti-corruption laws, or face allegations that they have violated such laws.

Certain countries where we operate pose risks of corruption violations. According to the 2021 Transparency International Corruption Perceptions Index, which evaluates data on corruption in countries throughout the world by ranking countries from 1 (least corrupt) to 180 (most corrupt), key markets for the Group in terms of assets, growth and profitability like Albania,

Bosnia Herzegovina, Bulgaria, Moldova and North Macedonia were ranked 110, 110, 78, 105 and 87 respectively.

While we closely monitor any signs of potential breaches of the law, the effects of corruption on our operations are difficult to predict. However, under certain circumstances, corruption, particularly where it heightens regulatory uncertainty or leads to regulatory changes adverse to our operations or to liability on our part or on the part of our directors or business partners, despite the fact that we do not tolerate or accept any corruption and we intend to comply at any time with all applicable rules and regulations, may result in penalties and sanctions, which may have a material adverse effect on our reputation, business, financial condition, results of operations, prospects or cash flows.

Risk rating: Medium.

The legal and judicial systems in some of our markets of operation are less developed than western European countries

The legal and judicial systems in some of the markets in which we operate are less developed than those of western European countries. Commercial, competition, securities, anti-bribery, personal data protection, company and bankruptcy law (as well as other areas of law) in such countries may be unfamiliar to local judges. Related legal provisions in these jurisdictions have been and continue to be subject to ongoing, and at times unpredictable, changes. Existing laws and regulations in our countries of operation may be applied inconsistently or may be interpreted in a manner that is restrictive and non-commercial. Furthermore, it may not be possible, in certain circumstances, to obtain legal remedies in a timely manner in these countries. The relatively limited experience of a significant number of judges or other legal officials practicing in these markets, specifically with regard to capital markets issues, and questions regarding the independence of the judiciary system in such markets may lead to decisions based on considerations that are not grounded in the law. The enforcement of judgments may also prove difficult, which means that the enforcement of rights through the respective court systems may be laborious, especially where such judgments may lead to business closures or job losses. This lack of legal certainty may adversely affect our business, and may also make it difficult for you to address any claims you may have as an investor.

Risk rating: Medium.

Our business is highly regulated, and if we fail to comply with existing or newly introduced applicable laws, regulations, rules and guidance, we may be subject to fines, penalties or limitations, have to exit certain markets or be restricted from carrying out certain operations

Our operations are subject to regulation by a variety of consumer protection, financial services and other state authorities in various jurisdictions, including, but not limited to, laws and regulations relating to consumer loans and consumer rights protection, debt collection and personal data processing. See “Regulatory Framework.” National and international regulations, as well as plaintiff bars, the media and consumer advocacy groups, have subjected our industry to intense scrutiny in recent years. Failure to comply with existing laws and regulations applicable to our operations, or to obtain and comply with all authorizations and permits required for our operations, or adverse findings of governmental inspections, may result in the imposition of material fines or penalties or more severe sanctions, including preventing us from continuing substantial parts of our business activities, suspension or revocation of our licenses, or in criminal penalties being imposed on our officers.

In several of the jurisdictions where we operate, we also face risks related to the acquisition of licenses to conduct consumer lending services. We are dependent on the authorities to

grant us such required licenses, and in some jurisdictions the licenses are subject to renewal procedures. See *“Regulatory Framework.”* If we fail to comply with the laws and regulations applicable to our business, it may result in us not being able to renew our consumer lending license in one or several jurisdictions. Local regulators may also suspend existing licenses temporarily or revoke them permanently.

Governments may seek to impose new laws, regulatory restrictions or licensing requirements that affect the products or services we offer, the terms on which we offer them, and the disclosure, compliance and reporting obligations we must fulfill in connection with our business. They may also interpret or enforce existing requirements in new ways that could restrict our ability to continue our current methods of operation, including the development of our scoring models, or to expand operations or impose significant additional compliance costs on us. In some cases these measures could even directly limit or prohibit some or all of our current business activities in certain jurisdictions, or render them unprofitable and/or impractical to continue. In addition, they could require us to refund interest and result in a determination that certain loans are not collectable and could cause damage to our brand and our valued customer relationships.

Risk rating: Medium.

Our business is subject to complex and evolving laws and regulations regarding privacy, data protection, and other matters

Our business is subject to a variety of laws and regulations, both nationally and internationally, regarding offering financial services to consumers, anti-money laundering and counter terrorist financing, user privacy issues, including data protection, marketing, disclosures, distribution, electronic contracts and other communications and consumer protection. The introduction of new products or the expansion of our activities in certain jurisdictions may subject us to additional laws and regulations. In addition, the application and interpretation of these laws and regulations are often uncertain, particularly in the new and rapidly evolving e-commerce industry in which we operate, and may be interpreted and applied inconsistently from country to country and may also be inconsistent with our current or past policies and practices. Existing and proposed laws and regulations can be costly to comply with and can delay or impede the development of new products, the expansion into new markets, result in negative publicity, increase our operating costs, require significant management time and attention, and subject us to inquiries or investigations, claims or other remedies, including demands which may require us to modify or cease existing business practices and/or pay fines, penalties or other damages. This may have a material adverse effect on our business, financial condition, results of operations, prospects or cash flows.

Although we continuously educate our employees on applicable laws and regulations in relation to privacy, data protection and other matters, we cannot guarantee that our employees will comply at all times with such laws and regulations. If our employees fail to comply with such laws and regulations in the future, we may become subject to fines or other penalties which may have a negative impact on our reputation and may have a material adverse effect on our business, financial condition, results of operations, prospects or cash flows.

Risk rating: Low.

Failure to comply with anti-money laundering and counter terrorist financing laws could have an adverse effect on our reputation and business

We are subject to anti-money laundering and counter terrorist financing laws and related compliance obligations in all of the jurisdictions in which we do business. We have put in place an anti-money laundering and counter terrorist financing (“**AML/CTF**”) policy and procedures for the Group (including employee trainings) which we apply in all of our countries of operation. However, these policies may not prevent all possible breaches of law. Although company directors in each jurisdiction are responsible for AML/CTF implementations and compliance with relevant local requirements, we have also set up automated systems on a Group level to ensure that we are not used as a means for money laundering or terrorist financing. As a financial institution, we are required to comply with AML/CTF regulations that, depending on the jurisdiction, may be less restrictive than those that apply to banks. As a result, we may get additional comfort of the anti-money laundering checks performed by our customers’ banks when such customers open new bank accounts. If we are not in compliance with relevant AML/CTF laws (including as a result of relying on deficient checks carried out by our customers’ banks), we may be subject to criminal and civil penalties and other remedial measures such as cessation of business or license revocation. Any penalties, remedial measures or investigations into any potential violations of anti-money laundering laws could harm our reputation and may have a material adverse effect on our business, financial condition, results of operations, prospects or cash flows.

Risk rating: Low.

We may be adversely affected by contractual claims, complaints, litigation and negative publicity

We may be adversely affected by contractual claims, complaints and litigation, resulting from relationships with counterparties, customers, competitors or regulatory authorities, as well as by any adverse publicity that we may attract. Any such litigation, complaints, contractual claims, or adverse publicity may have a material adverse effect on our business, financial condition, results of operations, prospects or cash flows.

Defense of any lawsuit, even if successful, could require substantial time and attention of our management and could require the expenditure of significant amounts for legal fees and other related costs. We are also subject to regulatory proceedings, and we could suffer losses from the interpretation of applicable laws, rules and regulations in regulatory proceedings, including regulatory proceedings in which we are not a party. Any of these events could have a material adverse effect on our business, financial condition, results of operations, prospects or cash flows.

Risk rating: Low.

The transposition of the Anti-Tax Avoidance Directive in Luxembourg law could have an impact on our tax position (including our performance)

As part of its anti-tax avoidance package, the EU Commission published a draft Anti-Tax Avoidance Directive on 28 January 2016, which was formally adopted by the EC Council on 12 July 2016 in Council Directive (EU) 2016/1164 (the “**ATAD 1**”).

In this respect, the Luxembourg law dated 21 December 2018 (the “**ATAD 1 Law**”) transposed the ATAD 1 into Luxembourg legislation. The ATAD 1 Law may have an impact on the tax position of the Issuer (including on its performance). Amongst the measures contained in the ATAD 1 Law is an interest deductibility limitation rule.

The interest deduction limitation rule set out by ATAD 1 has been implemented in article 168bis of the Luxembourg income tax law (“LITL”) effective as of 1 January 2019, which restrict, for a Luxembourg taxpayer (such as the Issuer), the deduction of net interest expenses qualifying as “excess borrowing costs” to the higher of (i) 30 per cent. of the taxpayer’s EBITDA (defined as the taxpayer’s total net income increased by the amount of its excess borrowing costs, depreciation and amortisation), and (ii) €3 million.

Excess borrowing costs are defined as the amount by which the deductible borrowing costs of a taxpayer exceeds the taxpayer’s taxable interest revenues and other economically equivalent taxable income of the taxpayer. Excess borrowing costs not deductible in a tax period can be carried forward indefinitely. The same applies to a taxpayer’s excess interest capacity which cannot be used in a given tax period (however, such excess interest capacity can only be carried forward for a maximum period of 5 years).

If ATAD 1 should result in the refusal of the tax deductibility of a portion of the interest accrued or paid under the Bonds, the tax position as well as the performance of the Issuer could be impacted due to the potential increase of its taxable basis.

Risk rating: Low.

d. Internal control risk

The interests of our beneficial owners may conflict with those of the Holders

The Group is ultimately controlled by several individuals (see “*Information about the Group – Beneficial ownership*”). These individuals have and will continue to have the power to affect the legal and capital structure and the day-to-day operations of the Group, as well as the ability to elect and change the management team and approve other changes to the Group’s operations. The interests of the ultimate beneficial owners may, in some circumstances, conflict with the interests of the Holders, particularly if the Group encounters financial difficulties or if we are unable to pay our debts as they become due. The ultimate beneficial owners could also have an interest in pursuing financings or other transactions which, in their judgment, could enhance their equity investment, although such transactions might increase the Group’s indebtedness, require the Group to sell assets or otherwise impair our ability to make payments under the Bonds. Any potential conflict between the interests of the indirect controlling shareholder or the ultimate beneficial owners, on the one hand, and Holders, on the other hand, may have a material adverse effect on the value of the Bonds.

Risk rating: Low.

2. RISK FACTORS RELATING TO THE BONDS; THE TRANSACTION SECURITIES; THE GUARANTEES AND THE SECURITY AGENT AGREEMENT; AND THE EXCHANGE OFFER

a. Risks related to the nature of the Bonds

We may not be able to generate sufficient cash to service all of our indebtedness, including the Bonds, and may be forced to take other actions to satisfy our obligations under our debt agreements, which may not be successful.

Our ability to make scheduled payments on or refinance our debt obligations depends on our financial condition and operating performance, which is subject to prevailing economic and competitive conditions and to certain financial, business and other factors beyond our control. We may not be able to maintain a level of cash flows from operating activities sufficient to

permit us to pay the principal, premium, if any, and interest and additional amounts, if any, on our indebtedness, including the borrowings under the Bonds offered hereby.

If our cash flows and capital resources are insufficient to fund our debt service obligations, we may be forced to reduce or delay investments and capital expenditures, or to sell assets, seek additional capital or restructure or refinance our indebtedness, including our indebtedness under the Bonds offered hereby. Our ability to restructure or refinance our debt will depend on the condition of the capital markets and our financial condition at such time. Any refinancing of our debt could be at higher interest rates and may require us to comply with more onerous borrowing covenants, which could further restrict our business operations. The terms of existing or future debt instruments may restrict us from adopting some of these alternatives. These alternative measures may not be successful and may not permit us to meet our scheduled debt service obligations. In addition, any failure to make payments of interest and principal on our outstanding indebtedness on a timely basis would likely result in a reduction of our credit rating, which could harm our ability to incur additional indebtedness.

If we cannot make scheduled payments on our debt:

- the holders of our debt could declare all outstanding principal and interest to be due and payable;
- the holders of our secured debt, to the extent we have any, could commence foreclosure proceedings against our assets;
- we could be forced into bankruptcy or liquidation; and
- you could lose all or part of your investment in the Bonds.

Risk rating: Medium.

We may be unable to repay or repurchase the Bonds at maturity

At maturity, the entire principal amount of the Bonds, together with accrued and unpaid interest, will become due and payable. We may not have the ability to repay or refinance these obligations. If the maturity date occurs at a time when other arrangements prohibit us from repaying the Bonds, we could try to obtain waivers of such prohibitions from the lenders and holders under those arrangements, or we could attempt to refinance the borrowings that contain the restrictions. If we fail to obtain the waivers or refinance these borrowings, we would be unable to repay the Bonds.

Risk rating: Medium.

Relevant insolvency and administrative laws may not be as favorable to creditors, including Holders, as insolvency laws of the jurisdictions in which you are familiar and may limit your ability to enforce your rights under the Bonds and the Guarantees and the Issuer and the Guarantors are subject to risks relating to the location of their center of main interest (“COMI”)

The Issuer is incorporated in the Grand Duchy of Luxembourg and the Guarantors are incorporated or organized in Albania and Estonia. Some of our subsidiaries may be in the future incorporated or organized in jurisdictions other than those listed above and are subject to the insolvency laws of such jurisdictions. The insolvency laws of these jurisdictions may not be as favorable to your interests as creditors as the bankruptcy laws of certain other jurisdictions and your ability to receive payment under the Bonds may be more limited than would be the case under such bankruptcy laws. See *“Limitations on Validity and Enforceability*

of the Guarantees, Transaction Security Documents and the Bonds and Certain Insolvency Considerations.”

In addition, there can be no assurance as to how the insolvency laws of these jurisdictions will be applied in relation to one another. In the event that the Issuer, any of the Guarantors or any other of our subsidiaries experienced financial difficulty, it is not possible to predict with certainty in which jurisdiction or jurisdictions insolvency or similar proceedings would be commenced or the outcome of such proceedings. Under the Regulation (EU) No 2015/848 of the European Parliament and of the Council of 20 May 2015 on insolvency proceedings, as amended (the “**EU Insolvency Regulation**”), the “main” insolvency proceedings in respect of a debtor should be opened in the EU Member State in which its COMI is located. See “*Limitations on Validity and Enforceability of the Guarantees, Transaction Security Documents and the Bonds and Certain Insolvency Considerations.*” There is a presumption in the EU Insolvency Regulation that a company’s COMI is in the EU Member State in which its registered office is located; however, this presumption may be rebutted by certain factors relating in particular to where the company’s central administration is located. In addition, the concept of a company’s COMI is a fluid and factual concept that may change. Although the Issuer’s registered office is in Luxembourg, a COMI may be found to exist outside Luxembourg, and insolvency laws of another jurisdiction may become relevant. The insolvency and other laws of different jurisdictions may be materially different from, or in conflict with, each other, including in the areas of rights of secured and other creditors, the ability to void preferences, transactions at an undervalue and transactions defrauding creditors, priority of governmental and other creditors, ability to obtain or claim interest following the commencement of insolvency proceedings and the duration of the proceedings. The application of these laws, or any conflict among them, could call into question whether any particular jurisdiction’s laws should apply, adversely affect your ability to enforce your rights under the Bonds or the Guarantees in these jurisdictions and limit any amounts that you may receive. Prospective investors in the Bonds should consult their own legal advisors with respect to such considerations.

Risk rating: Medium.

Investors may face foreign exchange risks by investing in the Bonds

The Bonds will be denominated and payable in EUR. If investors measure their investment returns by reference to a currency other than EUR, an investment in the Bonds will entail foreign exchange-related risks due to, among other factors, possible significant changes in the value of the EUR relative to the currency by reference to which investors measure the return on their investments because of economic, political and other factors over which we have no control. Depreciation of the EUR against the currency by reference to which investors measure the return on their investments could cause a decrease in the effective yield of the relevant Bonds below their stated coupon rates and could result in a loss to investors when the return on such Bonds is translated into the currency by reference to which the investors measure the return on their investments.

Risk rating: Medium.

We may choose to repurchase or redeem the Bonds when prevailing interest rates are relatively low, including in open market purchases

We may seek to repurchase or redeem the Bonds from time to time under a call option right provided under the Terms and Conditions, especially when prevailing interest rates are lower than the rate borne by such Bonds. If prevailing rates are lower at the time of redemption,

you may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as the interest rate on such Bonds being redeemed. Our redemption right also may adversely impact your ability to sell such Bonds.

We may also from time to time repurchase the Bonds in the open market, privately negotiated transactions, tender offers or otherwise. Any such repurchases or redemptions and the timing and amount thereof would depend on prevailing market conditions, liquidity requirements, contractual restrictions and other factors. Such transactions could impact the market for such Bonds and negatively affect our liquidity.

Risk rating: Low.

The Issuer is a company that has no income generating operations of its own and depends on cash from our operating companies to be able to make payments on the Bonds

The Issuer's only business operations consist of providing financing to the Group companies with no business operations. See "Information about the Issuer" and "Information about the Group and the Guarantors". The Issuer will be dependent upon the cash flow from our operating subsidiaries in the form of interest income, direct loan repayment, dividends or other distributions or payments to meet their obligations, including the Issuer's obligations under the Bonds or other indebtedness incurred to fund its equity interests and other financial assets. The amounts of interest income, dividends or other distributions or payments available to the Issuer will depend on the profitability and cash flows of our subsidiaries and the ability of those subsidiaries to issue dividends and make distributions and other payments under applicable law. Our subsidiaries, however, may not be able to, or may not be permitted under applicable law to, make interest payments, loan principal repayments, dividends, distributions or other payments to the Issuer to make payments in respect of their indebtedness, including the Bonds. In addition, our subsidiaries that do not guarantee the Bonds have no obligation to make payments with respect to the Bonds.

Risk rating: Low.

The Bonds will be structurally subordinated to all indebtedness of those of our existing or future subsidiaries that are not, or do not become, Guarantors of the Bonds

The Bonds are initially guaranteed only by Holdco and a direct subsidiary of Holdco. Claims of holders of the Bonds will be structurally subordinated to all indebtedness and the claims of creditors of any non-guarantor subsidiaries, including trade creditors. All indebtedness and obligations of any non-guarantor subsidiaries will have to be satisfied before any of the assets of such subsidiaries would be available for distribution upon liquidation or otherwise to us or to a Guarantor of the Bonds.

Risk rating: Low.

An increase in interest rates could result in a decrease in the relative value of the Bonds

In general, as market interest rates rise, Bonds bearing interest at a fixed rate generally decline in value because the premium, if any, over market interest rates will decline. Consequently, if you purchase these Bonds and market interest rates increase, the market value of your Bonds may decline. We cannot predict future levels of market interest rates.

Risk rating: Low.

Payments on the Bonds may be subject to U.S. withholding tax under the Foreign Account Tax Compliance Act.

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986 and the U.S. Foreign Account Tax Compliance Act, commonly known as “FATCA”, a “foreign financial institution” may be required to withhold a 30% withholding tax on certain payments it makes (“foreign passthru payments”) to persons that fail to meet certain certification, reporting, or related requirements. A number of jurisdictions (including Luxembourg) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (“IGAs”), which modify the way in which FATCA applies in their jurisdictions. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Bonds, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Bonds, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Bonds, such withholding would not apply prior to 1 January 2019 (intended date) and Bonds issued on or prior to the date that is six months after the date on which final regulations defining “foreign passthru payments” are filed with the U.S. Federal Register generally would be “grandfathered” for purposes of FATCA withholding unless materially modified after such date (including by reason of a substitution of the Issuer). As long as the rules for the implementation and the definition of “foreign passthru payments” are not written, it is impossible to determine what impact, if any, this withholding will have on Holder of the Bonds. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Bonds, Holders will not receive any Additional Amount in respect of such withholding, and Holders will therefore receive less than the amount that they would otherwise have received on such Bonds. Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Bonds.

Risk rating: Low.

Risks related to the Common Reporting Standard

The common reporting standard framework was first released by the OECD in February 2014 as a result of the G20 members endorsing a global model of automatic exchange of information in order to increase international tax transparency. On 21 July 2014, the Standard for Automatic Exchange of Financial Account Information in Tax Matters was published by the OECD, including the Common Reporting Standard (“CRS”). As of 12 May 2016 and per the status issued by the OECD on 19 August 2016, 84 jurisdictions, including Luxembourg, signed the multilateral competent authority agreement, which is a multilateral framework agreement to automatically exchange financial and personal information, with the subsequent bilateral exchanges coming into effect between those signatories that file the subsequent notifications. More than 40 jurisdictions, including Luxembourg, have committed to a specific and ambitious timetable leading to the first automatic exchanges in 2017 (early adopters). Under CRS, financial institutions resident in a CRS country would be required to report, according to a due diligence standard, account balance or value, income from certain insurance products, sales proceeds from financial assets and other income generated with respect to assets held in the account or payments made with respect to the account. Reportable accounts include accounts held by individuals and entities (which include trusts and foundations) with tax residency in another CRS country. CRS includes a requirement to look through passive entities to report on the relevant controlling persons.

As of 1 January 2016, CRS and EU Council Directive 2014/107/EU have been implemented in Luxembourg law (by the Luxembourg law dated 18 December 2015 on the Common Reporting Standard (*loi relative à l'échange automatique de renseignements relatifs aux comptes*

financiers en matière fiscale). As a result, the Issuer is required to comply with identification obligations starting in 2016, with reporting having begun in 2017. Holders of Bonds may be required to provide additional information to the Issuer to enable it to satisfy its identification obligations under the Luxembourg implementation of the CRS. Prospective investors are advised to seek their own professional advice in relation to the CRS and EU Council Directive 2014/107/EU. Not complying with the CRS rules may be sanctioned by fines imposed upon the Issuer. Furthermore, it cannot be ruled out that as a sanction against failure to comply with the CRS rules, a withholding tax will be introduced similar to the withholding tax imposed for non-compliance with FATCA regulations.

Risk rating: Low.

There is no established trading market for the Bonds. If an actual trading market does not develop for the Bonds, you may not be able to resell them quickly, for the price that you paid or at all

The Bonds will constitute a new issue of securities and there is no established trading market for the Bonds. If an active trading market does not develop or is not sustained, the market price and liquidity of the Bonds may be adversely affected and you may be unable to resell your Bonds at a particular time, at their fair market value or at all.

If a trading market does develop, the market price of the Bonds will depend on many factors, including:

- the market demand for securities similar to the Bonds and the interest of securities dealers in making a market for the Bonds;
- the number of holders of the Bonds;
- the prevailing interest rates being paid by other companies similar to us;
- our financial condition, financial performance and future prospects;
- the market price of our common stock;
- the prospects for companies in our industry generally; and
- the overall condition of the financial markets.

Historically, the market for non-investment grade debt has been subject to disruptions that have caused volatility in prices of securities similar to the Bonds. It is possible that the market for the Bonds will be subject to such disruptions. Any disruptions may have a negative effect on holders, regardless of our prospects and financial performance.

Risk rating: Low.

The transfer of the Bonds is restricted, which may adversely affect their liquidity and the price at which they may be sold

The Bonds and the Guarantees have not been registered under, and we are not obliged to register the Bonds or the Guarantees under, the U.S. Securities Act or the securities laws of any other jurisdiction and, unless so registered, may not be offered or sold except pursuant to an exemption from, or a transaction not subject to, the registration requirements of the U.S. Securities Act or such securities laws as applicable. We have not agreed to or otherwise undertaken to register the Bonds or the Guarantees, and do not have any intention to do so.

Risk rating: Low.

b. Risks related to the Transaction Securities, the Guarantees and the Security Agent Agreement

The Security created under the Transaction Security Documents and the Guarantees may not be sufficient to cover all the Secured Obligations and the enforcement of the security may be delayed or the security may not be enforceable at all

There is no assurance that the Security created under the Transaction Security Documents and the Guarantees, benefiting the holders of the Bonds and the holders of the Existing Bonds, will be sufficient to cover all the Secured Obligations and, therefore, all the Issuer's payment obligations under the Bonds may not be secured, if at all.

The receivables of the holders of the Bonds rank *pari passu* with the receivables of the other secured creditors, including but not limited to the receivables of the holders of the Existing Bonds, except for certain liabilities owed to the Security Agent and certain enforcement costs of the secured creditors, which have priority to the enforcement proceeds of the Transaction Security Documents and Guarantees. The Issuer cannot assure that the proceeds of any enforcement of the Transaction Security Documents would be sufficient to satisfy all amounts then owed to the Holders. In addition, any enforcement may be delayed due to any inability to sell the security assets in a timely and efficient manner. For more information on the Security Agent Agreement, please see "*Additional Information on the Guarantees, the Transaction Security Documents and the Security Agent Agreement*".

Risk rating: Medium.

Enforcement of the Guarantees across multiple jurisdictions may be difficult

The Bonds will be guaranteed by the initial and any additional Guarantors, which are organized or incorporated under the laws of multiple jurisdictions. In the event of a bankruptcy, insolvency or similar event, proceedings could be initiated in any of these jurisdictions. The rights of holders of the Bonds under the Guarantees will thus be subject to the laws of a number of jurisdictions, and it may be difficult to enforce such rights in multiple bankruptcy, insolvency and other similar proceedings. Moreover, such multi-jurisdictional proceedings are typically complex and costly for creditors' rights. In addition, the bankruptcy, insolvency, administration and other laws of the jurisdiction of organization of the Issuer or the Guarantors may be materially different from, or in conflict with, one another, including creditor's rights, priority of creditors, the ability to obtain post-petition interest and the duration of the insolvency proceeding. The application of these various laws in multiple jurisdictions could trigger disputes over which jurisdictions' law should apply and could adversely affect the ability to realize any recovery under the Bonds and the Guarantees.

Risk rating: Medium.

There are risks related to the Security Agent Agreement

The holders of the Bonds and the other secured creditors are represented by the Security Agent in all matters relating to the Transaction Security Documents. There is a risk that the Security Agent, or anyone appointed by it, does not properly fulfil its obligations in terms of perfecting, maintaining, enforcing or taking other necessary actions in relation to the Transaction Security Documents.

Subject to the terms of the Security Agent Agreement, the Security Agent is entitled to enter into agreements with the Issuer or a third party or take any other actions necessary for the purpose of maintaining, releasing or enforcing the Security created under any of the

Transaction Security Documents or for the purpose of settling, among others, the holders of the Bonds rights to the security. Although there is a limitation that such actions shall not be taken if the Security Agent deems the action to be detrimental to the interests of the holders of the Bonds, it cannot be guaranteed that actions would not be taken that may be considered to be detrimental in the view of some or all of the holders of the Bonds.

Risk rating: Medium.

The Transaction Security Documents and the Guarantees will be subject to certain limitations on enforcement and may be limited by applicable law or subject to certain defenses that may limit their validity and enforceability

The Transaction Security Documents and the Guarantees provide the Security Agent, acting for the benefit of the holders of the Bonds, with a claim against the relevant Security Provider. However, the Transaction Security Documents and the Guarantees will be limited to the maximum amount that can be guaranteed by the relevant Security Provider without rendering the relevant Transaction Security Documents and Guarantees voidable or otherwise ineffective under applicable law, and enforcement of each Transaction Security Documents and Guarantees would be subject to certain generally available defenses. See *“Limitations on Validity and Enforceability of the Guarantees, Transaction Security Documents and the Bonds and Certain Insolvency Considerations.”*

Enforcement of any of the Transaction Security Documents and the Guarantees against any Security Provider will be subject to certain defenses available to Security Providers in the relevant jurisdiction. Although laws differ among these jurisdictions, these laws and defenses generally include those that relate to corporate purpose or benefit, fraudulent conveyance or transfer, voidable preference, insolvency or bankruptcy challenges, financial assistance, preservation of share capital, thin capitalization, capital maintenance or similar laws, regulations or defenses affecting the rights of creditors generally. If one or more of these laws and defenses are applicable, a Security Provider may have no liability or decreased liability under its Transaction Security Documents and Guarantees depending on the amounts of its other obligations and applicable law.

Although laws differ among various jurisdictions, in general, under bankruptcy or insolvency law and other laws, a court could (i) avoid or invalidate all or a portion of a Security Provider’s obligations under its Transaction Security Documents and Guarantees, (ii) direct that the holders of the Bonds return any amounts paid under a Transaction Security Documents and the Guarantees to the relevant Security Provider or to a fund for the benefit of the Security Provider’s creditors or (iii) take other action that is detrimental to you, typically if the court found that:

- the relevant Transaction Security Documents and Guarantees was incurred with actual intent to give preference to one creditor over another, hinder, delay or defraud creditors or shareholders of the Security Provider or, in certain jurisdictions, when the granting of the Transaction Security Documents and Guarantees has the effect of giving a creditor a preference or guarantee or the creditor was aware that the Security Provider was insolvent when the relevant Transaction Security Documents or Guarantees given;
- the Security Provider did not receive fair consideration or reasonably equivalent value or corporate benefit for the relevant Transaction Security Documents and Guarantees and the Security Provider: (i) was insolvent or rendered insolvent because of the relevant Transaction Security Documents and Guarantees; (ii) was undercapitalized or became undercapitalized because of the relevant Transaction Security Documents and

Guarantees; or (iii) intended to incur, or believed that it would incur, indebtedness beyond its ability to pay at maturity;

- the relevant Transaction Security Documents and Guarantees were held to exceed the corporate objects of the Security Provider or not to be in the best interests of or for the corporate benefit of the Security Provider; or
- the amount paid or payable under the relevant Transaction Security Documents and Guarantees was in excess of the maximum amount permitted under applicable law.

We cannot assure you which standard a court would apply in determining whether a Security Provider was “insolvent” at the relevant time. There can also be no assurance that a court would not determine that a Security Provider was insolvent on that date, or that a court would not determine, regardless of whether or not a Security Provider was insolvent on the date its Transaction Security Documents and Guarantees were issued, that payments to holders of the Bonds constituted preferences, fraudulent transfers or conveyances on other grounds. The liability of each Security Provider under its Transaction Security Documents and Guarantees will be limited to the amount that will result in such Transaction Security Documents and Guarantees not constituting a preference, fraudulent conveyance or improper corporate distribution or otherwise being set aside. However, there can be no assurance as to what standard a court will apply in making a determination of the maximum liability of each Security Provider. There is a possibility that the entire Transaction Security Documents or Guarantees may be set aside, in which case the entire liability may be extinguished. If a court decided that a Transaction Security Documents or Guarantees was a preference, fraudulent transfer or conveyance and voided such Transaction Security Documents or Guarantees, or held it unenforceable for any other reason, the Security Agent may cease to have any claim in respect of the relevant Security Provider and would be a creditor solely of the Issuer and, if applicable, of any other Security Provider under the relevant Transaction Security Documents or Guarantees which has not been declared void. In the event that any Transaction Security Documents or Guarantees is invalid or unenforceable, in whole or in part, or to the extent the agreed limitation of the Transaction Security Documents and Guarantees obligations apply, the Bonds would be effectively subordinated to all liabilities of the applicable Security Provider.

Risk rating: Medium.

Rights in the Transaction Security Documents may be adversely affected by the failure to perfect it

According to the law applicable to the Transaction Security Documents Documents a security interest in certain assets can only be properly perfected and its priority retained through certain actions undertaken by the secured creditor or the security provider. The Transaction Security Documents may not be perfected if the Security Agent or the relevant security provider is not able to or does not take the actions necessary to perfect or maintain the perfection of any such security. Such failure may result in the ineffectiveness of the relevant Transaction Security Documents or adversely affect the priority of such security interest in favor of third parties, including a bankruptcy administrator and other creditors who claim a security interest in the same Transaction Security Documents.

In relation to certain classes of security assets, the terms of the Transaction Security Documents documents require the perfection action to be carried out only upon the occurrence of a trigger event. A failure by the Security Agent to react to the trigger event may cause the security to be unperfected, and the occurrence of the triggering event and due perfection of the security during a suspect period before the insolvency of the security provider may expose the security to recovery.

Risk rating: Low.

The enforcement of the Guarantees and the Transaction Security Documents will be subject to the procedures and limitations set out in the Security Agent Agreement

Even when the Transaction Security Documents are enforceable, the enforcement is subject to the procedures and limitations agreed in the Security Agent Agreement and the Terms and Conditions. There can be no assurance as to the ability of the holders of the Bonds to instruct the Security Agent to initiate any enforcement procedures. Furthermore, any enforcement of security may be delayed due to the provisions of the Security Agent Agreement and the Terms and Conditions.

Risk rating: Low.

The Security Agent Agreement and the Transaction Security Documents may be amended without the consent of the holders of the Bonds

The Terms and Conditions provide for the Agent to agree to amendments and grant waivers and consents and give written instructions in respect of the Security Agent Agreement and the Transaction Security Documents without consulting the holders of the Bonds provided that in the opinion of the Issuer and the Agent, such amendments or waivers are of a formal, minor or technical nature or are made to correct a manifest or proven error or to comply with mandatory provisions of law and which are in the opinion of the Issuer and the Agent not materially prejudicial to the interests of the holders of the Bonds. Any of the before-mentioned actions may result in less beneficial rights and more cumbersome obligations for the holders of the Bonds under the Transaction Security Documents.

Risk rating: Low.

The rights of the holders of the Bonds depend on the Agent's and Security Agent's actions and financial standing

By subscribing for, or accepting the assignment of, any Bond, each holder of a Bond will accept the appointment of the Agent (being on the date of this Prospectus Greenmarck Restructuring Solutions GmbH) to act on its behalf and to perform administrative functions relating to the Bonds and the Finance Documents. In addition, pursuant to the Security Agent Agreement, the Security Agent has been appointed as the agent and representative of the Secured Creditors, to represent and act for such secured creditors, i.e., the holders of the Bonds, in relation to the Transaction Security Documents.

The Agent has, among other things, the right to represent the holders of the Bonds in all court and administrative proceedings in respect of the Bonds and the sole right and legal authority to represent the holders of the Bonds vis-à-vis the Security Agent. Only the Security Agent is entitled to exercise the rights under the Transaction Security Documents and enforce the same. Any failure by an agent to perform its duties and obligations properly, or at all, may adversely affect the enforcement of the rights of the holders of the Bonds due to, for example, inability to enforce the security and/or receive any or all amounts payable from the security in a timely and effective manner.

A failure by the Agent to perform its duties and obligations properly or at all may adversely affect the enforcement of the rights of the holders of the Bonds. Funds collected by the Agent as the representative of the holders of the Bonds must be held separately from the funds of the Agent and be treated as escrow funds to ensure that in the event of the Agent's bankruptcy, such funds can be separated for the benefit of the holders of the Bonds. In the

event the Agent would fail to separate the funds in an appropriate manner, the funds could be included in the Agent's bankruptcy estate.

The Agent may be replaced by a successor Agent in accordance with the Terms and Conditions. Generally, the successor Agent has the same rights and obligations as the retired Agent. It may be difficult to find a successor Agent with commercially acceptable terms or at all. Further, it cannot be excluded that the successor Agent would not breach its obligations under the above documents or that insolvency proceedings would not be initiated against it.

Materialization of any of the above risks may have a material adverse effect on the enforcement of the rights of the holders of the Bonds and the rights of the holders of the Bonds to receive payments under the Bonds.

Risk rating: Low.

We cannot exclude that the Guarantee granted under the Luxembourg Guarantee Agreement may be reclassified as a suretyship by a Luxembourg court

While the Guarantee provided under the Luxembourg Guarantee Agreement is structured as a first demand independent guarantee and it explicitly states that it is not a suretyship (*cautionnement*) we cannot exclude that such Guarantee could, if submitted to a Luxembourg court, possibly be construed by such court as a suretyship (*cautionnement*) and not a first demand guarantee or an independent guarantee. Article 2012 of the Luxembourg Civil Code provides that the validity and the enforceability of a suretyship (which constitutes an accessory obligation) is subject to the validity of the underlying obligation. It follows that if the underlying obligations were invalid or challenged, it cannot be excluded that the Guarantors would be released from their liabilities under such Guarantee.

Risk rating: Low.

Transaction Security Documents and Guarantees may be released under certain circumstances

In addition to the authority for the Security Agent to release relevant part of the Transaction Security Documents and Guarantees and to discharge Secured Obligations and certain intra-group liabilities in order to facilitate enforcement of Transaction Security Documents or a distressed disposal or appropriation made in accordance with the Security Agent Agreement, the Security Agent Agreement provides that in connection with a disposal of an asset by a member of the Group permitted under the terms of the secured financing under non-distressed circumstances, the Security Agent is under the Security Agent Agreement authorized to release Transaction Security Documents over that asset and where the asset consists of shares in a Group company, Transaction Security Documents and Guarantees granted by such company. Such release will impair the security interest and the secured position of the holders of the Bonds.

The Terms and Conditions of the Bonds provide that the Agent shall in certain circumstances agreed therein, take actions necessary to release the Guarantees and Transaction Security Documents or part thereof.

After any such release, depending on the scope of the release, the holders of the Bonds may become unsecured and unguaranteed and loose priority in case of foreclosure, dissolution, winding-up, liquidation, recapitalization, administrative or other bankruptcy or insolvency proceedings of any member of the Group.

Risk rating: Low.

Insolvency administrator may not respect the Security Agent Agreement

It is not certain that a Secured Creditor or a bankruptcy administrator of such Secured Creditor or the Issuer would respect the Security Agent Agreement which potentially could adversely affect the other Secured Creditors.

Risk rating: Low.

c. Risks relating to the Exchange Offer

Your decision to exchange your 2019/2023 Bonds for New Bonds exposes you to the risk of non-payment for a longer period of time

The 2019/2023 Bonds mature in 2023. The New Bonds will mature in 2026. If, following the maturity date of your 2019/2023 Bonds but prior to the maturity date of the New Bonds, we were to become subject to a bankruptcy or similar proceeding, the 2019/2023 Holders who did exchange their 2019/2023 Bonds for New Bonds and could have been paid in full if they hadn't done so, they face a risk that they may not be paid in full, if at all. Your decision to tender your 2019/2023 Bonds should be made with the understanding that the lengthened maturity of the New Bonds exposes you to the risk of non-payment for a longer period of time.

Risk rating: Medium.

Restrictions on transferring the 2019/2023 Bonds

When considering whether to participate in the Exchange Offer, 2019/2023 Holders should take into account that restrictions on the transfer of their 2019/2023 Bonds will apply from the time of submission of their Offer Instructions. 2019/2023 Holders will, upon submitting an Offer Instruction, agree that the relevant 2019/2023 Bonds will be blocked in the relevant account in the relevant Clearing System, from the date the relevant Offer Instruction is submitted until the earlier of: (A) the Settlement Date or the Alternative Settlement Date, as the case may be; or (B) the date of any termination or withdrawal of the Exchange Offer (including where such 2019/2023 Bonds are not accepted for exchange).

Risk rating: Medium.

Upon consummation of the Exchange Offer, the liquidity of the market for outstanding 2019/2023 Bonds will likely be reduced, and market prices may decline as a result

To the extent the Exchange Offer is consummated, the aggregate principal amount of outstanding 2019/2023 Bonds will be reduced. A reduction in the amount of outstanding 2019/2023 Bonds would likely adversely affect their liquidity. An issue of securities with a small outstanding principal amount available for trading, or float, generally commands a lower price than does a comparable issue of securities with a greater float. Therefore, the market price for 2019/2023 Bonds that are not tendered or not accepted by us may be adversely affected. A reduced float may also make the trading prices of 2019/2023 Bonds that are not exchanged more volatile.

Risk rating: Medium.

The consummation of the Exchange Offer may be delayed or may not occur

We are not under any obligation to accept, and shall have no liability to any person for any non-acceptance of, any Instruction Offer pursuant to the Exchange Offer. Instruction Offers of 2019/2023 Holders for exchange may be rejected in our sole and absolute discretion for any reason and we are not under any obligation to the 2019/2023 Holders to furnish any reason

or justification for refusing to accept an Instruction Offer. For example, Instruction Offers may be rejected if the Exchange Offer is terminated, if the Exchange Offer does not comply with the relevant requirements of a particular jurisdiction or for any other reason. Even if the Exchange Offer is completed, it may not be completed on the schedule described in this Prospectus and the Exchange Offer Invitation, included in section “XV.EXCHANGE OFFER” below. Accordingly, holders participating in the Exchange Offer may have to wait longer than expected to receive their New Bonds, during which time those 2019/2023 Holders will not be able to effect transfers of their 2019/2023 Bonds tendered in the Exchange Offer. Additionally, 2019/2023 Holders cannot revoke their Offer Instructions to disengage from the Exchange Offer and de-block their 2019/2023 Bonds.

Risk rating: Low.

The acceptance of the Exchange Offer and the actual exchange of the 2019/2023 Bonds for the New Bonds depends on the compliance of each 2019/2023 Holder with the instructions set forth in this Prospectus and the Exchange Offer Invitation, included in section “XV.EXCHANGE OFFER” below and any failure to follow such instructions will result in an Offer Instruction being rejected

This Prospectus and the Exchange Offer Invitation, included in section “XV.EXCHANGE OFFER” below, include important information about the conditions of and certain instructions related to the Exchange Offer. Any Offer Instruction delivered to the Issuer within the Exchange Period, should meet the requirements stated herein and in the Terms and Conditions of the Exchange Offer. Any failure by you, your broker or any other market intermediary acting on your behalf to follow the instructions set forth in this Prospectus and the Exchange Offer Invitation, included in section “XV.EXCHANGE OFFER” below, will result in your Offer Instruction being rejected.

Risk rating: Low.

We expressly reserve the right to purchase any 2019/2023 Bonds that remain outstanding after the Settlement Date

We expressly reserve the absolute right, in our sole discretion, from time to time, to purchase any 2019/2023 Bond that remains outstanding after the Settlement Date or the Alternative Settlement Date, as the case may be, through open market or privately negotiated transactions, one or more additional tender or exchange offers or otherwise, on terms that may differ from those of the Exchange Offer and could be for cash or other consideration, or to exercise any of our rights under the terms and conditions governing the 2019/2023 Bonds.

Risk rating: Low.

III. OVERVIEW OF THE GROUP

The following overview should be read as an introduction to the more detailed information appearing elsewhere in this Prospectus, including our consolidated financial statements. The financial information set forth herein has, unless otherwise indicated, been derived from the consolidated financial statements included elsewhere in this Prospectus. Any decision by a prospective investor to invest in the New Bonds should be based on consideration of the Prospectus as a whole, including the information discussed in “General Information – Forward-Looking Statements” and “Risk Factors” and not solely on this summarized information.

Overview of the Group

luteCredit is a leading consumer loans provider established in 2008 with its headquarters based in Tallinn (Estonia). It operates in Europe and the Balkan Peninsula. The financial product offering of lute consist of: shop loans (point of sales), cash loans (instalment loans), car loans and credit cards. Our potential lies in a broad targeted customer base with demand for low - to mid-value consumer goods including cars. Our business model is built around high demand for personal finance solutions in under-banked markets with high GDP growth and low public/private debt.

AS luteCredit Europe (“**Holdco**” or “**ICE**”) is a holding company whose subsidiaries are specialized in providing consumer credits by using equity and loan capital. As of the date of this Prospectus, ICE has nine operating subsidiaries: luteCredit Finance S.à r.l. (the “**Issuer**”) in Luxembourg, O.C.N. “IUTE CREDIT” S.R.L. (“**ICM**”) and B.C. “Energbank” S.A. (“**Energbank**”) in Moldova, luteCredit Albania SHA (“**ICA**”) and Velox Pay Sh.p.k. (“**VP**”) in Albania, luteCredit Macedonia DOOEL–Skopje (“**ICNM**”) in North Macedonia, lutePay Bulgaria EOOD (“**IPB**”) and luteCredit Bulgaria EOOD (“**ICB**”) in Bulgaria and MKD luteCredit BH d.o.o. Sarajevo (“**ICBH**”) in Bosnia Herzegovina. Holdco, the Issuer, ICM, ICA, VP, ICNM, IPB, ICB and ICBH together form “**luteCredit**” or “**lute**”, and, Holdco, together with its direct subsidiaries, including Energbank, form the “**Group**”.

Holdco further formally holds 100% shares in luteCredit Kosovo J.S.C (“**ICK**”). Following the loss of license by ICK and the liquidation ordered by the Central Bank of Kosovo, Holdco lost control over the shares in ICK, which is no longer an operative subsidiary of Holdco (see “*Information about the Group and the Guarantors – Recent Events and Trends*”).

ICM, ICA, VP, ICNM, IPB, ICB and ICBH are hereinafter referred to as “**Subsidiaries**.”

The Group recently expanded its core operations through the acquisition by ICE of 94.58% of the shares in Energbank, a bank registered in Moldova, through several share purchases during the first half of 2022. As of the date of this Prospectus, ICE holds 95.92% of the shares in Energbank. Energbank is a commercial bank that has been operating in the financial markets of Moldova for 25 years. During the following years Energbank’s operations will be gradually integrated into the core strategy of the Group.

The Group currently operates in the abovementioned countries through 46 luteCredit branches and with 2,127 point of sales (retailers) and 39 Energbank branches (as of 31 December 2022).

In the third quarter of the year 2018, ICE raised EUR 3.2 million as equity capital. Shares of ICE were issued to the current shareholders as well as to new investors and management teams. Since its inception, ICE has issued bonds for more than EUR 19 million and subsequently, the Issuer has issued bonds for a total EUR 125 million.

luteCredit is a profitable group since the beginning of its operation in 2008. It recognizes that the timeframe is short and it continues its efforts to build a long-term uninterrupted history of profitable growth.

The goal of luteCredit is to create the extraordinary customer experience in personal finance by exceeding customers' expectations. luteCredit provides lending products to customers not served by the traditional banking system.

As of 31 December 2022, 1,005+ people including the management and IT team, 491 of which belong to luteCredit and 483 to Energbank, were able to serve more than 321,526 active loan customers and work with pool of more than 928 thousand customers, and served through our omni channel contact center reaching out to 3 million interactions. Its work process is highly automatized, to allow people to do what the humans are best at: customer interaction. luteCredit itself compares its internal work processes in originating and maintaining the loans to work processes of a modern car manufacturer.

Key Strengths

Sustainability and simplicity

luteCredit focuses on providing comfortable and secure lending to its customers. The products offered are designed to serve the needs and requirements of customers through detailed and safe creditworthiness checks via public databases (government institution databases, debt collection agencies, bank statement providers, Central Bank registries, and many others). Our process and procedures are based on simplicity and effectiveness. The average approval time for a loan application is below 10 minutes with minimum effort from a customer. Once the customer is fully onboarded, the loan application can be processed from submission to payout within a few seconds and fully automatically. Offering immediate loan application and being the fastest and the most comfortable is what separates us from our competitors.

The proven effectiveness and strong experience gained in lending into unbanked and underbanked markets allows us to expand fast and apply best practices from existing into the new markets.

Loan products

The Group's core loan products are unsecured instalment loans and buy-now-pay-later loans with maturities between 3 months and 48 months and secured loans with maturities of up to 72 months. The median amount for the loans is above EUR 500, whereas loan amounts range between EUR 25 EUR and EUR 10,000. The weighted average annual percentage rate (APR) is 50% and the effective interest rate (EIR) is 75% depending on the loan amount, the maturity, and the status of each respective customer, namely whether she/he is a new or recurring customer with good payment history.

The Group aims to serve only customers with a permanent workplace and stable income. Loans are based on personal identification and personal credit assessment. For a new applicant the credit rating depends on the comparison between the applicant's relevant parameters and the respective statistical parameters of performing and poorly performing customer groups and certain databases. For returning customers, we apply personal credit assessment which is based on individual performance data. On average, 60% of loan applications across the Group have been approved.

Loans are provided via the web shops, our website, Mylute app, the network of branches, merchants and partners. Regardless of the medium and their convenience, our products and way of work allows a customer to have a clear insight into terms and conditions, privacy policies, pricing, and repayment model, as well as regards any additional concern or question

they may have and is related to rules and procedures, product specification and how the lending in general works.

By the end of 2022, IuteCredit had 50 IuteCredit branches and 2127 shops and 39 Energbank branches.

Being always present and everywhere

We are available either online, by mobile phone or in one of our offices during open hours. Our Mylute application allows us to be available 24/7 for the customer. We offer automated approval processes to our customers and have expanded our presence through a partner/dealership network and cover as large market share as possible. Wherever our branch is not present we have our partners covering our customer’s needs for smooth and fast face-to-face servicing. The partnership/dealer network is of high importance to us and cherishing this relationship brings additional value to our customers. Through our network, we also offer specific types of loans for specific purchases such as electronics, used cars, house repair materials, furniture and different consumer services. By constantly improving our internal systems and aligning them with local regulations we try to make the process more and more automatized. As of 31 December 2022, we had a network consisting of 46 IuteCredit and 39 Energbank branches and 2,127 partner shops in 5 countries total – Albania, Moldova, North Macedonia, Bulgaria and Bosnia Herzegovina. We constantly try to onboard new partners and expand our network in order to offer and expand our services to as much customers as possible.

Physical presence as of 31 December 2022			
Physical Presence	Country	Branches	Partner shops (active)
O.C.N. “IUTE CREDIT” S.R.L.	Moldova	13	827
B.C. “Energbank” S.A.	Moldova	39	0
IuteCredit Albania SH.A	Albania	13	663
IuteCredit Macedonia DOOEL	North Macedonia	10	492
MKD IuteCredit BH d.o.o. Sarajevo	Bosnia Herzegovina	6	43
IuteCredit Bulgaria EOOD	Bulgaria	4	102

Experience for better competitiveness

The Group and the local team members come from different industries, mostly banking, finance and sales. The wealth of their background, experience and profiles enables us to think creatively and move forward by utilizing the best practices and know how’s with the positive output by enabling us to be even more competitive in the market.

As a Group, we aim to serve millions of customers and that means constant strive to attract the best talent, implement the best technology, develop the best organization and bring the best out in each team member. Money is the outcome of right actions, but at foremost we as a team enjoy ourselves in pursuing the right actions and overcoming the challenges.

Trust leads to success

Customers are our focus. Our work and products are designed around the customers' needs. We are constantly improving, becoming faster and more reliable for our customers, partners and employees. With a personalized approach, custom made products, valuing employees, contributing to the community, we tend to make a difference and create a positive impact in the society where we operate. We are trusted by more than 1,0 million customers over the years. The amount of trust and good work that we do, is shown through research conducted, where we have asked the general population in countries of operations questions related to our visibility, trust, awareness, and creativity. We have also gained an insight how we rank with competition as well. Results obtained during this research show that the work we are doing and services we are providing are making significance to our customers.

In Moldova, where we have been operating for more than 15 years and in a highly competitive market, most recent results show that awareness of the lute brand is 91% of the interviewed people; in Albania (more than 6 years of operations), result is 48%; in North Macedonia (more than 5 years of operations), result is 58% and in Bosnia Herzegovina (more than 3 years of operations), total brand awareness result is 6%.

Randomly selected people for the research purposes were taken out from all demographic segments, without necessarily being customers of luteCredit.

Customer Performance Index ("CPI") is a unique index developed by luteCredit. CPI measures customers' actual repayments against the expected repayments according to the original repayment schedules of loan agreements within a tolerance period for repayment delays. It is a cashflow- and reality-centric indicator that avoids evergreening illusions or illusions that may arise from inadequate provisioning. Repayment within 30 days of delay (CPI30) is considered normal and a so called "technical delay". CPI50+ (DPD 50+) is recognized by luteCredit as NPLs. For the twelve-month period ending on 31 December 2022, luteCredit reached a CPI30 ratio of 90.5% as the weighted average across products and markets. As CPI30 is a proprietary metric, it has not yet been implemented in the processes of Energbank.

Strategy

luteCredit's strategic objective is to reach by end of 2026 at least one million performing customers, build at least one billion EUR in balance sheet assets and earn revenue of at least 20% from its assets with at least 20% net profit margin. To achieve that ambitious objective, luteCredit's strategy is to acquire individual customers in eastern and south eastern European countries by offering them combination of fully digital customer journeys in online installment loans, instant payments and related services. Simultaneously with creating fully digital journeys, the Group will keep open its capability for physical customer interaction. The strategy is focused on developing the Group's digital understanding of the individual customers' needs and their potential. The Group's business is founded on individual customer profile and customer account, to which different value streams - such as loans, payments, investing etc - can be connected through personal financial services offers. The Group also develops its own ecosystem with partners network that comprises of online and offline merchants, postal offices etc.

The strategy is executed through developing business organization with winning teams, modelling universal business processes with possibility of local settings, and development of scalable technology. The Group's management is organized between headquarter and local subsidiary level managements, where headquarter is responsible for strategic targeting, strategic resources allocation and scalability and also some operational level activities that serve all Subsidiaries. Subsidiary management enjoy full autonomy within the organization, process and technology framework set by the headquarter and in compliance with local laws

and regulations. The Subsidiaries offer the services to the end-customers and develop the business on the local competition field. The Subsidiaries have local teams, local customer pools, local loan portfolios and develop local investor relations and relations with regulatory authorities and partners.

luteCredit may consider both organic growth opportunities and accelerated growth opportunities through acquisition of assets that can be restructured or reorganized, if necessary. Historically the Group has successfully completed two acquisitions of regulated assets in its target countries.

luteCredit's mission is to offer the best experience to its customers in the field of personal finance. The customer's daily needs are met in an easy and seamless way. Further, the provided services are also fast and comfortable. luteCredit also believes in human interaction. Robots and Fintech are helpful; however, they do not provide an exclusive answer to the finance-related questions and issues that may be issued by customers. Besides the assistance technological developments provide, there is a necessity for human interaction to properly address customers' needs: Nothing replaces the sincere human smile and attention.

We as a Group are actively seeking new markets where to offer our services and we are constantly looking for ways how to be closer to our customers.

luteCredit's mission is to offer the best experience to its customers in the field of personal finance. The customer's daily needs are met in an easy and seamless way. Further, the provided services are also fast and comfortable. luteCredit also believes in human interaction. Robots and Fintech are helpful; however they are not the exclusive answer to the finance questions and issues that may be encountered by the customers. Besides the assistance of technologies, there is a necessity for human interaction to properly address the customer's needs: Nothing replaces the sincere human smile and attention.

History

luteCredit was founded in 2008 by a group of individuals for the purpose of, among others, providing flexible and convenient consumer financial services to customers.

luteCredit initiated operations in Moldova, Albania and North Macedonia, and from 2018, it initiated additional operations in Bulgaria and Bosnia Herzegovina through the establishment of new start-up entities. See "*—Business— Geographic Markets*" below.

IV. GENERAL INFORMATION

1. Responsibility Statement

The Issuer accepts sole responsibility for the information contained in this Prospectus and hereby declares, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is, to the best of its knowledge, in accordance with the facts and does not omit anything likely to affect its import.

The Issuer, having made all reasonable enquiries, confirms that this Prospectus contains all information which is material in the context of the offering of the New Bonds and the listing of the New Bonds on the Regulated Market, including all information which, according to the particular nature of the Issuer, of the Group and of the New Bonds is necessary to enable investors to make an assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer and the Group and of the rights attached to the New Bonds, that the information contained in this Prospectus is true and accurate in all material respects and is not misleading in any material respect, that the opinions and intentions expressed in this Prospectus are honestly held, and that there are no other facts the omission of which would make this Prospectus or any of such information or the expression of any such opinions or intentions misleading in any material respect, and all reasonable enquiries have been made by the Issuer to ascertain such facts and to verify the accuracy of all such information and statements.

2. Authorisation

The creation and issue of the New Bonds has been authorized by a resolution of the board of managers of the Issuer dated 22 February 2023.

3. Subject of this Prospectus

The subject matter of the Prospectus is the offering, listing and admission to trading on the on the Nasdaq Tallinn Stock Exchange's regulated market and on the Frankfurt Stock Exchange's regulated market of the New Bonds in the aggregate principal amount of up to EUR 50,000,000 in a denomination of EUR 100.00 each, to be immediately consolidated on the Issue Date and form a single series with the Existing Bonds. The interest offered on the New Bonds is 11 per cent. per annum. Unless previously redeemed, the New Bonds will be repaid on 6 October 2026. The New Bonds are governed by Luxembourg law and constitute bonds in bearer form in accordance with Luxembourg applicable laws. The New Bonds are freely transferable. The yield of the New Bonds is 11% per annum, equal to the interest rate of the New Bonds. The security codes of the New Bonds are as follows:

International Securities Identification Number: XS2378483494

Common Code: 237848349

4. Use of this Prospectus

This Prospectus is prepared solely for the purposes of the Offering of the New Bonds and listing and the admission to trading of the New Bonds on the Nasdaq Tallinn Stock Exchange's regulated market and on the Frankfurt Stock Exchange's regulated market. No public offering of the New Bonds is conducted in any jurisdiction other than Estonia, Latvia, Lithuania and Germany and consequently the dissemination of this Prospectus in other countries may be restricted or prohibited by law. This Prospectus may not be used for any other purpose than for making the decision of participating in the Offering or investing into the New Bonds. You

may not copy, reproduce (other than for private and non-commercial use) or disseminate this Prospectus without express written permission from the Issuer.

5. Consent to the use of this Prospectus

The sales agents appointed by the Issuer as financial intermediaries for the issue of the New Bonds (the “**Sales Agents**”) and/or each further financial intermediary subsequently reselling or finally placing the New Bonds are entitled to use this Prospectus in Germany, Estonia, Latvia and Lithuania for the subsequent resale or final placement of the New Bonds during the period commencing on (and including) 1 March 2023 and ending on (and including) 31 March 2023 during which subsequent resale or final placement of the New Bonds can be made, provided however, that this Prospectus is still valid in accordance with the Prospectus Regulation. The Issuer accepts responsibility for the information given in this Prospectus also with respect to such subsequent resale or final placement of the New Bonds.

This Prospectus may only be delivered to potential investors together with all supplements published before such delivery. Any supplement to this Prospectus will be available for viewing in electronic form on the website of the Issuer (<https://iutecredit.com/prospectus/>) and on the website of the Luxembourg Stock Exchange (<http://www.luxse.lu>).

When using this Prospectus, each Sales Agent and/or relevant further financial intermediary must make certain that it complies with all applicable laws and regulations in force in the respective jurisdictions.

In the event of an offer being made by the Sales Agents and/or a further financial intermediary, the Sales Agents and/or the further financial intermediary shall provide information to investors on the terms and conditions of the New Bonds at the time of that offer.

Any financial intermediary using this Prospectus shall state on its website that it uses this Prospectus in accordance with this consent and the conditions attached to this consent.

6. References

Unless the context otherwise requires, references to “**we**”, “**our**”, “**us**” or the “**Group**” refer to Holdco and its direct subsidiaries, including Energbank. Unless the context otherwise requires, references to the “**Issuer**” refer to luteCredit Finance S.à r.l. and “**luteCredit**” or “**lute**”, refer to Holdco, the Issuer, ICM, ICA, VP, ICNM, IPB, ICB and ICBH.

Unless otherwise defined, capitalized terms used in this Prospectus have the same meaning as defined in the terms and conditions governing the Bonds (the “**Terms and Conditions**”).

Information posted on our website and those of our affiliates and subsidiaries do not constitute a part of this Prospectus.

7. Hyperlinks

The content of any website referred to in this Prospectus by hyperlinks is for information purposes only, does not form part of the Prospectus (with the exception of hyperlinks to the electronic addresses where information incorporated by reference is available) and has not been scrutinized or approved by the CSSF.

8. Forward-looking Statements

This Prospectus includes forward-looking statements. All statements other than statements of historical facts contained in this Prospectus, including, without limitation, those regarding

the Issuer's future financial position and results of operations, its strategy, plans, objectives, goals, targets and future developments in the markets in which it participates or is seeking to participate and any statements preceded by, followed by or that include the words "anticipate", "believe", "continue", "could", "estimate", "expect", "forecast", "aims", "intends", "will", "may", "plan", "should" or similar expressions or the negative thereof, are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the Issuer's actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Certain forward looking statements may prove wrong, although being reasonable at present. Furthermore, there are a lot of risks and uncertainties related to the Issuer's business because of which a forward looking statement, estimate or forecast may prove wrong. Thus, the investors should urgently read the chapters "Summary", "Risk Factors" and "Information about the Issuer", which contain a detailed explanation of the factors, which influence the business development of the Issuer and the market, in which the Issuer is active.

In consideration of the risks, uncertainties and assumptions the future events mentioned in the Prospectus may not occur.

Because the risk factors referred to in this Prospectus, and other factors, could cause actual results or outcomes to differ materially from those expressed in any forward-looking statements made in this Prospectus by the Issuer or on its behalf, the investors should not place any reliance on any of these forward-looking statements. Further, any forward-looking statement speaks only as of the date on which it is made, and the Issuer undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which the statement is made or to reflect the occurrence of unanticipated events. New factors will emerge in the future, and it is not possible for the Issuer to predict which factors they will be. In addition, the Issuer cannot assess the effect of each factor on its business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those described in any forward-looking statements. The Issuer does not assume any obligation to update such forward looking statements or to adapt them to future events or developments unless required by law.

9. Third Party Information

In this Prospectus, the Issuer relies on and refers to information regarding the Group's business and the markets in which it operates and competes. Certain economic and industry data, market data and market forecasts set forth in this Prospectus were extracted from market research and industry publications. Where such third party data has been used in the Prospectus, the source of data is named.

Where information in this Prospectus has been specifically identified as having been extracted from third party documents, the Issuer confirms that this information has been accurately reproduced and that as far as the Issuer is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. Although the Issuer has no reason to believe that any of this information is inaccurate in any material respect, the Issuer has not independently verified the competitive position, market size, market growth or other data provided by third parties or by industry or other publications.

10. Presentation of Financial Information

The financial information with respect to the consolidated statement of comprehensive income, the consolidated statement of financial position and the consolidated statement of

cash flows set forth herein, has, unless otherwise indicated, been taken or derived from the unaudited consolidated interim report of Holdco as of and for the financial year ended 31 December 2022 and the audited consolidated financial statements of Holdco as of and for the financial year ended 31 December 2021, which have been prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board as adopted by the European Union (“IFRS”).

The preliminary unaudited financial figures for the financial year ending on 31 December 2022 have been compiled and prepared on a basis which is both comparable with the historical financial information and consistent with Holdco’s accounting policies.

The financial information with respect to net debt and the key financial parameters set forth herein, has, unless otherwise indicated, been derived from management report included in Holdco’s annual reports of 2022 and 2021, Holdco’s internal accounting reporting system and Holdco’s unconsolidated financial statements, prepared in accordance with the Accounting Act of the Republic of Estonia, and have been calculated based on financial information from the aforementioned sources.

Where financial information in the tables in the Prospectus is labeled “audited”, this means that it has been taken from the above mentioned audited consolidated financial statements. The label “unaudited” is used in the tables in the Prospectus to indicate financial information that was not taken from the above mentioned audited consolidated financial statements but has been taken either from the above mentioned unaudited consolidated interim report of Holdco as of and for the financial year ended 31 December 2022, or is based on calculations of financial information of the above mentioned sources as well as Holdco’s unconsolidated financial statements.

Certain stated figures, financial information and market data (including percentages) given in this Prospectus had been rounded up or down pursuant to generally applicable commercial and business standards. It is therefore possible that not all total amounts (total sums or interim totals, differences or figures used as reference) contained within this Prospectus coincide completely with the underlying (non-rounded) individual amounts contained in other places or in documents incorporated by reference in this Prospectus. In addition, it is possible that these rounded figures in tables do not add up precisely to form the overall total sums in the respective tables.

11. Further information regarding this Prospectus

No person is authorized to give any information or to make any representations other than those contained in this Prospectus and, if given or made, such information or representations must not be relied upon as having been authorized by or on behalf of the Issuer.

The delivery of this Prospectus shall not, under any circumstances, create any implication

- (i) that the information in this Prospectus is correct as of any time subsequent to the date hereof or, as the case may be, subsequent to the date on which this Prospectus has been most recently amended, or supplemented, or
- (ii) that there has been no adverse change in the affairs or the financial situation of the Issuer which is material in the context of the issue and sale of the New Bonds since the date of this Prospectus or, as the case may be, the date on which this Prospectus has been most recently amended or supplemented, or

- (iii) that any other information supplied in connection with the issue of the New Bonds is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same,

as far as the Issuer has fulfilled its obligation to publish a supplement pursuant to Article 23 of the Prospectus Regulation.

The New Bonds are not suitable for all kinds of investors. Neither this Prospectus nor any other information supplied in connection with the New Bonds should be considered as a recommendation by the Issuer to an investor that such investor should purchase any New Bonds.

12. MiFID II Product Governance

Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the New Bonds has led to the conclusion that: (i) the target market for the New Bonds is eligible counterparties, professional and retail clients, each as defined in Directive 2014/65/EU (as amended, "MiFID II"); and (ii) all channels for distribution of the New Bonds are appropriate. Any person subsequently offering, selling or recommending the New Bonds (a "distributor") should take into consideration the manufacturers' target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the New Bonds (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

13. Documents available for Inspection

For at least 10 years after the publication of this Prospectus, copies of the following may be inspected at the head office of the Issuer (as of the date of this Prospectus, 16, Rue Eugène Ruppert, L-2453 Luxembourg), on weekdays from 9:00 am to 4:00 pm and will be available on the Issuer's website (<https://iutecredit.com/>):

- the Prospectus (<https://iutecredit.com/prospectus/>);
- the Issuer's up to date articles of association (<https://iutecredit.com/articles-of-association/>);
- the Guarantors' up to date articles of association (<https://iutecredit.com/articles-of-association/>);
- the audited consolidated financial statements of Holdco as of and for the financial years ended 31 December 2021 and 31 December 2020 (<https://iutecredit.com/reports/>);
- the unaudited consolidated interim report of Holdco as of and for the financial year ended 31 December 2022 (<https://iutecredit.com/reports/>);
- the audited financial statements of the Issuer as of and for the financial years ended 31 December 2021 and 31 December 2020 (<https://iutecredit.com/reports/>);
- the unaudited financial statements of the Issuer for 6M/2022 (<https://iutecredit.com/reports/>);

- the audited financial statements of the Subsidiary Guarantor as of and for the financial years ended 31 December 2021 and 31 December 2022 (<https://iutecredit.com/reports>);
- the Luxembourg Guarantee Agreement (<https://iutecredit.com/#about>).

In addition to the above, for the time of the validity of the Prospectus, copies of the following documents may be inspected at the head office of the Issuer, (as of the date of this Prospectus, 16, Rue Eugène Ruppert, L-2453 Luxembourg, Grand Duchy of Luxembourg), on weekdays from 9:00 am to 4:00 pm:

- the Transaction Security Documents;
- the Agent Agreement;
- the Security Agent Agreement.

V. USE OF NET PROCEEDS

The New Bonds will be delivered to the 2019/2023 Holders in exchange for their new Bonds. The net proceeds of the New Bonds (if any) are intended to be used by the Group to redeem the untendered 2019/2023 Bonds, if any, by 7 August 2023 at the latest.

Assuming full placement of the New Bonds in the principal amount of EUR 50,000,000, the Issuer will receive gross issue proceeds of up to EUR 50,000,000 from the Offering. The Issuer expects to incur expenses in connection with the Offering (comprising the selling commissions of the Sales Agents and other offering-related expenses such as fees for legal and financial advisors) of an aggregate amount of up to approximately EUR 1,500,000 (the “**Total Issue Costs**”). As a result, assuming full placement of the New Bonds, the net proceeds from the Offering received by the Issuer (after deduction of Total Issue Costs as set out above) will be approximately EUR 48,500,000 (the “**Net Proceeds**”).

However, the actual amount of gross proceeds will depend, in part, on the rate of acceptance of the Exchange Offer with respect to the 2019/2023 Bonds (see “*XX Subscription, Sale and Offer of the New Bonds*” and “*XV Exchange Offer*”) since the Issuer will not receive cash proceeds from the exchange offer in which case the Issuer will not be obliged, to the extent the Exchange Offer is fully accepted, to perform repayments under the 2019/2023 Bonds on the respective maturity date.

Accordingly, in the event of a full placement of the new Bonds in the amount of EUR 50,000,000.00 and, concurrently, a full placement of EUR 50,000,000 New Bonds by way of the Exchange Offer to the 2019/2023 Holders, the Issuer will not receive any cash gross proceeds from the Offering but it will be relieved from its repayment obligation under the 2019/2023 Bonds.

In the event a full placement of the new Bonds in the amount of EUR 50,000,000.00 occurs whereby none of the New Bonds was placed in the course of the Exchange Offer, the Net Proceeds are intended to be used to fully redeem the 2019/2023 Bonds on 7 August 2023 at the latest.

VI. CAPITALIZATION

The table below sets forth our consolidated capitalization of the Group as of 31 December 2022 and 31 December 2021 on an actual historical basis. This table should be read in conjunction with “Use of Net Proceeds”, “Material Agreements”, “Loans from Related Parties” and the consolidated financial statements of Holdco as of and for the financial years ended 31 December 2022 and 31 December 2021 incorporated by reference in this Prospectus.

	As of 31 December 2022 (unaudited)	As of 31 December 2021 (audited)
	(in Million EUR)	
Cash and bank accounts	65.6	46.3
Debt		
Current loans from non-related parties and banks	71.4	3.1
Bonds	123.6	119.5
Long-term loan from non-related parties and banks	36.3	6.2
Accrued interest for loans/bonds from non-related parties	5.3	4.2
Non-current financing received from/through Mintos	8.0	0.7
Current financing received from/through Mintos	6.6	0.2
Accrued interest for financing received from/through Mintos	0.1	0.0
Lease liabilities	2.1	1.8
Total debt¹	253.4	135.7
Equity		
Share capital	10.0	10.0
Legal reserve	1.0	0.8
Reserves	0.4	(0.5)
Retained earnings	40.2	15.3

¹ For the purposes of this Prospectus, the Total debt is the sum of (i) Total loans and bonds from investors (including lease liabilities) with a residual maturity over 1 years (as of 31 December 2022: EUR 120.6 million; as of 31 December 2021: EUR 127.3 million;) and (ii) Total loans and bonds from investors (including lease liabilities) with a residual maturity up to 1 year (as of 31 December 2022: EUR 132.8 million; as of 31 December 2021: EUR 8.4 million) as presented in Holdco’s consolidated financial statements.

Minority share in equity	4.5	0
Total equity	56.1	25.6
Total capitalization²	309.5	161.3

There have been no material changes in the Group's consolidated capitalization or indebtedness since 31 December 2022.

² For the purposes of this Prospectus, the Total capitalization is the sum of (i) Total loans and bonds from investors (including lease liabilities) with a residual maturity over 1 year (as of 31 December 2022: EUR 120.6 million; as of 31 December 2021: EUR 127.3 million), (ii) Total loans and bonds from investors (including lease liabilities) with a residual maturity up to 1 year (as of 31 December 2022: EUR 132.8 million; as of 31 December 2021: EUR 8.4 million) and (iii) Total equity (as of 31 December 2022: EUR 56.1 million; as of 31 December 2021: EUR 25.6 million) as presented in Holdco's consolidated financial statements.

VII. SELECTED FINANCIAL INFORMATION AND OPERATING DATA

As at the date of this Prospectus, the parent company of the Group is Holdco.

The selected consolidated financial information set forth below should be read in conjunction with the respective documents incorporated by reference in this Prospectus.

The tables below present key selected consolidated financial information for the Group and key selected financial information of Holdco as of and for the financial years ended 31 December 2022 and 31 December 2021. The financial information with respect to the consolidated statement of comprehensive income, the consolidated statement of financial position and the consolidated statement of cash flows has been taken or derived from the unaudited consolidated interim report of Holdco as of and for the financial year ended 31 December 2022, and the audited consolidated financial statements of Holdco as of and for the financial year ended 31 December 2021. The unaudited consolidated interim report of Holdco as of and for the financial year ended 31 December 2022 and the audited consolidated financial statements of Holdco as of and for the financial year ended 31 December 2021 were prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board as adopted by the European Union (“IFRS”).

The financial information with respect to net debt and the key financial parameters set forth herein, has, unless otherwise indicated, been derived from the management report included in Holdco’s annual reports of 2022 and 2021, Holdco’s internal accounting reporting system and Holdco’s unconsolidated financial statements, prepared in accordance with the Accounting Act of the Republic of Estonia, and have been calculated based on financial information from the aforementioned sources.

Where financial information in the following tables is labeled “audited”, this means that it has been taken from the above mentioned audited consolidated financial statements. The label “unaudited” is used in the following tables to indicate financial information that was not taken from the above mentioned audited consolidated financial statements but has been taken either from the above mentioned unaudited consolidated interim financial information or Holdco’s internal accounting reporting system, or is based on calculations of financial information of the above mentioned sources as well as Holdco’s unconsolidated financial statements.

1. Consolidated statement of comprehensive income

	Year ended 31 December 2022 (unaudited)	Year ended 31 December 2021 (audited)
	(in Million EUR)	
Interest and similar income	78.6	48.3
Interest expense and similar expense	(20.2)	(14.4)
Net interest income	58.4	33.9
Other fees and penalties	7.3	8.2
Total other fee income	7.3	8.2
Other income	3.3	4.7

	Year ended 31 December 2022	Year ended 31 December 2021
	(unaudited)	(audited)
Allowances for loan impairment	(19.3)	(16.3)
Net operating income	49.7	30.5
Personnel expenses	(17.5)	(9.0)
Depreciation/amortization charge	(4.1)	(2.6)
Other operating expenses	(18.9)	(13.1)
Total operating expenses	(40.5)	(24.7)
Net gains/losses from financial assets measured at fair value	0	0.8
Net gains/losses from financial investments	10.0	0
Foreign exchange gains/losses	1.6	1.2
Total finance income	11.6	2.0
Profit before tax	20.8	7.8
Income tax expense	(1.2)	(1.8)
Profit for the reporting period	19.6	6.0
Other comprehensive income		
Other comprehensive income to be classified to profit or loss in subsequent periods: Exchange differences on translation of foreign operations	0.2	1.2
Total comprehensive income	0.2	1.2
Total comprehensive income attributable to:	19.8	7.2
Equity Holders of the parent	19.3	7.2
Equity Holders of the minority	0.5	0

2. Consolidated statement of financial position

	As of 31 December 2022	As of 31 December 2021
	(unaudited)	(audited)
	(in Million EUR)	
Assets		
Cash and bank accounts	65.6	46.3
Loans to customers	193.9	105.4
Prepayments	1.9	0.7

	As of 31 December 2022 (unaudited)	As of 31 December 2021 (audited)
	(in Million EUR)	
Trade and other receivables	4.3	3.1
Other financial investments	38.6	2.7
Property, plant and equipment	7.0	1.1
Right-of-use assets	2.1	1.6
Intangible assets	8.9	5.9
Total assets	322.3	166.8
Liabilities and equity		
Liabilities		
Deposits from customers	86.1	0
Loans and bonds from investors	167.3	135.7
Trade and other payables	1.5	1.4
Current income tax liabilities	0.2	0.6
Deferred tax liabilities	0.9	0.9
Other liabilities	10.2	2.6
Total liabilities	266.2	141.2
Equity		
Share capital	10.0	10.0
Legal reserve	1.0	0.8
Unrealized foreign exchange differences	0.4	(0.5)
Retained earnings	40.2	15.3
Minority share in equity	4.5	0
Total equity	56.1	25.6
Total equity and liabilities	322.3	166.8

3. Consolidated statement of cash flows

	Year ended 31 December 2022 (unaudited)	Year ended 31 December 2021 (audited)
	(in Million EUR)	
Prepayments to partners for issuance of loans	(27.7)	(26.0)
Received pre- and overpayments from customers	47.9	33.4

	Year ended 31 December 2022 (unaudited)	Year ended 31 December 2021 (audited)
	(in Million EUR)	
Paid trade payables	(25.0)	(18.2)
Received debts from buyers and received other claims	2.8	2.4
Received from collection companies	31.2	27.8
Paid net salaries	(11.8)	(6.7)
Paid tax liabilities, exc. CIT	(6.2)	(4.9)
Corporate income tax paid (CIT)	(2.8)	(1.4)
Paid out to customers	(218.5)	(67.6)
Change in MasterCard (MC) settlement account	(14.8)	(17.3)
Principal repayments from customers	138.3	41.6
Loan principal repayments from customers related to MC	21.5	12.6
Interest, commission and other fees	44.6	21.1
Net cash flows from operating activities	(20.5)	(3.2)
Purchase of fixed assets	(6.2)	(1.9)
Net cash flow from acquisition of subsidiaries	41.9	0
Payments for other financial investments	(17.7)	(0.0)
Receipts from other financial investments	17.9	5.9
Net cash flows from investing activities	35.9	4.0
Loans received from investors	33.6	111.5
Repaid loans to investors	(10.5)	(74.3)
Change in overdraft	0.5	1.8
Principal payments of lease contracts	(1.3)	(1.0)
Paid interests	(18.4)	(8.9)
Paid dividends	0	(3.2)
Net cash flows from financing activities	3.9	25.9
Change In cash and cash equivalents	19.3	26.7
Cash and cash equivalents at the beginning of the year	46.3	19.5
Change in cash and cash equivalents	19.3	26.7
Net foreign exchange difference	0	0.1
Cash and cash equivalents at the end of the year	65.6	46.3

4. Net debt

	As of 31 December 2022 (unaudited)	As of 31 December 2021 (audited)
	(in Million EUR)	
Cash and bank accounts	65.6	46.3
Bonds	123.6	119.5
Current loan from non-related parties	0.2	0.9
Long-term loan from non-related parties	7.3	2.7
Accrued interest for loans/bonds from non-related parties	5.2	4.2
Non-current financing received from/through Mintos	8.2	0.7
Current financing received from/through Mintos	6.4	0.2
Accrued interest for financing received from/through Mintos	0.1	0.0
Loan from bank	10.7	5.7
Accrued interest for loan from banks	0.0	0.0
Current deposits from customers	64.6	0.0
Non-current deposits from customers	21.3	0.0
Loans from government	3.6	0.0
Lease liabilities	2.2	1.8
Net debt³	187.8	89.4

³ For the purposes of this Prospectus, the Net debt represents the sum of (i) Total loans and bonds from investors (including lease liabilities) with a residual maturity over 1 year (as of 31 December 2022: EUR 120.6 million; as of 31 December 2021: EUR 127.3 million) and (ii) Total loans and bonds from investors (including lease liabilities) with a residual maturity up to 1 year (as of 31 December 2022: EUR 132.8 million; as of 31 December 2021: EUR 8.4 million) less (iii) Cash and bank accounts (as of 31 December 2022: EUR 65.6 million; as of 31 December 2021: EUR 46.3 million) as presented in the Holdco's consolidated financial statements.

5. Key financial parameters

The Group believes that the following key financial parameters are a useful way of understanding trends in the performance of the business of the Group over time.

a. EBITDA and Adjusted EBITDA

The abbreviation “EBITDA” stands for: “Earnings Before Interest, Taxes, Depreciation and Amortization”.

EBITDA is defined as profit for the reporting period plus income tax expense, plus interest and similar expense, plus depreciation and amortization charge and is derived with respect to the financial years ended 31 December 2022 and 31 December 2021, from the financial information produced with the unaudited consolidated interim report of Holdco as of and for the financial year ended 31 December 2022 and the audited consolidated financial statements of Holdco as of and for the financial year ended 31 December 2021, as shown in the table below.

Adjusted EBITDA is defined as EBITDA 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.

The Group believes these metrics are a useful indicator of its capacity to pay interest on its borrowings.

EBITDA and Adjusted EBITDA:	Year ended 31 December 2022 (unaudited)	Year ended 31 December 2021 (audited, unless otherwise indicated)
	(in Million EUR)	
Profit for the reporting period	19.6	6.0
Income tax expense	1.2	1.8
Interest and similar expense	20.2	14.4
Depreciation /amortization charge	4.1	2.6
EBITDA	45.1	24.8
Adjustments (unaudited)	11.7	2.0
Adjusted EBITDA⁴	33.4	22.8

⁴ The metric “Adjusted EBITDA” is used in the management report for 2022 of Holdco, published with the unaudited consolidated interim report as of and for the financial year ended 31 December 2022 in Holdco’s annual report 2022. For ease of readability, the metric is simply referred to as “EBITDA”. The metric of “Adjusted EBITDA” is identified as EBITDA adjusted with foreign exchange gains and losses of the period (as of 31 December 2022: gain EUR 1.7 million; as of 31 December 2021: gain EUR 1.2 million) and with net gains and losses from financial investments (as of 31 December 2022: gain EUR 10.0 million; as of 31 December 2021: gain EUR 0.8 million).

b. Consolidated key financial parameters

	Year ended 31 December 2022 (unaudited)	Year ended 31 December 2021 (audited)
Net loan portfolio (in million EUR) ⁵	193.9	105.3
Capitalization ratio (equity/net loan portfolio) ⁶	28.9%	24.3%
Net profit margin ⁷	22%	10%
ROA (profit for the reporting period/total assets)	6.08%	3.64%
ROE (profit for the reporting period/total equity)	34.94%	23.72%
Assets/equity ratio	5.75	6.52
Leverage ratio ⁸	4.2	3.6
Equity per share (total equity/number of outstanding shares)	5.61	2.56
Earnings per share (profit for the reporting period/number of outstanding shares)	1.96	0.60
Dividends paid per share (dividends paid/number of outstanding shares)	0.00	0.31

c. Key parameters based on Holdco's unconsolidated financials statements

	Year ended 31 December 2022 (unaudited)	Year ended 31 December 2021 (audited)
ROA (profit for the reporting period/total assets)	6.08%	3.64%
ROE (profit the reporting period/total equity)	34.94%	23.72%
Assets/equity ratio	5.75	6.52
Equity per share (total equity/number of outstanding shares)	5.61	2.6
Earnings per share (profit the reporting period/number of outstanding shares)	1.96	0.6
Dividends paid per share (dividends paid/number of outstanding shares)	0	0.31

⁵ Gross loan portfolio (including accrued interests) deducted by provisions for loan impairments

⁶ Capitalization ratio = total equity / net loan portfolio

⁷ Net profit margin = profit for the reporting period / income

⁸ Leverage ratio = Net debt (loans and bonds from investors (including lease liabilities– cash and bank accounts) / EBITDA

6. Independent Auditors

The statutory auditors of the audited consolidated financial statements of Holdco and its subsidiaries as of and for the financial year ended 31 December 2021 and the unaudited, for the time being, consolidated financial statements of Holdco and its subsidiaries as of and for the financial year ended 31 December 2022, prepared in accordance with IFRS and incorporated by reference in this Prospectus, was Audiitorühing KPMG Baltics OÜ, incorporated under laws of Estonia with its registered office at Narva mnt 5, 10117 Tallinn, Estonia and companies register under number 10096082 and Audit Company's Registration number 17.

Audiitorühing KPMG Baltics OÜ is a member of the Estonian Auditors' Association.

The independent auditor's report issued by Audiitorühing KPMG Baltics OÜ on the consolidated financial statements of Holdco and its subsidiaries as of and for the financial year ended 31 December 2021 incorporated by reference in this Prospectus is qualified as described in the basis for qualified opinion with respect to the fair value of the investment in ICK in the consolidated statement of financial position, and related adjustments in the consolidated statement of comprehensive income due to inability to obtain sufficient reliable audit evidence to support management's assumptions in the estimation of the fair value of and future cash flows from the investment as well as the significant uncertainty associated with liquidation process of ICK following the revocation of its microfinance license by the Central Bank of Kosovo in December 2019. The qualified opinion of Audiitorühing KPMG Baltics OÜ on the consolidated financial statements of Holdco and for the financial year ended 31 December 2021, reads as follows:

"Qualified Opinion

We have audited the consolidated financial statements of AS luteCredit Europe (the Group), which comprise the consolidated statement of financial position as at 31 December 2021, the consolidated statement of comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, except for the possible effect of the matter described in the Basis for Qualified Opinion section of our report, the consolidated financial statements presented on pages 12 to 60, present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted in the European Union.

Basis for Qualified Opinion

The Group's investment in luteCredit Kosovo JSC, a former foreign subsidiary, accounted for under the fair value method, is carried at EUR 2,529 thousand on the consolidated statement of financial position as at 31 December 2021 (EUR 6,999 thousand as at 31 December 2020). As described in Note 27 to the accompanying consolidated financial statements, on 6 December 2019 luteCredit Kosovo JSC received a notice from the Central Bank of Kosovo that its microfinance licence had been revoked with immediate effect and a liquidator was appointed to close the business in Kosovo. The event resulted in the Group losing control over the subsidiary and accordingly, the Group derecognised the assets and liabilities of the subsidiary from consolidation and recognised the retained investment as a financial asset at fair value through profit or loss.

Due to the fact that we were unable to obtain sufficient reliable audit evidence to support management's assumptions used in the estimation of the fair value of and future cash flows from the investment as well as the significant uncertainty associated with the liquidation process of luteCredit Kosovo JSC, we are unable to express our opinion on the fair value of the investment in luteCredit Kosovo JSC in the consolidated statement of financial position, and related adjustments in the consolidated statement of comprehensive income. We were also not able to satisfy ourselves as to the amount by which the recoverable amount of the investment is lower than its carrying amount and the amount in which an impairment loss should have been recognised by alternative means. Accordingly, we are unable to conclude whether and to what extent the Group's consolidated comprehensive income for the reporting period and the comparative period may be overstated and the Group's consolidated assets and equity as at 31 December 2021, 31 December 2020 and 31 December 2019 may be overstated for the above reason.

We conducted our audit in accordance with International Standards on Auditing (Estonia). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Estonia, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion."

Please see "Documents incorporated by reference".

7. Significant changes in the financial performance and position of the Group

There has been no significant change in the financial performance and in the financial position of the Group since the date of the latest unaudited consolidated interim report of the Group as of 31 December 2022.

VIII. SELECTED PORTFOLIO INFORMATION

The selected consolidated information on our operating data and our loan portfolios and ratios for the periods indicated set forth below should be read in conjunction with the consolidated financial statements of Holdco as of and for the financial years ended 31 December 2022 and 31 December 2021, which are incorporated by reference in this Prospectus. The information in the following section is of statistical nature and based on Holdco's internal reporting system.

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's internal credit rating system and year end stage classification as of 31 December 2022 and 31 December 2021. The amounts presented are in million euros and gross of impairment allowances.

31 December 2022	Stage 1	Stage 2	Stage 3	Total
According to IFRS 9				
Gross loans to customers	169.0	2.7	26.4	198.1
Accrued interest from loans	12.9	0.4	4 086	17.4
Allowances for loan impairment	(5.2)	(0.7)	(15.7)	(21.6)
TOTAL	176.6	2.4	14.9	193.9
31 December 2021				
According to IFRS 9				
Gross loans to customers	86.9	2.3	16.8	106.0
Accrued interest from loans	9.1	0.3	4.9	14.4
Allowances for loan impairment	(4.7)	(0.5)	(9.8)	(15.0)
TOTAL	91.4	2.1	11.9	105.4

The expected credit loss model follows a “three-stage” approach based on changes in the credit quality of the financial instruments since their initial recognition. The Group used the next classification into stages:

- Stage 1 – all non-defaulted loans with $DPD \leq 30$ (DPD - Days Past Due)
- Stage 2 – all non-defaulted loans with $DPD > 30 \leq 50$
- Stage 3 – all defaulted loans ($DPD > 50$)

The Group divides its operating activities in segment according to its geographic location. The income of reported segments do not contain transactions between the segments.

IX. BUSINESS

1. Overview

luteCredit is a leading consumer loans provider established in 2008 with its headquarters based in Tallinn (Estonia). It operates in Europe and the Balkan Peninsula. The financial product offering of lute consist of: shop loans (point of sales), cash loans (instalment loans), car loans and credit cards. Our potential lies in a broad targeted customer base with demand for low - to mid-value consumer goods including cars. Our business model is built around high demand for personal finance solutions in under-banked markets with high GDP growth and low public/private debt.

AS luteCredit Europe (“**Holdco**” or “**ICE**”) is a holding company whose subsidiaries are specialized in providing consumer credits by using equity and loan capital. As of the date of this Prospectus, ICE has nine operating subsidiaries: luteCredit Finance S.à r.l. (the “**Issuer**”) in Luxembourg, O.C.N. “IUTE CREDIT” S.R.L. (“**ICM**”) and B.C. “Energbank” S.A. (“**Energbank**”) in Moldova, luteCredit Albania SHA (“**ICA**”) and Velox Pay Sh.p.k. (“**VP**”) in Albania, luteCredit Macedonia DOOEL–Skopje (“**ICNM**”) in North Macedonia, lutePay Bulgaria EOOD (“**IPB**”) and luteCredit Bulgaria EOOD (“**ICB**”) in Bulgaria and MKD luteCredit BH d.o.o. Sarajevo (“**ICBH**”) in Bosnia Herzegovina. Holdco, the Issuer, ICM, ICA, VP, ICK, ICNM, IPB, ICB and ICBH together form “**luteCredit**” and, Holdco, together with its direct subsidiaries, including Energbank form, the “**Group**”.

Holdco further holds 100% shares in luteCredit Kosovo J.S.C (“**ICK**”). Following the loss of license by ICK and the liquidation ordered by the Central Bank of Kosovo, Holdco lost control over the shares in ICK, which is no longer a subsidiary of Holdco (see “*Information about the Group and the Guarantors – Recent Events and Trends*”).

ICM, ICA, VP, ICNM, IPB, ICB and ICBH are hereinafter referred to as “**Subsidiaries**.”

The Group recently expanded its core operations through the acquisition by ICE of 94.58% of the shares in Energbank, a bank registered in Moldova, through several share purchases during the first half of 2022. As of the date of this Prospectus, ICE holds 95.92% of the shares in Energbank. Energbank is a commercial bank that has been operating in the financial markets of Moldova for 25 years.

As of 31 December 2022, the Group operates in Albania, Moldova, North-Macedonia, Bulgaria and Bosnia Herzegovina through 46 luteCredit branches, with 2,127 point of sales (retailers) and 39 Energbank branches. luteCredit Bulgaria EOOD became operational in the first quarter of 2020, but, due to the Covid-19 pandemic, activities were suspended until the situation stabilized. luteCredit Bulgaria EOOD is operational again as of June 2021 (see “*Information about the Group – Recent Events and Trends – Covid-19 Developments*”).

luteCredit is a profitable group since the beginning of its operation in 2008. It recognizes that the timeframe is short and it continues its efforts to build a long-term uninterrupted history of profitable growth.

The goal of luteCredit is to create the extraordinary customer experience in personal finance by exceeding customers’ expectations. It provides lending products to customer not served by the traditional banking system.

As of 31 December 2022, 1,005+ people including the management and IT team were able to serve more than 321,526 active loan customers and work with pool of more than 928 thousand customers and served through our omni channel contact center reaching out to 3 million interactions. Its work process is highly automatized, to allow people do what the humans are best at: customer interaction. luteCredit itself compares its internal work

processes in originating and maintaining the loans to work processes of a modern car manufacturer.

2. Key Strengths

a. Sustainability and simplicity

lute focuses on providing comfortable and secure lending to its customers. The products offered are designed to serve the needs and requirements of customers through detailed and safe creditworthiness checks via public databases (government institution databases, debt collection agencies, bank statement providers, Central Bank registries and many others). Our process and procedures are based on simplicity and effectiveness. The average approval time for a loan application is below 10 minutes with minimum effort from a customer. Once the customer is fully onboarded, the loan application can be processed from submission to payout within a few seconds and fully automatically. Once approved and in the database, the process becomes even simpler and waiting time decreases. Offering immediate loan application and being the fastest and the most comfortable is what separates us from the competition.

The proven effectiveness and strong experience gained in lending into unbanked and underbanked markets allows us to expand fast and apply best practices from existing into the new markets.

b. Transparent products

Loans we offer have a term from 1 to 60 months and the amount offered varies depending on the income, the monthly payment requirements and the reliability of the customer. This implies that a customer can choose the amount needed, select minimum monthly payment and choose the payments dates.

All of our products are available to our customers through online and offline channels such as our branches and partner's network, our website and our partner's websites, Mylute mobile application and our call center. Regardless of the medium and their convenience, our products and way of work allows a customer to have a clear insight into terms and conditions, privacy policies, pricing, and repayment model, as well in any additional concern or question they may have and is related to rules and procedures, product specification and how the lending in general works.

c. Being always present and everywhere

We are available either online, by mobile phone or in one of our offices during open hours. Our Mylute application allows us to be available 24/7 for the customer. We offer automated approval processes to our customers and have expanded our presence through a partner/dealership network and cover as large market share as possible. Wherever our branch is not present we have our partners covering our customer's needs for smooth and fast face-to-face servicing. The partnership/dealer network is of high importance to us and cherishing this relationship brings additional value to our customers. Through our network, we also offer specific types of loans for specific purchases such as electronics, used cars, house repair materials, furniture and different consumer services. By constantly improving our internal systems and aligning them with local regulations we try to make the process more and more automatized.

As of 31 December 2022, we had a network consisting of 46 luteCredit branches and 39 Energbank branches and 2,127 partner shops in 5 countries total – Albania, Moldova, North Macedonia, Bulgaria and Bosnia Herzegovina. We constantly try to onboard new partners and expand our network in order to offer and expand our services to as much customers as possible.

d. Experience for better competitiveness

The Group and local team members come from different industries, mostly banking, finance, and sales. The wealth of their background, experience and profiles enables us to think creatively and move forward by utilizing the best practices and know how's with the positive output by enabling us to be even more competitive in the market.

As a Group, we aim to serve millions of customers and that means constant strive to attract the best talent, implement the best technology, develop the best organization and bring the best out in each team member. Money is the outcome of right actions, but at foremost we as a team enjoy ourselves in pursuing the right actions and overcoming the challenges.

e. Trust leads to success

Customers are our focus. Our work and products are designed around the customers' needs. We are constantly improving, becoming faster and more reliable for our customers, partners and employees. With a personalized approach, custom made products, valuing employees, contributing to the community, we tend to make a difference and create a positive impact in the society where we operate. We are trusted by more than 1,0 million customers over the years.

The amount of trust and good work that we do, is shown through research conducted, where we have asked the general population in countries of operations questions related to our visibility, trust, awareness, and creativity. We have also gained an insight how we rank with competition as well. Results obtained during this research show that the work we are doing and services we are providing are making significance to our customers.

In Moldova, where we have been operating for more than 15 years and in a highly competitive market, most recent results show that awareness of the lute brand is 91% of the interviewed people; in Albania (more than 6 years of operations), result is 48%; in North Macedonia (more than 5 years of operations), result is 58% and in Bosnia Herzegovina (more than three years of operations), total brand awareness result is 6%.

Randomly selected people for the research purposes were taken out from all demographic segments, without necessarily being customers of luteCredit.

Customer Performance Index ("**CPI**") is a unique index developed by luteCredit. CPI measures customers' actual repayments against the expected repayments according to the original repayment schedules of loan agreements within a tolerance period for repayment delays. It is a cashflow- and reality-centric indicator that avoids evergreening illusions or illusions that may arise from inadequate provisioning. Repayment within 30 days of delay (CPI30) is considered normal and a so called "technical delay". CPI50+ (DPD 50+) is recognized by luteCredit as NPLs. For the nine-month period ending on 31 December 2022, luteCredit reached a CPI30 ratio of 90.5% as the weighted average across products and markets. As CPI30 is a proprietary metric, it has not yet been implemented in the processes of Energbank.

3. Strategy

luteCredit's strategic objective is to reach by end of 2026 at least one million performing customers, build at least one billion EUR in balance sheet assets and earn revenue of at least 20% from its assets with at least 20% net profit margin. To achieve that ambitious objective, luteCredit's strategy is to acquire individual customers in eastern and south eastern European countries by offering them combination of fully digital customer journeys in online installment loans, instant payments and related services. Simultaneously with creating fully digital journeys, the Group will keep open its capability for physical customer interaction. The

strategy is focused on developing the Group's digital understanding of the individual customers' needs and their potential. The Group's business is founded on individual customer profile and customer account, to which different value streams - such as loans, payments, investing etc - can be connected through personal financial services offers. The Group also develops its own ecosystem with partners network that comprises of online and offline merchants, postal offices etc.

The strategy is executed through developing business organization with winning teams, modelling universal business processes with possibility of local settings, and development of scalable technology. The Group's management is organized between headquarter and local subsidiary level managements, where headquarter is responsible for strategic targeting, strategic resources allocation and scalability and also some operational level activities that serve all Subsidiaries. Subsidiary management enjoy full autonomy within the organization, process and technology framework set by the headquarter and in compliance with local laws and regulations. The Subsidiaries offer the services to the end-customers and develop the business on the local competition field. The Subsidiaries have local teams, local customer pools, local loan portfolios and develop local investor relations and relations with regulatory authorities and partners.

luteCredit may consider both organic growth opportunities and accelerated growth opportunities through acquisition of assets that can be restructured or reorganized, if necessary. Historically the Group has successfully completed two acquisitions of regulated assets in its target countries.

luteCredit's mission is to offer the best experience to its customers in the field of personal finance. The customer's daily needs are met in an easy and seamless way. Further, the provided services are also fast and comfortable. luteCredit also believes in human interaction. Robots and Fintech are helpful; however, they do not provide an exclusive answer to the finance-related questions and issues that may be issued by customers. Besides the assistance technological developments provide, there is a necessity for human interaction to properly address customers' needs: Nothing replaces the sincere human smile and attention.

4. Loan Products

luteCredit's loan products are mostly unsecured consumer loans with a term between 1 month and 48 months and car-secured loans with terms of up to 60 months. Unsecured consumer loan amounts are between EUR 25 to EUR 3,900 with Annual Percentage Rate (APR) from 17% to 99%. Interest rates are defined based on the loan amount, maturity, customer employment/income type as well as application signing channel. Car-secured loan amounts are between EUR 1,000 to EUR 12,500 with APR from 25% to 35%. Interest rates are defined based on the loan amount, maturity, customer employment/income type.

lute aims to serve only customers with a permanent workplace and stable income. Disbursements of the loans are based on personal identification and personal credit rating. For a new applicant, the credit rating depends on comparison of the applicant's relevant parameters with respective parameters of performing and poorly performing statistic customer groups and certain databases. In this regard, 63% of unique loan applications in Moldova, 74% in Albania, 57% in North Macedonia, 53% in Bosnia Herzegovina and 17% in Bulgaria have been approved. For returning customers, we apply personal credit limit which is based on individual performance data. More than 60% of loan applications across luteCredit have been approved.

Loans are handled via an agent network (such as shops, money transfer companies, postal agencies) and our own retail offices and ATM network. By 31 December 2022, we had 46 of

our own retail branches. lute handles money via bank accounts, its own ATM network, and MasterCard. Certain agents of luteCredit also perform cash operations and assume the related risks.

Clear product offer

Product	Non-Bank 		Energbank 	
	Dealer loans	Cash loans	Individuals Unsecured/Mortgage/Other secured loans/Creditline	Businesses
Share of portfolio	27% 	71% 	58.6% 	41.4% 
Loan size (EUR)	25 – 3,300	25 – 3,900	147 – 215,906	2,088 – 940,071
Max term (months)	60	48	300	48
APR; WA	10 – 90%; 29.9%	24 – 90%; 55%	6.7% – 40%; 11.8% - 15.6%	3.3% – 27.3%; 8.2% – 13.8%
Repayment structure	Fixed monthly repayments	Fixed monthly repayments	Fixed monthly repayments	Fixed monthly repayments
Average total commission	5.7%	33.7%	0% - 0.81%	0.5% per year
Markets	Romania, Albania, North Macedonia, Bulgaria, Bosnia and Herzegovina	Romania, Albania, North Macedonia, Bulgaria, Bosnia and Herzegovina	Moldova	Moldova
Distribution channels	Partners Offline and Online, Mylute App	Online, Branches, Partners, Mylute App/ATM	Branches	Branches

5. Marketing

a. Overview

Marketing activities, through the Subsidiaries, are focusing on new customer acquisition. Brand is supported both through acquisition and specifically brand oriented communication.

Our marketing activities are targeting all the users above 18 years of age, who are permanent residents of designated countries with a provable income.

Main marketing messages used as an advantage in communication and attracting attention are the speed, comfort and ease of application process.

Main new customer acquisition sources are (over 60%) retail dealers, and main product is hire purchase.

Part of the sales strategy, joint marketing co-promotions are organized to promote special deals and reach out to a higher number of potential customers. Our biggest retail partners in the markets where we operate are: Deutsche Telekom, A1 (Part of Austria Telecom Group), Orange, Vodafone, MoldCell, Western Union, Post Offices, Home Appliance and Furniture retailers – Neptun, Setec, TehnoMarket, Bomba, JYSK, PrimaMebel etc. Besides International and Balkan region well-known brands, we cooperate with small local shops, helping them with marketing activities and provide guidance and support.

b. Organization

lute has actively started in developing and establishing a solid marketing team, consisting of internal and external teams, agencies and service providers. The marketing department organization is divided between luteCredit head quarter and local marketing pools. The Group marketing department is mainly in charge of branding, counselling, strategy and development, while the local marketing departments are mainly in charge of the implementation of luteCredit marketing strategy, new customer acquisition, localization and active participation in local activities relevant to a given Group entity, such as – CSR and Sponsorship. The Group has moved step by step towards decentralized marketing management model so that HQ marketing can concentrate more to branding, innovations and new product developments support.

c. Marketing Mix

Online channels are:

- Website;
- Mylute App and Push notifications;
- Social Media – Facebook, Instagram, Linked-in, Tik-Tok;
- Search Engine Marketing – Google, Yandex;
- Display – Local Web Portals, Google Display Network;
- Email Marketing;
- Programmatic networks, Affiliate networks.

Offline channels are:

- TV and Radio;
- OOH – Billoboards, City Lights, Buses, etc;
- SMS;
- CSR and Events;
- POS (branches and Partners).

The commercial teams are also in charge for aftersales activities for our existing customers. In aftersales campaign we use remarketing/retargeting techniques to reach an upsell the existing

database for new products or to products that have higher amounts. The criteria that we apply is based on the proven creditworthiness of a customer. Main channels for AS campaigns are SMS and Viber messages alongside other online channels.

As part of our marketing strategy, luteCredit being the fastest and most comfortable loan provider also focuses on supporting local communities and events that are of high value to the society, and that has high reach and visibility. Some of the key events we sponsored in 2022 are:

- Financial literacy and digitalization conference in Moldova;
- Scholarships for University of American College in Skopje, North Macedonia;
- Medical equipment donations during pandemic in North Macedonia;
- SOS Children’s Village Cooperation in North Macedonia;
- Digital transformation panel discussion in Bosnia Herzegovina;
- Blood donation projects across lute Credit countries.

The total marketing budget for the year 2022 allocated to the 5 countries in which we were active during the year was approximately 3.2 million EUR.

6. Geographic Markets

As of 31 December 2022, the Group offers consumer loan products in five jurisdictions through the direct subsidiaries of Holdco incorporated in Moldova, Albania, North Macedonia, Bulgaria and Bosnia Herzegovina, and offers commercial banking services in Moldova through Energbank, a direct subsidiary of Holdco.

lutePay Bulgaria EOOD (IPB) in Bulgaria is luteCredit’s operations cost center and cards competence center and did not generate revenue during the year 2019. As of 2020, IPB is non-operational (see *Information about the Group – Recent Events and Developments – Covid-19 Developments* below). The Group operations cost center was moved to Estonia.

ICM operates in Moldova since August 2008, ICA operates in Albania since April 2015, ICNM operates in North Macedonia since September 2017 and ICBH operates in Bosnia Herzegovina since May 2019. The new subsidiary VP was registered in Albania in October 2020 and became operational in November 2022.

Subsidiary	Investments in subsidiaries			
	Country	Acquisition/ Registration Date	31.12.2022	31.12.2021
O.C.N. “IUTE CREDIT” S.R.L.	Moldova	28.11.2008	100%	100%
luteCredit Albania SH.A	Albania	04.08.2014	100%	100%
luteCredit Macedonia DOOEL	North Macedonia	24.07.2017	100%	100%
lutePay Bulgaria EOOD	Bulgaria	12.12.2017	100%	100%
luteCredit Bulgaria EOOD	Bulgaria	11.03.2019	100%	100%

luteCredit BH d.o.o.Sarajevo	Bosnia Herzegovina	01.05.2019	100%	100%
luteCredit Finance S.à r.l.	Luxembourg	01.07.2019	100%	100%
Velox Pay Sh.p.k.	Albania	09.10.2020	100%	100%
B.C. "Energbank" S.A.	Moldova	12.01.2022 (first acquisition)	95.92%	N/A

7. Credit and Risk Management

a. Enterprise Risk Management

Applying the holistic systematic approach to manage risks across all business functions in the entire luteCredit Group.

b. Credit risk

The credit risk is based on the likelihood of the counterparty not meeting their obligations under a financial instrument or customer contract, leading to a financial loss for the creditor. The Group is exposed to credit risk from its operating activities (primarily from issued loan agreements).

To manage luteCredit's credit policy and portfolio risks, luteCredit has a credit committee (the "CreCo").

There are two levels of CreCo: (i) the Group CreCo and (ii) the subsidiary CreCo. The Group CreCo has authority over the following decisions: to determine the competence of the subsidiary CreCo, to determine the framework of loan parameters (the "Loan Parameters"), to determine the loan application checking and approval procedure (the "Checking Procedure"), and to determine the overdue procedure (the "Overdue Procedure").

The Group CreCo consists of the following permanent members: Group CRO (Chief Risk Officer) as the Chairman of the Committee, Group CCO (Chief Commercial Officer), Group CFO (Chief Financial Officer), Group CLO (Chief Legal Officer).

The Group CreCo makes decisions at the request of the local subsidiary's management or on its own if necessary.

The subsidiary CreCo consists of local management team or other relevant positions.

Every luteCredit subsidiary monitors periodically (standard report is made monthly) repayment statistics. The Subsidiaries make all relevant portfolio analysis. Based on this data, the Subsidiaries make strategical decisions.

luteCredit uses following main methods for monitoring the portfolio performance:

CPI (Customer Performance Index): this is the ratio of amount actually repaid by the customer to the amount expected to be repaid by the customer according to the installment plan. $CPI = \text{actual\$} / \text{expected\$}$. The actual repayment can be accounted with different time tolerances, measured in days from the day the repayment of the principal and primary fees was scheduled according to the installment plan. For example, if the scheduled date is November 15 and the customer makes the repayment 30 days late (December 15). If the applied tolerance is 30 days, the repayment would still be accounted as the repayment would still be accounted as an actual repayment of that particular expected repayment. If the tolerance was 0 days, then that repayment on December 15 could not be accounted as an actual repayment, it is too late. CPI is usually expressed with a tolerance indicator in days (for example CPI0, CPI30, etc). By

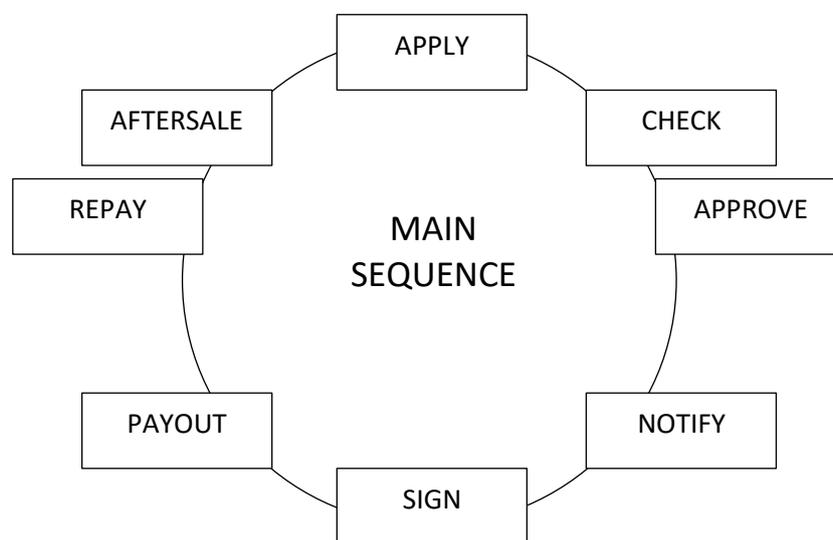
default, CPI expresses the ratio of actual to expected repayments of principal and primary fees. By default, unless clearly stated otherwise, the tolerance is 30 days (“CPI30” and “CPI” mean the same thing).

DPI (Defaulted Performance Index): the ratio of actually repaid debt after default against the expected Principal claim that was determined at the moment of the termination of the relevant loan agreement (“T”). $DPI = \text{actual}\$/\text{expected}\$$. Actual repayment can be accounted with different time tolerances, measured in days from the moment of T. DPI is usually expressed with a tolerance indicator (for example DPI60, DPI180, etc). If the collection is made within first 40 days, then it counts for the purpose of DPI60, but not for the purpose of DPI30.

8. Underwriting and Review

a. Overview of the underwriting and review process

The underwriting policy of luteCredit is generally described with a main sequence.



This main sequence is the description of the main loan process steps, the order of the steps and the interrelation between those steps. It is also a map to understand the business process and how this process is further improved. The company creates an extraordinary customer experience. It produces the loans, and improves itself through the main sequence, as the experience gathered is carried on and luteCredit improves constantly the process.

The main sequence proceeds as follows: The major steps are designated with the box. Each process step (each box) follows the previous step (previous box). One cannot proceed to the next step without completing the previous step. All the process steps together form a continuous revolving circle, creating a repeated customer experience. Each step can involve or trigger various sub-sequences and formats. The repay step, for example, can trigger both the aftersale step (if the repayments are properly executed) or the reminder step, or even the collection step (if the repayments are not executed properly). Every step can be measured by its speed, its efficiency or by other parameters.

Every step consists of a set of manual operations (“MAN/OP”) and by robot automated operations (“AUT/OP”). The manual operations refer to the operations made by the user. They are registered when the user presses the respective button (for instance: when the user

presses the green button “submit loan application”). By “Continuous improvement”, it is meant that incremental changes inside each of those process steps are made. By the use of the main sequence, problems and opportunities are located and described. Some of the main sequence steps, or even all of them, may happen instantly. Hence, the user perceives everything happening simultaneously, within the same second. Internally however, the main sequence works, as said, “in sequences.”

The steps in the main sequence are the following: (i) the apply step, (ii) the check step (iii) the approve step, (iv) the notify step, (v) the sign step (vi) the pay-out step, (vii) the repay step and, (viii) the aftersale step.

The first step is the customer’s application for the loan. The application can be done from different locations and using different technologies, depending on the local market (e.g.: web application, application at the lute branch, application at a partner’s shop, application via SMS, application by phone call or application via Mylute App). Once the apply step is completed; the loan application is entered into lute’s CRM. This process triggers the following step: the check step.

b. Verifying the identity of the customer and checking the creditworthiness and affordability (the check step)

The second step concerns the identity verification, verification of the financial data declared by the customer and gathering other relevant information to assess the customer’s creditworthiness and affordability. The information declared by the customer in the loan application, other luteCredit databases and external data is examined. The verification can also involve various technologies and various manual or automated operations, depending on both the customer and the loan application. It is a necessary step, before the loan can be approved. The check step is finalized when the information concerning the identity of the customer is obtained and verified, including their PEP status and the customer’s existence in the Sanctions List or in the Watch List, and the data for assessing the creditworthiness and affordability is available. That does not mean that the data is positive, the check covers only gathering the data, a decision is not taken at that step. This step triggers the approve step.

c. The loan approval (the approve step)

After the data has been checked, the identity of the customer is properly verified and, in case the customer’s financial situation would allow us to issue the loan, the loan application can be approved. The approval involves various technologies to make the decision to approve or disapprove the loan.

d. The notification (the notify step)

The notification is the feedback given by luteCredit to the customer on his or her loan application, in terms of whether the loan is available or not. That is the first part of perceivable customer experience after the customer has expressed his or her wish for a loan. The question remains of how fast the customer gets the luteCredit’s response. luteCredit pays full attention to accelerate and continuously improves its loan origination process. The customer always receives a notification, whether the loan is approved or not. This step triggers the following step, the signing of the loan agreement.

e. Signing and concluding of the loan agreement (the SIGN step)

This step concerns the concluding of the loan agreement. Until signing, the process is non-binding where luteCredit has promised to give a response to customer’s request and follow the consumer credit, consumer protection and data protection rules. After the customer and luteCredit have signed the loan agreement, the loan agreement is considered to be in full

effect and legally binding. Depending on the country and the law, the loan agreement can be signed on paper with ink or electronically. After the sign step, the pay-out step starts.

f. *The loan disbursement (the pay-out step)*

The agreed loan is disbursed to the customer in the agreed manner on the agreed time. This step can be completed through the use of various technologies and platforms. The most classic and free of charge form of pay out is from luteCredit's bank account to the customer's bank account. More often, it is completed in the form of handing over the purchased goods at the shop to the customer, the disbursement of cash over the counter of luteCredit's partner such as the post office, an increase of the available balance on the customer's credit card or via luteCredit's own ATM network. luteCredit does not handle cash operations itself. The next step is the repayment step.

g. *The repayment step*

Once the pay-out has been completed, the customer will have to start paying the agreed loan back, in the expected time, the agreed amount to the respective account of luteCredit. This can be done through various platforms and technologies, depending on the market and the legislation. For instance the repayment from the customer's bank account to the luteCredit bank account, the repayment of cash through ATM's, repayment in cash over the post's counter. If the repayment does not meet the agreed amount, it can lead to (a) a reminder process, (b) an internal collection process or (c), an external collection process. In case the customer has repaid their loan in full or the repayment as accounted meets the agreed amount, the next step will be the aftersale step.

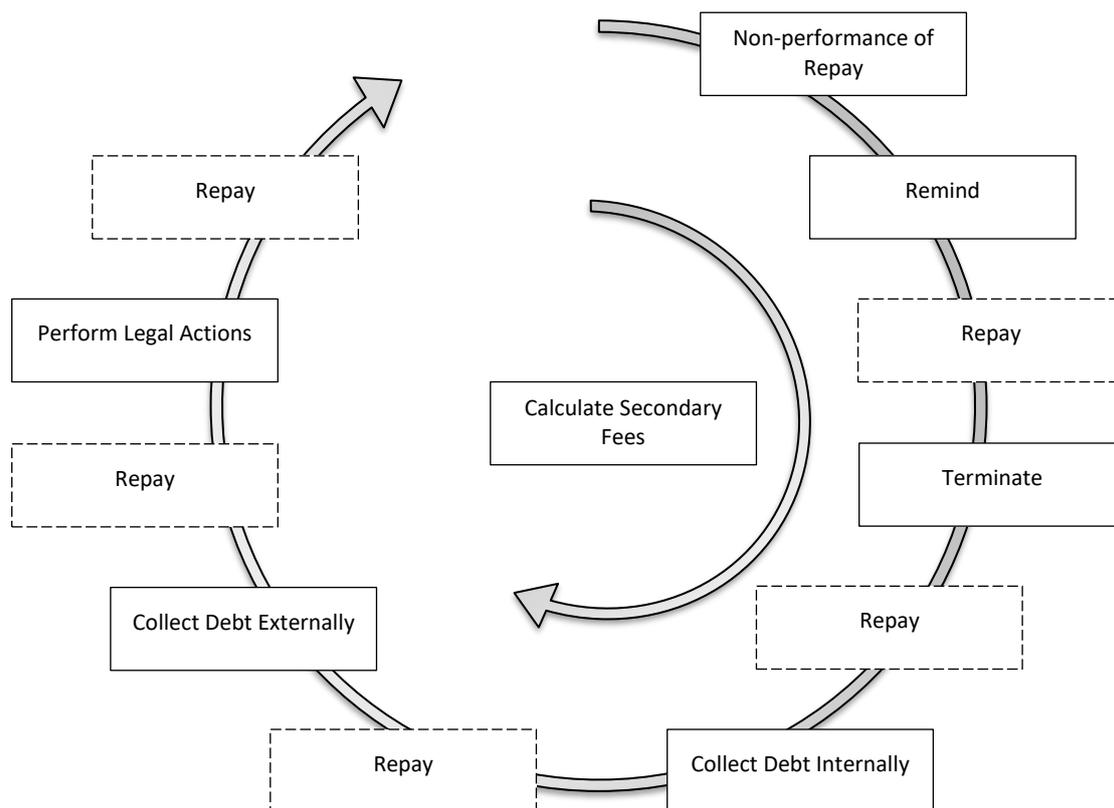
h. *The aftersale step*

The aftersale is the luteCredit-initiated attempt to generate the Customer's interest towards a new loan, probably in a bigger amount and in financially more favorable conditions. This would then trigger a new loan application again.

Each subsidiary has its own country-specific checking procedure where underwriting steps are described more detailed way.

9. Portfolio management and overdue sequence

The overdue sequence looks as follows:



The overdue sequence is carried out in a series of steps. Only customers failing to repay (see “the repayment step” of the “main sequence”) initiate the overdue sequence. Once engaged into the overdue sequence, the customer proceeds with the steps in order. However, if the customer manages to repay fully the delayed installment, together with respective penalties, before termination of contract, the customer does not continue. He or she exits the overdue sequence and rejoins the main sequence. If the repayments are made after the termination of the contract, the customer has exited the overdue sequence and will not rejoin the main sequence.

On the chart, the process steps of the overdue sequence are represented by a box. Each process step (each box) follows the previous step (previous box). It is not possible to proceed to the next step without having completed the previous step. The dotted boxes that can be observed are conditional steps. If the customer repays according to the expectations, then the customer exits the overdue sequence. If the customer does not repay, then he/she stays in the overdue sequence. The following step then applies. It should be noted that the overdue sequence is unfinished; it is not a continuous revolving circle. The steps of overdue sequence proceed as follows:

A. Repay

The repayment step means that the customer has paid back the loan or the amounts due. As previously mentioned, the customer exits the overdue sequence.

B. Remind

It is the action of recalling the obligation to make primary and secondary repayments pursuant to the loan agreement. This step consists of various reminding activities through calls, text messages, and letters, which aim to get the customer back on track with their repayment

schedule and to prevent termination. These actions are performed by customer advisors and, at a later stage, by specially dedicated risk customer advisors. Different solutions can be offered to customers for convenient repayments: suspension up to the 9th day after the repayment becomes overdue (the right to suspend or defer repayment of a monthly installment for a certain period) or extension of the repayment schedule (according to which the original installment plan is amended in order to enable the customer to repay the remaining balance of their loan in smaller monthly installments and for a longer period than originally agreed upon).

C. Terminate

When the customer has failed to perform his contractual duties, luteCredit has the right to unilaterally terminate the single loan agreement and any other agreements in place with that customer. All debt (outstanding principal, primary fees and secondary fees) becomes due and payable at once. Termination is applied after an installment is in delay for at least 50 days.

D. Collect debt internally

It is the step where all receivables (principal, primary and secondary claim) are collected from defaulted loans/defaulted customers within a time frame set by luteCredit's internal procedures. The collection activities are carried out by luteCredit employees – debt advisors – who, beside asking the debtors to repay their total debt, can offer discounts on secondary and primary claim and/or debt settlement agreements (repayment schedules), with the aim to motivate debtors to repay their debt. If this step is unsuccessful, the loan in default is handed over to external debt collection.

E. Collect debt externally

In this step, all the receivables from defaulted loans/defaulted customers are collected by specialized debt collection companies, within a time frame set in the cooperation agreement with luteCredit. Several debt collection companies are used for better results, including sequential usage of companies if the first collection company has failed to recover the amounts due. The cooperation with external debt collection companies is based on agent-principal agreements and on a “no result – no pay” principle, meaning that luteCredit pays for collection services only from actual repayments received from the debtors.

F. Perform legal actions

If luteCredit deems necessary and reasonable, legal action is taken with the claims where collection activities have been ineffective.

10. Competition

Even though luteCredit is acting in jurisdictions that are currently underbanked, in certain markets it would also compete with financial institutions, such as banks, credit unions and other consumer lenders offering similar financial services offering loans.

Albania

The main competitor in consumer cash loan is Kredo Finance, they offer small loans without proof of income, guarantees or collateral. They operate through 41 branches and their website for online applications. NOA and Fondi Besa are other two big players within microfinance, they offer a wide range of loans, including business loans, agricultural loans and consumer loans. Their mission is to contribute to the country economic growth in the urban and semi urban areas, by promoting and financing the small and medium enterprises sector in Albania. Fondi Besa has 82 branches, while NOA has 26 branches and different partners.

They both have online applications available and has a major focus on agriculture loans, lately NOA has started promoting consumer loans through pay in parts solution loans.

Bosnia Herzegovina

luteCredit's main competitor on the Bosnian market is Digital Finance, which is registered as an entity of the Republika Srpska (RS), but through its branch offices offers short-term loans without collateral also in the Federation of Bosnia Herzegovina, where luteCredit operates, but with lower funding compared to luteCredit.

In addition to Digital Finance, there is a large number of microcredit organizations in the Bosnian market (14 in the Federation, 14 in the RS) with a slightly different business concept than luteCredit, as they offer loans that are secured by some collateral and for different purposes of financing.

Moldova

The biggest competitors of luteCredit in the Moldovan market in the dealer sector are Easy Credit and Microinvest. In the cash sector, the main competitors are Sebo and Easy Credit.

Easy Credit, which focuses on consumer loans, is a non-bank credit organization in Moldova specialized in non-guaranteed short and long term loans. Easy Credit is working to build and expand the branch network, currently 16, to be available to customers, both in the city of Chisinau and in other regions. Main focus are dealer loans, but they are trying to increase in cash loans as well. Microinvest is the second competitor in dealer loans, but its main focus is still small business financing, which is not impacting our business at the moment.

For the cash sector, the biggest competitor is Sebo, a non-bank credit organization in Moldova specialized in non-guaranteed short and long term loans, only cash. They have expand their branch network till 2020. In terms of pricing they used to work with a very high APR compared to the market. Starting with this autumn, the new responsible lending regulation forced to decrease APR and close branches.

North Macedonia

The biggest competitors in the North-Macedonian market are MCash, Tigo and Credissimo, which are all focused on fast consumer loans.

MCash is part of the Home Collected Division of the Management Financial Group, from Sofia, Bulgaria. They also have a brokerage company called MBroker. Credissimo works online only, no branches available. Credissimo also originates in Bulgaria and are present in Bulgaria, North Macedonia, Poland, Spain, Malta and Colombia. Tigo is part of a Latvian Group. Their strategy includes all over presence, with a lot of branches in almost all cities in the country.

In the segment of dealer loans, direct competitors of ICNM are the banks.

Bulgaria

The biggest competitors in Bulgaria are Easy Credit and Credissimo.

EasyCredit is a part of Management Financial Group, which operates mainly in Central and Eastern Europe. EasyCredit provides personal non-guaranteed long-term and short-term loans. The company has been on the market for more than 15 years and manages well developed office network with more than 200 offices, and with over 3,000 personal agents, which enables it to have more than 90% territory coverage in Bulgaria.

Credissimo is a market leader of online loans, implements innovative solutions successfully, automated processes which guarantee the client's fast approval within minutes. The company

operates in Central and Eastern Europe but also beyond the borders of the continent, as it develops operations in countries such as Columbia in South America.

11. Operations and Technology

Operations and Technology organization's main goal is to deliver product features and functionalities across all markets in which LuteCredit operates, as well as to ensure high quality production operations.

Core Systems

Loan Engine – The core system based on which loans are originated and managed across their lifecycle. It includes dynamic product configuration, application, decision making and loan maintenance functions. Decisions can be made either manually or automatically based on customer and product attributes. The system is in-house built using latest standardised technology components.

Task Management Engine – The task management engine is the central orchestration system to handle all business process workflows. Every step in each business process is tasked and measured. Algorithms ensure that tasks are distributed optimally across respective people and roles. This system is in-house built using latest standardised technology components.

Customer Management System – The customer management system unifies customer data across channels into a single customer profile that enables customer checking and scoring, as well as targeted messages and offers. This solution includes data collection, profile unification, segmentation and customer activation features. The system is in-house built, using latest standardized technology components.

Data, Analytics and Reporting – The data warehouse brings together the data from product systems and together with analytics and reporting platform ensures both intelligent business decisions as well as internal and regulatory reporting. The system is designed to provide its features on a close to real-time basis. Amazon technologies are used for the data warehouse platform. For analytics and reporting both Microsoft and Qlik Sense technologies are utilized.

Core Banking System – The core banking system brings possibilities such as customer current and credit account as well as payments and transactions. The system processes daily banking transactions and posts updates to accounts and other financial records. It is in-house built using latest standardized technology components.

Card Management System (CMS) - Software system that administers and facilitates the tracking and control of the card life cycle. The life-cycle is the process that starts from generating the need for a card, i.e. a request, moving to approval and then issuance, and follows with the monitoring of use, expiry, blocking and re-issuance of expired, lost or stolen cards.

Online Identity Verification and Digital Signature - Fully online customer onboarding (including customer identity verification and AML screening) together with digital signature capabilities. The digital signature is based on Public Key Infrastructure standards. Customers can utilize this capability using biometrics and other security features provided by their smart devices.

Financial Management System - Offers features of general ledger, accounting, reporting and forecasting for subsidiaries and as well as for group consolidation. Budgeting as well as HR related functions are available. The system is based on Microsoft Dynamics 365 platform.

Channels

Mylute Mobile App – Mylute mobile application is the primary channel for providing services to customers. In the current implementation it provides self-service features for loan products, such as loan application, loan information, monthly repayments, personal offers and promotions

The mobile application is available on iOS and Android platforms, using latest mobile and web technologies. The online onboarding platform uses artificial intelligence and machine learning for identity verification and fraud reduction. Digital signature is developed on top of Public Key Infrastructure standards.

ATM Network – The ATM infrastructure is utilized to enable cardless loan payouts for customers 24/7. luteCredit uses both its own developed ATM software/hardware solution together with partnerships with existing ATM network providers.

Customer Contact Center – The contact center supports customer interactions across a range of channels, including phone, email, web chat, and social media. Key underlying technologies include automatic call distribution, computer-telephony integration, interactive voice response and outbound dialers. The system is based on the Sinch/SAP platform.

Infrastructure

Infrastructure capabilities are built on Amazon Web Services public cloud platform, providing world-class availability, scalability, recoverability and security. Critical infrastructure components are made redundant reducing the risk of business disruption due to unplanned downtimes.

Workplace and Collaboration

Workplace and collaboration tools are provided using Microsoft 365 public cloud offerings. Secure collaboration and remote working are fully available. User management and audit trails are implemented for ensuring security and compliance.

Organization and Processes

The operations and technology function is organized into small product teams which focus on customer needs. Each team has skills and competences required to meet the needs of their customers. The team takes end-to-end responsibility of meeting those needs.

The teams constantly improve their lead and cycle times. Which in turn enables high speed of learning and quick feedback cycles. We deploy around 30 new features and changes into production automatically per week. Each team has business and technology metrics which are being constantly tracked and monitored. Lean and agile principles are used as a foundation.

Teams include both in-house as well as contract workers.

12. Intellectual Property

luteCredit's activity is predominantly carried out via our internet platform. The table below sets forth the websites currently used by the Group to provide its services through the internet platform. The content of these domains is not part of this Prospectus.

Owner	Website	Country
AS luteCredit Europe	iutecredit.al	Albania
AS luteCredit Europe	my.iutecedit.al	Albania

AS IuteCredit Europe	www.iutepay.al	Albania
AS IuteCredit Europe	iutecredit.mk	North Macedonia
AS IuteCredit Europe	my.iutecedit.mk	North Macedonia
AS IuteCredit Europe	www.iutepay.mk	North Macedonia
AS IuteCredit Europe	www.iutecredit.md	Moldova
AS IuteCredit Europe	my.iutecedit.md	Moldova
AS IuteCredit Europe	www.iutepay.md	Moldova
AS IuteCredit Europe	www.iutecredit.bg	Bulgaria
AS IuteCredit Europe	my.iutecedit.bg	Bulgaria
AS IuteCredit Europe	www.iutepay.bg	Bulgaria
AS IuteCredit Europe	www.iutecredit.ba	Bosnia Herzegovina
AS IuteCredit Europe	my.iutecedit.ba	Bosnia Herzegovina
AS IuteCredit Europe	www.iutepay.ba	Bosnia Herzegovina
AS IuteCredit Europe	www.iute.ee	Estonia
AS IuteCredit Europe	www.iute.lv	Redirected to www.iute.ee in Estonia
AS IuteCredit Europe	www.iute.lt	Redirected to www.iute.ee in Estonia

We have “Iutecredit” registered as figurative and word trademarks in EUIPO under classification 36, “Mylute”, “IuteBank” and “IutePay” registered as word trademarks in EUIPO under classifications 9 and 36 and “installmentize” registered as a word trademark in EUIPO under classification 36. We had previously registered trademarks locally in each country, i.e., we registered the “Iutecredit” figurative trademark in the European Union and Moldova. We have taken another approach and registered trademarks through WIPO for those countries which are members to it, while for the other countries we still register trademarks within the local trademark regulatory framework.

Trade mark	Territory	Trade mark status	Applicant name
IUTECREDIT	EU	Registered	AS luteCredit Europe
	EU	Registered	AS luteCredit Europe
	Moldova	Registered	AS luteCredit Europe
	Moldova	Registered	AS luteCredit Europe
IUTECREDIT 	WIPO: Albania, Bosnia Herzegovina, Montenegro, North Macedonia, Serbia	Registered	AS luteCredit Europe
	Kosovo	Registered	AS luteCredit Europe
Mylute	EU, Serbia	Registered	AS luteCredit Europe
luteBank	EU, Serbia	Registered	AS luteCredit Europe
lutePay	EU, Albania, Bosnia Herzegovina, Montenegro, North Macedonia, Serbia, Moldova.	Registered	AS luteCredit Europe
installmentize	EU	Registered	AS luteCredit Europe

X. INFORMATION ABOUT THE ISSUER

Corporate Information

The legal and commercial name of the Issuer is luteCredit Finance S.à r.l..

The Issuer was incorporated on 20 May 2019, under the laws of Luxembourg as a private limited liability company (*société à responsabilité limitée*) with unlimited duration under the legal name of “Leeview Properties”. Holdco as sole shareholder of the Issuer acquired all the shares in issue in the Issuer following a sale and purchase agreement dated as of 1 July 2019.

The Issuer operates under the laws of Luxembourg.

The legal name of the Issuer has been changed from “Leeview Properties” to “luteCredit Finance S.à r.l.” and its articles of association have been fully restated and amended pursuant to the decision of an extraordinary general meeting of the sole shareholder of the Issuer, recorded through a notarial deed dated 11 July 2019.

The Issuer is registered with Luxembourg trade and companies register (*Registre de Commerce et des Sociétés de Luxembourg*) under number B234678.

The registered office of the Issuer is at 16, Rue Eugène Ruppert, L-2453 Luxembourg, its telephone number is +352 42 22 29 and its fax number is +352 42 64 43.

The Issuer’s website is <https://iutecredit.com/>. The information on the website of the Issuer does not form part of this Prospectus unless that information is incorporated by reference into this Prospectus.

The Legal entity identifier number of the Issuer is 2221005B3DQGM4INWF57.

Pursuant to Article 4 of the updated articles of association of the Issuer dated 11 July 2019,

“4.1 the Issuer’s corporate objects include:

- (i) the issuance of bonds in one or more tranches or series of bonds for the purpose of applying all of the proceeds thereof to grant one or more loans to AS lute Credit Europe, or any company being a direct or indirect shareholder of the Company or any company belonging to the same group as the Company (the “**Connected Companies**”) including any tap issuance of additional bonds or bonds having a separate ISIN. For purposes of this Article 4, a company shall be deemed to be part of the same group as the Company if such other company directly or indirectly owns, is owned by, is in control of, is controlled by, or is under common control with, or is controlled by a shareholder of, the Company, in each case whether beneficially or as trustee, guardian or other fiduciary. A company shall be deemed to control another company if the controlling company possesses, directly or indirectly, all or substantially all of the share capital of the company or has the power to direct or cause the direction of the management or policies of the other company, whether through the ownership of voting securities, by contract or other-wise;
- (ii) the granting of loans or otherwise assistance to the Connected Companies;
- (iii) the granting of security interests over its assets in relation to the issuance of notes and granting of loans referenced above;
- (iv) the making of deposits at banks or with other depositories;
- (v) the entering into (i) the relevant documentation in connection with the issue of the notes and granting of loans and (ii) the aforesaid loan agreements with the

- Connected Companies, and, in each case, into all documents and transactions contemplated thereby; and
- (vi) the entering into documents necessary or useful in view of the proper operation of the Company.

4.2 The Company may not carry out any activity falling within the scope of the Luxembourg law dated 5 April 1993 relating to the financial sector, as amended.

4.3 The Company may (i) acquire, hold and dispose, in any form, by any means, whether directly or indirectly, of participations, rights and interests in, and obligations of, Luxembourg and foreign companies or other assets including but not limited to real estate assets; (ii) acquire by purchase, subscription, or in any other manner, as well as the transfer by sale, exchange or in any other manner of stock, bonds, debentures, notes and other securities or financial instruments of any kind (including notes or parts or units issued by Luxembourg or foreign mutual funds or similar undertakings) and receivables, claims or loans or other credit facilities and agreements or contracts relating thereto; (iii) acquire and hold interests, directly or indirectly, in any form whatsoever, in any Luxembourg or foreign entities, by way of, among others, the subscription or the acquisition of any securities and rights through participation, contribution, underwriting, firm purchase or option, patents, service marks, trademarks licences and other commercial or intellectual property rights, negotiation or in any other way; and (iv) own, administrate, develop and manage a portfolio of assets or interests (including, among other things, the assets and interests referred to in (i) through (iii) above).

4.4 The Company may borrow in any form. It may obtain any form of credit facility. The Company may issue bonds, notes, promissory notes, certificates, shares, beneficiary parts, warrants and other debt or equity instruments, convertible or not. It may use financial derivatives or raise funds by any other means.

4.5 The Company may use any techniques and instruments to efficiently manage its investments and to protect itself against credit risks, currency exchange exposure, interest rate risks and other risks. The Company may enter into, execute and perform any swaps, futures, forwards, derivatives, options, repurchase, stock lending or similar transactions.

4.6 The Company may also render any assistance, whether by means of financing, administration or marketing to the Connected Companies.

4.7 The Company may in particular:

- (i) lend funds including the proceeds of any borrowings or issues of securities to its Connected Companies;
- (ii) enter into any guarantee, pledge or any other form of security, whether by personal covenant or by mortgage or charge upon all or part of the undertaking, property assets (present or future) or by all or any of such methods, for the performance of any contracts or obligations of the Company and of any of the Connected Companies, or any Director (as defined below), or other agent of the Company or any of the Connected Companies, within the limits of any applicable law provision;
- (iii) subordinate its claims in favour of third parties to secure the obligations of any Connected Companies; and
- (iv) render administrative and marketing assistance to its Connected Companies.

4.8 In addition to the foregoing, the Company may perform all legal, commercial, technical and financial transactions and, in general, all transactions which are necessary or useful to fulfil its corporate object as well as all transactions directly or indirectly connected with its purpose or which may favour its development.

4.9 The descriptions in this article are to be construed broadly and its enumeration is not limiting. The Company's purpose shall include any transaction or agreement which is entered into by the Company unless it is inconsistent with this article."

The articles of association of the Issuer have been amended since its incorporation and for the last time, pursuant to a notarial deed dated 11 July 2019 and published in the Luxembourg *Recueil Electronique des Sociétés et Associations*, under number L190136230 dated 22 July 2019.

The Issuer's business operations consist of providing financing to the Group companies. The Issuer is financed through its share capital, external debt and cash from the activities of the Group operating companies. The Issuer's ability to pay principal, interest and premium, if any, on the Bonds is therefore dependent on financing and cash transferred to it from the operating companies of the Group.

Share Capital and Shareholders

The Issuer has a fully paid-up share capital of EUR 12,000 (twelve thousand euro) divided into 12,000 (twelve thousand) ordinary shares each having a par value of EUR 1 (one euro).

As of the date of this Prospectus, all of the Issuer's shares are held by Holdco.

Financial Year of the Issuer

The financial year of the Issuer commences on 1 January and ends on 31 December of each calendar year.

Material Adverse Change in the Prospects of the Issuer

There has been no material adverse change in the prospects of the Issuer since 31 December 2021.

Material Changes in the Borrowing and Funding Structure of the Issuer

There has been no material changes in the borrowing and funding structure of the Issuer since 31 December 2021.

Significant changes in the financial performance and position of the Issuer

There has been no significant change in the financial performance and in the financial position of the Issuer since (A) the date of the latest audited consolidated financial statements of the Issuer as of 31 December 2021 and (B) the end of the last financial period for which interim financial information has been published namely as of 30 June 2022.

Auditor

The statutory auditor (*réviseur d'entreprises agréé*) of the Issuer for the financial years ended 31 December 2021 and 31 December 2020 was KPMG Luxembourg SA (*société anonyme*), incorporated under the laws of the Grand Duchy of Luxembourg, having its registered office at 39, avenue John F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg and registered with the Luxembourg trade and companies register (*Registre de Commerce et des Sociétés de Luxembourg*) under number B149133. KPMG Luxembourg SA is a member of the Luxembourg Institute of Statutory Auditors (*Institut des réviseurs d'entreprises*).

XI. INFORMATION ABOUT THE GROUP AND THE GUARANTORS

1. History of the Group

luteCredit was founded in 2008 by a group of individuals for the purpose of, among others, providing flexible and convenient consumer financial services to customers.

luteCredit initiated operations in Moldova, Albania, North Macedonia and Kosovo, and from 2018, it initiated additional operations in Bulgaria and Bosnia Herzegovina through the establishment of new start-up entities. See “—Business— Geographic Markets”.

2. Beneficial ownership

As of the date of this Prospectus, 100% of the share capital of the Issuer is held by Holdco.

As of the date of this Prospectus, the beneficial owners of Holdco are:

- a. Allar Niinepuu, holding directly 0.64% and indirectly 44.91% of the voting share capital of Holdco; and
- b. Tarmo Sild, holding directly 1.96% and indirectly 35.93% of the voting share capital of Holdco.

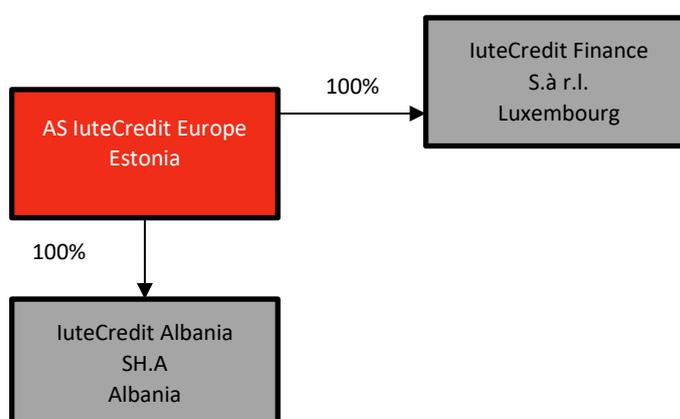
The remaining voting share capital of Holdco is diluted.

3. The Guarantors

The table below sets forth the entities of the Group which will act as Guarantors.

Country	Legal entity	LEI	Direct Shareholder	Ownership
Estonia	AS luteCredit Europe	52990040ZC8FL1781027	Alarmo Kapital OÜ	89.82%
Albania	luteCredit Albania SH.A	894500DEJR8AOXOS4Y44	AS luteCredit Europe	100%

The Group chart below sets forth the legal structure and ownership of the Issuer and the Guarantors as of the date of this Prospectus.



4. Information about the Guarantors

(1) AS luteCredit Europe (Estonia)

Legal and commercial name	AS luteCredit Europe
Registration number	11551447
Date and place of incorporation	7 November 2008, Tallinn, Estonia
Registered office address	Maakri 19/1, EST-10145 Tallinn, Estonia
Principal business activities	Holding company
License:	No license required to provide the Guarantor's services in Estonia.

Website: <https://iutecredit.com/>

The information on the website does not form part of this Prospectus unless that information is incorporated by reference into this Prospectus.

General Information about AS luteCredit Europe

History and Development; Commercial Register

AS luteCredit Europe was incorporated on 7 November 2008, and operates, under the laws of Estonia as a limited liability company with unlimited duration.

AS luteCredit Europe is registered with Register of enterprises of Estonia under No. 11551447.

Legal and Commercial Name, Financial Year and Business address

The company's legal name is AS luteCredit Europe and it operates under the commercial name "AS luteCredit Europe".

The registered office of AS luteCredit Europe is at Maakri 19/1, EST-10145 Tallinn, Estonia, and its telephone number is +372 6229177.

The financial year of AS luteCredit Europe commences on 1 January and ends on 31 December each calendar year.

Business Overview

According to the information disclosed by the company in the Estonian Business Register, the purpose of AS luteCredit Europe is to perform activities of holding companies. The articles of association of AS luteCredit Europe do not provide for a different activity.

For a more detailed description of the business activities, including key strengths, strategy, products, marketing, competition, intellectual property as well as a description of operations, processes, IT technology and credit and risk management, please refer to the sections "Business", "Marketing", "Underwriting and Review", "Portfolio Management and Overdue Sequence", "Information Technology", "Credit and Risk Management", "Competition" and "Intellectual Property".

Administrative, Management and Supervisory Parties of AS luteCredit Europe

Management

As of the date of this Prospectus, AS luteCredit Europe is managed by a management board and an extended management team, who has the right to represent the company vis-à-vis third parties. There are no other members of the extended management team as of the date of this Prospectus. As at the date of this Prospectus, members of the management board and/or the extended management team of AS luteCredit Europe are:

- Tarmo Sild, with business address at Maakri 19/1, EST-10145 Tallinn, Estonia;

Tarmo Sild is the co-founder and the Chief Executive Officer of AS luteCredit Europe. He holds a Master's degree with distinction in Law from Vrije Universiteit Brussels and a bachelor's degree in Law from the University of Tartu. Moreover, he pursued additional studies on EU Law at the University of Helsinki. Prior to his recent entrepreneurial engagements, he was an attorney at law and partner at the law firm LEXTAL for nearly 10 years, in particular responsible for the implementation of EU Law, banking, project financing and securities. He started his professional career as the only Estonian advocate in Brussels at HETA Law Offices.

- Allar Niinepuu, with business address at Maakri 19/1, EST-10145 Tallinn, Estonia;

Allar Niinepuu is the co-founder and Chief Commercial Officer of AS luteCredit Europe. He graduated in 1992 as a shipmaster from the Estonian Center of Maritime Education. He worked for two years as a marine officer for Estonia Maritime Shipping Company. In 1994, he established his first company AS Kavass, that was initially involved in the freight transport business and subsequently acquired and operated a local supermarket located in Tallinn. Now, the main activity of AS Kavass is to provide management and investment services.

- Tarvo Rahumägi, with business address at Maakri 19/1, EST-10145 Tallinn, Estonia;

Tarvo Rahumägi is the Chief Risk Officer of AS luteCredit Europe since February 2021 and has been working for AS luteCredit Europe since June 2019. Tarvo Rahumägi has a Master's level in legal education and has also completed an MBA program at the Estonian Business School. Tarvo Rahumägi has 20 years of experience in management, leadership, strategic business development, and consultation with various international companies, mostly in the field of legal and financial services.

- Kristel Kurvits, with business address at Maakri 19/1, EST-10145 Tallinn, Estonia.

Kristel Kurvits is the Chief Finance Officer of AS luteCredit Europe since 2017. She holds a Master's degree in Financial Management from Estonian Business School. Since 2000 and onwards she served as Chief Financial Officer for MTÜ Estonian Banking Association. Prior to her recent engagements, she was responsible amongst others for the accounting of Ektornet Land Estonia OÜ (part of Swedbank Group) and financial reporting of the group companies. Kristel Kurvits started her professional career at Hansa Leasing Inkasso OÜ (part of Hansapanga Group).

- Mart Nael, with business address at Maakri 19/1, EST-10145 Tallinn, Estonia.

Mart Nael is the Chief Operations Officer of AS luteCredit Europe starting from 2020. Mart has 18 years of experience in technology, during which he has worked as CTO at Omniva and BigBank, as well as Head of Operations at Swedbank and Telia. Mart studied Computer and Systems Engineering at Tallinn University of Technology and leadership and change management at London Business School.

- Goksu Tugay, with business address at Maakri 19/1, EST-10145 Tallinn, Estonia.

Göksu Tugay Bilal is the Chief Customer Experience Officer of AS luteCredit Europe since August 2019. Before joining luteCredit, Göksu Tugay Bilal last worked as the Director of Customer Experience for the largest e-commerce platform called Hepsiburada in Istanbul, Turkey. After graduating from college, she worked in Canada for the second largest telecom provider of Canada. She also then worked for the world's 2nd largest insurance brokerage firm called AON for 5 years in Chicago, US as IT project manager. Then she moved back to Istanbul, Turkey to be a management consultant at Peppers and Rogers Group. She then worked at BBVA Garanti bank to manage CRM and Customer Experience departments and at Zurich Insurance company as Director of project management and organization. Ms Tugay Bilal holds dual Masters degree (MBA and MS MIS) from University of Illinois at Chicago.

- Kadi Raudsepp, with business address at Maakri 19/1, EST-10145, Tallinn, Estonia.

Kadi Raudsepp is the Chief Legal Officer of AS luteCredit Europe since February 2022 and she has been working for AS luteCredit Europe since July 2020. Kadi Raudsepp holds a Master's degree in Law from the University of Tartu. Her wide experience in the legal field and financial services include both the public and private sectors, including leading the Legal department in the investment firm Admiral Markets and working in the legal and compliance department of the international finance company Creditstar.

Tarmo Sild, Tarvo Rahumägi, Kristel Kurvits, Mart Nael, Goksu Tugay and Kadi Raudsepp have no principal activities outside the Group that would create any conflict of interest with their duties as directors of the company. They are all involved actively in the business of the Group.

Supervisory board

AS luteCredit Europe is supervised by a supervisory board consisting of three supervisory board members, which has the right to supervise the chairman of the board.

As of the date of this Prospectus, the supervisory board of the company consists of:

- Allar Niinepuu, with business address at Maakri 19/1, EST-10145 Tallinn, Estonia;

Allar Niinepuu graduated in 1992 as a shipmaster from the Estonian Center of Maritime Education. He worked for two years as a marine officer for Estonia Maritime Shipping Company. In 1994, he established his first company AS Kavass, that was initially involved in the freight transport business and subsequently acquired and operated a local supermarket located in Tallinn. Now, the main activity of AS Kavass is to provide management and investment services.

Mr. Niinepuu is a member of the supervisory board of Arco Vara AS since 2013. He is currently a member of the management boards of Alarmo Kapital OÜ and of OÜ Kavass, and he is the Chief Commercial Officer and the chairman of the supervisory board of AS luteCredit Europe.

- Jaanus Otsa, with business address at Maakri 19/1, EST-10145 Tallinn, Estonia;

Jaanus Otsa graduated *cum laude* in 1980 from Tallinn University of Technology in construction and civil engineering. He also studied at International Institute for Management Development (IMD) in Lausanne, Switzerland, within the Foundations for Business Leadership Program. Jaanus Otsa has worked for a long time in the construction industry and has been the executive manager in many successful construction companies, such as Skanska EMV AS and OÜ Astlanda Ehitus. He is a member of the supervisory board of AS luteCredit Europe. He is also a member of the board of the Estonian Business Association and of the Estonian Association of Construction Entrepreneurs.

- Kristi Sild, with business address at Maakri 19/1, EST-10145 Tallinn, Estonia.

Kristi Sild is a member of the supervisory board of AS luteCredit Europe. She is a lawyer and a member of the Estonian Bar Association. She is a partner in the law firm LEXTAL and is specialized in corporate and labour law, but she is also dealing with matters of financial law.

Allar Niinepuu has no principal activities outside the Group that would create any conflict of interest with his duties as member of the Supervisory Board of the company. He is actively involved in the business of the Group.

Jaanus Otsa and Kristi Sild are not involved on the daily management of the Group's activities, but nevertheless they carry out all their duties in accordance with the needs of the Group and Estonian law. The management board of AS luteCredit Europe provides the supervisory board members with all relevant updates on the activities of the company and the supervisory board is involved in the decision making process, whenever required by Estonian law.

Conflicts of Interest

There are no potential conflicts of interest between any duties arising to the company of its management and the supervisory board and their private interests or their other duties.

Organizational Structure and Shareholders

89.82% of AS luteCredit Europe issued shares are held by Alarmo Kapital OÜ. There are no particular measures to prevent abusive exercise of control on AS luteCredit Europe. Its corporate governance structure, together with the provisions of Estonian corporate law, provides sufficient safe guards against the abuse of controlling interests by shareholders.

Share Capital of AS luteCredit Europe

The share capital of AS luteCredit Europe is EUR 10,000,000.00 and is divided into 10,000,000 ordinary, fully paid-up shares with the nominal value of EUR 1.00 each.

In addition, AS luteCredit Europe has an authorised conditional share capital allowing an increase of up to EUR 752,688 in accordance with the share option program of AS luteCredit Europe. In case of a strike event, as described in the option program, the participating employees will be entitled to purchase the option shares with a rate of EUR 3.14 per option share.

Auditors

The auditors of the consolidated financial statements of AS luteCredit Europe for the financial years ended 31 December 2022 and 31 December 2021 is Audiitorühing KPMG Baltics OÜ, incorporated under laws of Estonia with its registered office at Narva mnt 5, 10117 Tallinn, Estonia and companies register under number 10096082 and Audit Company's Registration number 17. Audiitorühing KPMG Baltics OÜ is a member of the Estonian Auditors' Association.

The independent auditor's report issued by Audiitorühing KPMG Baltics OÜ on the consolidated financial statements of AS luteCredit Europe and its subsidiaries as of and for the financial year ended 31 December 2021 incorporated by reference in this Prospectus is qualified as described in the basis for qualified opinion with respect to the fair value of the investment in ICK in the consolidated statement of financial position, and related adjustments in the consolidated statement of comprehensive income due to inability to obtain sufficient reliable audit evidence to support management's assumptions in the estimation of the fair value of and future cash flows from the investment as well as the significant uncertainty associated with liquidation process of ICK following the revocation of its microfinance license by the Central Bank of Kosovo in December 2019. Please see "*Documents incorporated by reference*".

Audit Committee

The Audit Committee consists of the current members of the supervisory board of AS luteCredit Europe. It was established on 20 December 2019.

Corporate Governance

In its decision making and administration, AS luteCredit Europe applies Estonian commercial law and its articles of association.

AS luteCredit Europe complies with its country's of incorporation corporate governance regime.

Financial Statements

AS luteCredit Europe is required by law to publish audited consolidated annual financial statements. AS luteCredit Europe is in compliance with such requirement.

AS luteCredit Europe is not required by law but nevertheless prepares interim unaudited consolidated reports on a quarterly basis.

Material Contracts of AS luteCredit Europe

For a description of the material contracts to which AS luteCredit Europe is a party to, please refer to section "*– Material Agreements*" below.

Legal Proceedings of AS luteCredit Europe

For a description of the legal proceedings relating to AS luteCredit Europe and the entire Group, please refer to section "*– Legal Proceedings*" below.

Material Adverse Change in the Prospects of AS luteCredit Europe

There has been no material adverse change in the prospects of AS luteCredit Europe since 31 December 2022.

Material Changes in the Borrowing and Funding Structure of AS luteCredit Europe

There has been no material changes in the borrowing and funding structure of AS luteCredit Europe since 31 December 2022.

Significant changes in the financial performance and position of AS luteCredit Europe

There has been no significant change in the financial performance and in the financial position of AS luteCredit Europe since (A) the date of the latest unaudited consolidated interim report of AS luteCredit Europe as of 31 December 2022 and (B) the end of the last financial period for which audited financial information has been published, namely as of 31 December 2021.

Outlook for AS luteCredit Europe

For a description of the prospects of the Group, including AS luteCredit Europe, please refer to section "*– Recent Events and Trends*" below.

(2) luteCredit Albania SH.A (Albania)

Legal and commercial name	luteCredit Albania SH.A
Registration number	L42011023U
Date and place of incorporation	4 August 2014, Tirana, Albania
Registered office address	Njesia Administrative Nr.5, Rruga Andon Zako Cajupi, Ndertesa Nr.3, Hyrja 2, Zona Kadastrale 8270, Nr. Pasurie 2/462-N3, Albania
Principal business activities	the activity of Micro Credit Financial Institution
License:	License No. 32, dated 31 March 2015 needed to provide the Guarantor's services in Albania.

Website:

<https://iutecredit.al/>

The information on the website does not form part of this Prospectus unless that information is incorporated by reference into this Prospectus.

General Information about luteCredit Albania SH.A

History and Development; Commercial Register

luteCredit Albania SH.A was incorporated on 4 August 2014, and operates, under the laws of Albania as a joint stock company with unlimited duration.

luteCredit Albania SH.A is registered with the Register of enterprises of Albania under No. L42011023U.

Legal and Commercial Name, Financial Year and Business address

The company's legal name is luteCredit Albania SH.A and it operates under the commercial name "luteCredit Albania SH.A".

The registered office of luteCredit Albania SH.A is at Administrative Unit No.5, Street "Andon Zako Cajupi", Building No.3, Entrance No. 2, Cadastral Zone 8270, Property Number "2/462-N3", Volume No. 38, page 137, Tirana, Albania, and its telephone number is +355 672037460.

The financial year of luteCredit Albania SH.A commences on 1 January and ends on 31 December each calendar year.

Business Overview

Micro credit financial institution services.

According to the company's articles of association (Art. 3), the purpose of luteCredit Albania SH.A is lending and any other commercial or financial activity correlated to lending. The Company is further eligible to perform any lawful activity related to immovable or movable property, including trading, financing, renting and any mortgage activity, which is deemed necessary. It may also carry out any other activity which shall be considered useful and indispensable to realize the company's objectives, not limited to any other lawful activity.

For a more detailed description of the business activities, including key strengths, strategy, products, marketing, competition, intellectual property as well as a description of operations, processes, IT technology and credit and risk management, please refer to the sections “Business”, “Marketing”, “Underwriting and Review”, “Portfolio Management and Overdue Sequence”, “Information Technology”, “Credit and Risk Management”, “Competition” and “Intellectual Property”. Further, the regulatory framework of business operations is described in more detail – and also for the jurisdiction of Albania – under section “Regulatory Framework”.

Administrative, Management and Supervisory Parties of luteCredit Albania SH.A

Management

luteCredit Albania SH.A is managed by a sole director, who has the right to represent the company vis-à-vis third parties.

As at the date of this Prospectus, the sole director of the company is:

- Akan Ajdini, with business address at Njesia Administrative Nr.5, Rruga Andon Zako Cajupi, Ndertesa Nr.3, Hyrja 2, Zona Kadastrale 8270, Nr. Pasurie 2/462-N3, Albania.

Akan Ajdini is the chief executive officer of luteCredit Albania since March 2017. He holds a bachelor’s degree in Business Administration from Tirana University. From 2009 to 2011, he completed a 3-year training program at ProCredit Academy in Fürth, Germany. After working for Würth Albania for 3 years, Akan joined Procredit Bank in 2004, a dynamic network of 21 banks operating in 3 continents. There he worked for 8 years in various positions, mainly in business development functions. Before joining luteCredit, Akan worked as Commercial Director at International Commercial Bank for 5 years.

Akan Ajdini has no principal activities outside the Group.

Supervisory board

luteCredit Albania SH.A is supervised by a supervisory board consisting of 3 supervisory board members.

As of the date of this Prospectus, the supervisory board of the company consists of:

- Tarvo Rahumägi with business address at at Maakri 19/1, EST-10145 Tallinn, Estonia;

Tarvo Rahumägi has a Master’s level in legal education and has also completed an MBA program at the Estonian Business School. Tarvo has 20 years of experience in management, leadership, strategic business development, and consultation with various international companies, mostly in the field of legal and financial services.

- Allar Niinepuu with business address at Maakri 19/1, EST-10145 Tallinn, Estonia;

Allar Niinepuu graduated in 1992 as a shipmaster from the Estonian Center of Maritime Education. He worked for two years as a marine officer for Estonia Maritime Shipping Company. In 1994, he established his first company AS Kavass, that was initially involved in the freight transport business and subsequently acquired and operated a local supermarket located in Tallin. Now, the main activity of AS Kavass is to provide management and investment services.

Mr. Niinepuu is a member of the supervisory board of Arco Vara AS since 2013. He is currently a member of the management boards of Alarmo Kapital OÜ and of OÜ Kavass, and he is the chairman of the supervisory board of AS luteCredit Europe.

- Kristel Kurvits with business address at Maakri 19/1, EST-10145 Tallinn, Estonia.

Kristel Kurvits has been working with AS luteCredit Europe since 2017. She holds a Master's degree in Financial Management from Estonian Business School. Since 2000 and onwards she served as Chief Financial Officer for MTÜ Estonian Banking Association. Prior to her recent engagements, she was responsible amongst others for the accounting of Ektornet Land Estonia OÜ (part of Swedbank Group) and financial reporting of the group companies. Kristel Kurvits started her professional career at Hansa Leasing Inkasso OÜ (part of Hansapanga Group).

Tarvo Rahumägi, Allar Niinepuu and Kristel Kurvits have no principal activities outside the Group that would create any conflict of interest with their duties as supervisory board members of the company.

Conflicts of Interest

There are no potential conflicts of interest between any duties arising to the company of its management and their private interests or their other duties.

Organizational Structure and Shareholders

100% of luteCredit Albania SH.A issued shares are held by AS luteCredit Europe. There are no particular measures to prevent abusive exercise of control on luteCredit Albania SH.A. Its corporate governance structure, together with the provisions of Albanian corporate law, provides sufficient safeguards against the abuse of controlling interests by shareholders.

Share Capital of luteCredit Albania SH.A

The share capital of luteCredit Albania SH.A is ALL 100,000,000.00, consisting of 100,000 ordinary fully paid-up shares with nominal value of ALL 1,000.00.

Auditors

The auditor of luteCredit Albania SH.A for the financial years ended 31 December 2022 and 31 December 2021 is Nexia AL (formerly named as Baker Tilly Albania), incorporated under laws of Albania with its registered office at Str. Margarita Tutulani, Palazzo Viridario 1, 1-st floor, Tirana, Albania, Tel.: +355 4 2232 726. Nexia AL is a member of the global network of Nexia International Ltd and is a member of Authorized Chartered Accountants of Albania (IEKA), registration No.166, dated 30.07.2009.

Audit Committee

As of the date of this Prospectus, luteCredit Albania SH.A has no internal audit committee.

Corporate Governance

In its decision making and administration, luteCredit Albania SH.A applies Albanian Law on Entrepreneurs and Companies and its articles of association.

luteCredit Albania SH.A complies with its country's of incorporation corporate governance regime.

Financial Statements

luteCredit Albania SH.A is required by law to prepare annual audited stand-alone financial statements. luteCredit Albania SH.A is in compliance with such requirements.

luteCredit Albania SH.A is not required to prepare and has not prepared interim financial statements.

Material Contracts of luteCredit Albania SH.A

For a description of the material contracts to which luteCredit Albania SH.A is a party to, please refer to section “– *Material Agreements*” below.

Legal Proceedings of luteCredit Albania SH.A

luteCredit Albania SH.A is currently not party to any legal proceedings which are material for the company and/or the Group. For a description of the legal proceedings relating to the entire Group, please refer to section “– *Legal Proceedings*” below.

Material Adverse Change in the Prospects of luteCredit Albania SH.A

There has been no material adverse change in the prospects of luteCredit Albania SH.A since 31 December 2022.

Material Changes in the Borrowing and Funding Structure of luteCredit Albania SH.A

There has been no material changes in the borrowing and funding structure of luteCredit Albania SH.A since 31 December 2022.

Significant changes in the financial performance and position of luteCredit Albania SH.A

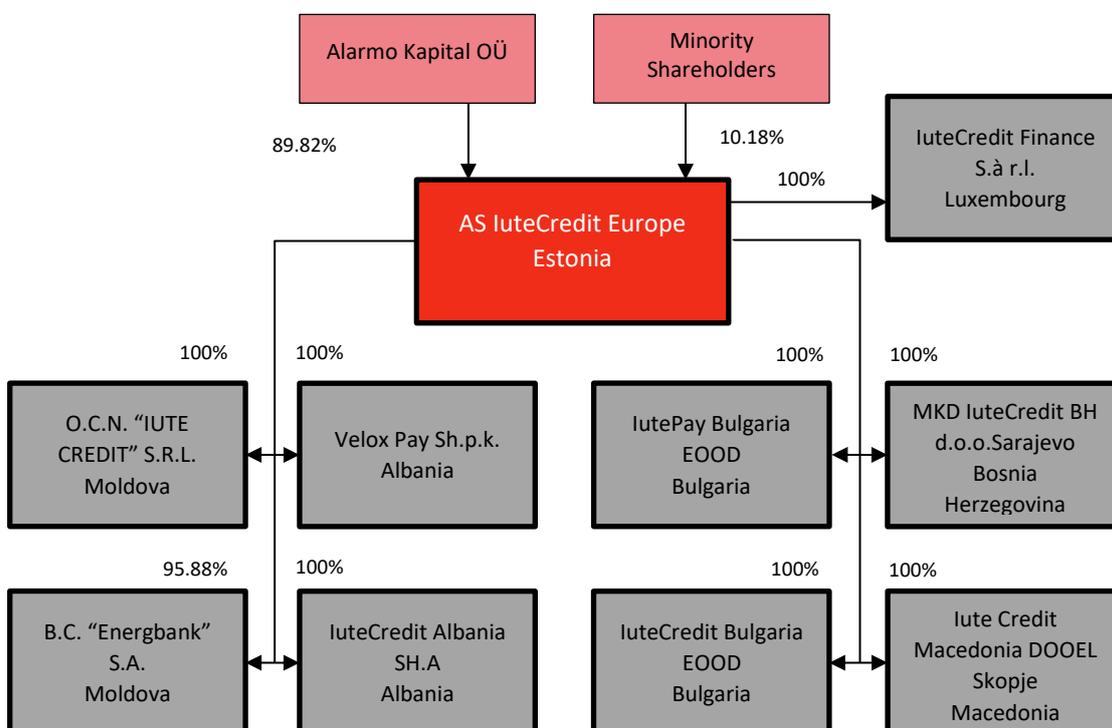
There has been no significant change in the financial performance and in the financial position of luteCredit Albania SH.A since the end of the last financial period for which audited financial information has been published, namely as of 31 December 2022.

Outlook for luteCredit Albania SH.A

For a description of the prospects of the Group, including luteCredit Albania SH.A, please refer to section “– *Recent Events and Trends*” below.

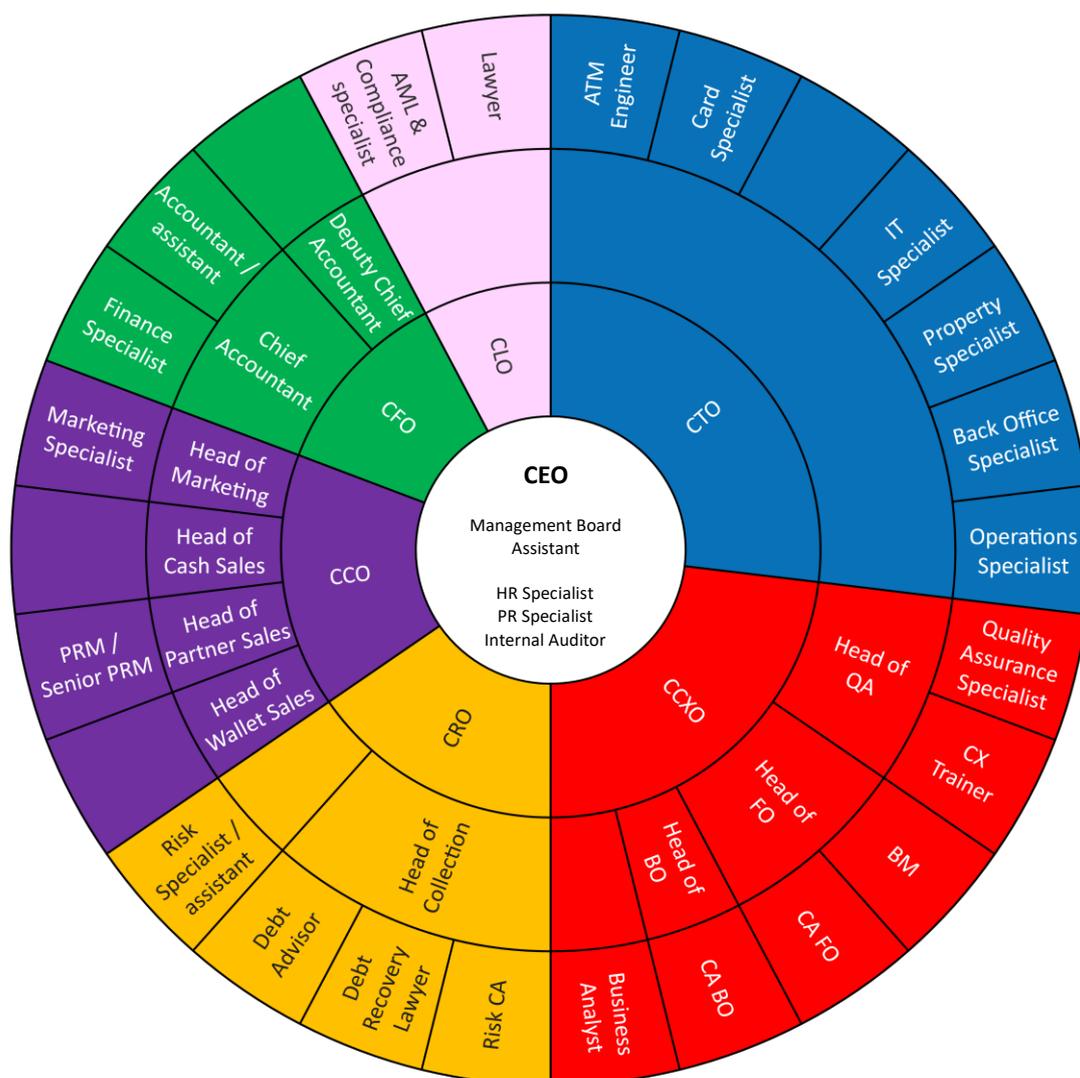
5. Organization Structure

The following chart sets forth the legal structure of the Group as of the date of this Prospectus.



The Group is directed by the management team of Holdco composed by, among others, Mr. Tarmo Sild and Mr. Allar Niinepuu. The management team of Holdco is formed by the chairman of the supervisory board (and Chief Commercial Officer), the Chief Executive Officer, the Chief Financial Officer, the Chief Operating Officer, the Chief Risk Officer, the Chief Legal Officer and the Chief Customer Experience Officer. In addition, the Group has country CEOs.

The following chart sets forth the Group's organization structure.



6. Properties

Energbank owns 25 office premises which are located across Moldova, and used by Energbank. The total net book value of such property amounted to EUR 5,146 thousand in the financial year ended 31 December 2022, reflected as property, plant and equipment in the 2022 consolidated annual report.

In addition, the Group leases a number of premises and certain equipment. Lease payments are usually indexed annually to reflect market rentals. The amount of expenses of short-term leases and leases of low value assets was EUR 170 thousand in the financial year ended 31 December 2022 and EUR 58 thousand in the financial year ended 31 December 2021. These expenses are reflected as office lease expenses in the 2022 and 2021 consolidated annual reports.

7. Employees

As of 31 December 2022, we had 974 employees in total, of which 49 employees were based in Estonia. The table below sets forth the number of employees based in each of our countries of operation as of the respective dates.

Country	31 December 2022	31 December 2021
Estonia	49	45
Moldova (ICM)	139	130
Moldova (Energbank)	483	N/A
Albania	141	132
North Macedonia	94	80
Bulgaria	38	28
Bosnia Herzegovina	30	48
Total	974	463

Social policy and employee benefits

We believe that our current compensation package is generally competitive compared to the packages offered by our competitors or employers in other industries which engage professionals with similar education and experience records. Our personnel management policy is aimed at developing a skilled and highly-productive staff that is successful in performing its responsibilities.

The Group's official language is English. The Group compensates 50% of the English courses for all its employees.

The salary typically consists of a base salary and a bonus for conducting certain quantity of operations, achieving certain efficiency or targets.

In addition, in accordance with the share option program of Holdco, in case of a strike event, as described in the option program, the participating employees will be entitled to purchase the option shares with a rate of EUR 3.14 per option share. In accordance with the share option program, a conditional increase of the share capital of Holdco was made in the amount of up to EUR 752,688.

We have not been party to any major labor dispute with our employees.

8. Material Agreements

The following section provides a summary of material agreements to which any member of the Group is a party.

a. 2019/2023 Bonds due 7 August 2023

On 7 August 2019, the Issuer issued the EUR 40 million 13% senior secured bonds due 7 August 2023 with ISIN XS2033386603, (the “**2019/2023 Initial Bonds**”). On 3 December 2020, the Issuer issued further EUR 10 million 13% senior secured bonds due 7 August 2023 to be consolidated and form a single series with the 2019/2023 Initial Bonds (the “**2019/2023 Tap Bonds**” and, together with the 2019/2023 Initial Bonds, the “**2019/2023 Bonds**”). The 2019/2023 Bonds are traded on the regulated market of the Frankfurt Stock Exchange.

The 2019/2023 Bonds are guaranteed on a senior secured basis by Holdco and by certain other direct subsidiaries of Holdco. The 2019/2023 Bonds constitute direct, unconditional, unsubordinated and secured obligations of the Issuer and shall at all times rank *pari passu* with all general, direct, unconditional, unsubordinated and unsecured obligations of the Issuer.

Like the Bonds, the 2019/2023 Bonds contain covenants that, among other things, limit the ability of Holdco and its subsidiaries to, subject to certain limitations and exceptions, incur or guarantee additional indebtedness; pay dividends on, redeem or repurchase our capital stock; make certain restricted payments and investments, including dividends or other distributions with regard to the shares of Holdco or its restricted subsidiaries; create or incur certain liens; enter into agreements that restrict the restricted subsidiaries’ ability to pay dividends or other distributions or make loans or advances to Holdco, the Issuer or any of the restricted subsidiaries; transfer or sell assets; merge or consolidate with other entities; and engage in certain transactions with affiliates.

As of 31 December 2022, the principal outstanding amount under the 2019/2023 Bonds was EUR 50 million.

The 2019/2023 Bonds will be redeemed or exchanged in full before the maturity date of 7 August 2023 following the issue of the New Bonds.

b. 2021/2026 Bonds due 6 October 2026

On 7 October 2021, the Issuer issued EUR 75 million 11% senior secured bonds due 7 October 2026 with ISIN XS2378483494, (the “**Existing Bonds**”). The Existing Bonds are guaranteed on a senior secured basis and secured by transaction security created over assets of Holdco and certain other direct subsidiaries of Holdco. The Existing Bonds constitute direct, unconditional, unsubordinated and secured obligations of the Issuer and shall at all times rank *pari passu* with all general, direct, unconditional, unsubordinated and unsecured obligations of the Issuer.

Like the New Bonds, the Existing Bonds contain covenants that, among other things, limit the ability of Holdco and its subsidiaries to, subject to certain limitations and exceptions, incur or guarantee additional indebtedness; pay dividends on, redeem or repurchase our capital stock; make certain restricted payments and investments, including dividends or other distributions with regard to the shares of Holdco or its restricted subsidiaries; create or incur certain liens; enter into agreements that restrict the restricted subsidiaries’ ability to pay dividends or other distributions or make loans or advances to Holdco, the Issuer or any of the restricted subsidiaries; transfer or sell assets; merge or consolidate with other entities; and engage in certain transactions with affiliates.

The New Bonds will be immediately consolidated on the Issue Date and form a single series with the Existing Bonds.

As of 31 December 2022, the principal outstanding amount under the Existing Bonds was EUR 75 million.

c. Facility Agreements

1. Moldinconbank

Moldinconbank, a bank incorporated in Moldova, with registered office in MD-2012, Moldova, Chisinau str. Armeneasca, 38 (“**Moldinconbank**”) has made three facilities available to ICM in the total amount of MDL 122,140,366.50 (approximately EUR 5,952,022.20 as of 31 December 2022) in accordance with three separate facility agreements (the “**Moldinconbank Facility Agreements**”).

The first Moldinconbank Facility Agreement was entered into on 28 October 2020 has an interest rate of 13% per annum and a maturity date of 28 October 2024. The outstanding amount as of 31 December 2022 is MDL 25,888,515 (approximately EUR 1,261,573.22).

The second Moldinconbank Facility Agreement was entered into on 30 July 2021, has an interest rate of 13% per annum and a maturity date of 30 August 2023. The outstanding amount as of 31 December 2022 is MDL 31,250,015.50 (approximately EUR 1,522,844.51).

The third Moldinconbank Facility Agreement was entered into on 2 August 2022, has an interest rate of 13% per annum and a maturity date of 2 August 2029. The outstanding amount as of 31 December 2022 is MDL 65,000,000 (approximately EUR 3,167,515.00).

The first and third Moldinconbank Facility Agreements are secured by pledge over receivables in the total amount of MDL 103,292,046 (approximately EUR 5,033,524.69 as of 31 December 2022).

The second Moldinconbank Facility Agreement is secured by deposit in the total amount of 1,578,710 EUR.

2. Victoriabank

Victoriabank, a bank incorporated in Moldova, with registered office in 31 August str., 141, Chisinau, Moldova (“**Victoriabank**”) has made a facility available to ICM in the total amount of MDL 19,000,000 (approximately EUR 925,889.00 as of 31 December 2022) in accordance with a facility agreement entered into on 7 December 2021(the “**Victoriabank Facility Agreement**”).

The Victoriabank Facility Agreement has an interest rate of 14.25% and a maturity date of 7 December 2023. The outstanding amount as of 31 December 2022 is MDL 19,000,000 (approximately EUR 925,889.00).

The Victoriabank Facility Agreement is secured by pledge over receivables in the total amount of MDL 25,650,000 (approximately EUR 1,249,950.15).

3. Bank of Tirana

Bank of Tirana, a company incorporated in Albania, with registered office in Rr. Ibrahim Rugova, P.O. Box 2400/1, Tirana, Albania has made two facilities available to ICA in the total amount of ALL 610,000,000 (approximately EUR 5,307,549 as of 31 December 2022) in accordance with two separate facility agreements (the “**Bank of Tirana Facility Agreements**”).

The first Bank of Tirana Facility Agreement was entered into on 30 May 2019 and as extended on 26 July 2022 has an interest rate of 8,50% per annum and a maturity date of 30 July 2024. The outstanding amount as of 31 December 2022 is ALL 250,000,000 (approximately EUR 2,175,225).

The second Bank of Tirana Facility Agreement was entered into on 26 July 2022 and has an interest rate of 9.59% per annum and a maturity date of 2 September 2026. The outstanding amount as of 31 December 2022 is ALL 250,000,000 (approximately EUR 2,175,225).

The Bank of Tirana Facility Agreements are secured by pledge over receivables in the total amount of ALL 762,500,000 (approximately EUR 66,344,362.50 as of 31 December 2022).

d. Kilde PTE. LTD

KILDE PTE. LTD. (Unique Entity No.: 201929587K), holder of a capital markets services license for the regulated activity of "dealing in capital markets products" under the securities and futures act of Singapore incorporated in Singapore, with registered office at 20 McCallum Street #19-01 Tokio Marine Centre 06904 Singapore, Singapore ("**Kilde**") has made available to institutional investors on their investment platform debentures of the Holdco in the total amount of up to USD 3,500,000 (approximately EUR 3,262,875.00 as of 31 December 2022) in accordance with a subscription agreement entered into on 9 September 2022 (the "**Kilde Debentures**").

The Kilde Debentures have an interest rate of 11.00% and a service fee for Kilde at the rate of 2.00% applied on Kilde Debentures that are currently subscribed to, and are available until 19 September 2025. A first tranche of USD 3,500,000 (approximately EUR 3,262,875 as of 31 December 2022) was offered on 12 September 2022, with USD 2,892,363,73 (approximately EUR 2,696,406.09 as of 31 December 2022) being issued as of 31 December 2022.

The Kilde Debentures are secured by a suretyship provided by ICNM, a pledge over receivables of ICB and ICBH, provided in solidarity thereby, in a maximum amount of USD 4,666,666 (approximately EUR 4,350,499.38 as of 31 December 2022).

e. Mintos

Mintos offers its retail investors loan backed investments. ICA, being a Guarantor, and ICM and ICNM have financed their operations through the Mintos marketplace (the "**Mintos Debt**"). The Mintos marketplace is operated by respective SIA Mintos Finance special purpose vehicles (Latvia) acting as issuers and AS Mintos Marketplace (registration No. 40103903643) maintaining and managing the Mintos platform and servicing the claims of the investors. The Mintos platform typically works as follows: (i) borrowers (i.e., luteCredit's customers) apply for a loan with the loan originator (i.e., luteCredit), (ii) the loan originator evaluates the application, sets an interest rate and lends money from its own funds and (iii) loans are then offered to investors by means of the issuance and offer of notes according to a specific prospectus on the Mintos marketplace, where investors can select the notes to invest in.

Notes are financial instruments that allow investors to invest in loans in a regulated environment. To create a set of notes, several loans with similar properties are pooled together. Each set has a unique International Securities Identification Number (ISIN) and consists of notes of €0.01 nominal value each. By investing in a set of notes, investors gain diversification across all underlying loans in the pool.

Purchasing notes entitles investors to receive repayments and interest payments for the notes whenever borrowers make payments on the underlying loans. Notes come in a minimum bundle of 5000 notes worth €50 per set investors invest in. Each investment provides exposure to all underlying loans in the set proportional to the loan amount. Below the security arrangement with the Mintos marketplace for each jurisdiction where we operate is briefly described:

1. Moldova

SIA Mintos Finance issues loans to ICM and SIA Mintos Finance assigns claims arising out of these loans to SIA Mintos Finance NO. 40. These claims form a pool of assets utilized for the issuance of notes which will be then placed in AS Mintos Marketplace platform for investors to invest in.

The assignment is secured with a guarantee granted by ICE and a pledge granted by ICM in favour of SIA Mintos Finance NO. 40. over the receivables arising from the loan agreements entered into between ICM and borrowers (i.e., ICM's customers) for the purpose of repayment of the loans granted by SIA Mintos Finance to ICM. The pledge is registered in favor of SIA Mintos Finance NO. 40. as the fiduciary agent for investors in accordance with the assignment agreement and the pledge over the receivables.

Each claim over the receivable shall be transferred from SIA Mintos Finance NO. 40. to the investor in the Mintos platform at the moment when the investor has fully paid the claim price.

Security agreements in place:

1.1. receivables pledge agreement

Pledgor: ICM

Pledgee: SIA Mintos Finance NO. 40.

Maximum amount of receivables to be pledged: EUR 25,000,000.00.

1.2. guarantee agreement

Guarantor: ICE

Beneficiary: SIA Mintos Finance, AS Mintos Marketplace and SIA Mintos Finance NO.40

2. Albania

A cooperation agreement was entered into between AS Mintos Marketplace, SIA Mintos Finance NO.36 and ICA, whereby ICA assigns claim receivables arising from the loan agreements entered into between ICA and borrowers (i.e., ICA's customers) to SIA Mintos Finance NO.36.. These claims form a pool of assets utilized for the issuance of notes which will be then placed in AS Mintos Marketplace platform for investors to invest in.

The assignment is secured with a guarantee granted by ICE and a pledge granted by ICA in favour of SIA Mintos Finance NO. 36. over the receivables arising from the loan agreements. The pledge is registered in favor of SIA Mintos Finance NO.36. as the fiduciary agent for investors in accordance with the agreement and the pledge over the receivables.

Each claim over the receivable shall be transferred from SIA Mintos Finance NO.36. to the investor in the Mintos platform at the moment when the investor has fully paid the claim price..

Security agreements in place:

2.1. receivables pledge agreement

Pledgor: ICA

Pledgee: SIA Mintos Finance N.O. 36

Maximum amount of receivables to be pledged: EUR 3,079,464.00.

2.2. guarantee agreement

Guarantor: ICE

Beneficiary: AS Mintos Marketplace and SIA Mintos Finance NO.36.

3. North Macedonia

A cooperation agreement was entered into between AS Mintos Marketplace, SIA Mintos Finance NO.39 and ICNM, whereby ICNM assigns claim receivables arising from the loan agreements entered into between ICNM and borrowers (i.e., ICNM's customers) to SIA Mintos Finance NO.39. These claims form a pool of assets utilized for the issuance of notes which will be then placed in AS Mintos Marketplace platform for investors to invest in.

The assignment is secured with a guarantee granted by ICE and a pledge granted by ICNM in favour of SIA Mintos Finance NO. 39. over the receivables arising from the loan agreements. The pledge is registered in favor of SIA Mintos Finance NO.39. as the fiduciary agent for investors in accordance with the agreement and the pledge over the receivables.

Each claim over the receivable shall be transferred from SIA Mintos Finance NO.39. to the investor in the Mintos platform at the moment when the investor has fully paid the claim price.

Security agreements in place:

3.1 Receivables pledge agreement in the amount of EUR 5,000,000.00

Pledgor: ICNM

Pledgee: SIA Mintos Finance NO.39

Maximum amount of receivables to be pledged: EUR 5,000,000.00.

3.2 guarantee agreement

Guarantor: ICE

Creditor: AS Mintos Marketplace and SIA Mintos Finance NO.39.

9. Related Party Transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party, in making financial or operational decisions, as defined in IAS 21 "Related Party Disclosure." In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely its legal form. We are and have been party to various agreements and other arrangements with certain related parties and interested parties, the most significant of which are described below. To the best of our knowledge, all agreements with related parties have been entered into on arm's length terms and on market terms and conditions.

Loans from Related Parties

The list below summarizes the value of our transactions entered into with related parties as of 31 December 2022.

1. Holdco as lender has entered into several credit line agreements with the following Group companies:
 - a. Albania - luteCredit Albania SH.A as borrower under a loan agreement in an amount up to ALL 3,700,000,000 initially made on 01.09.2014;
 - b. Albania - Velox Pay Sh.p.k. as borrower under a master loan agreement in an amount up to EUR 5,000,000 initially made on 10.03.2021;
 - c. Bosnia Herzegovina - MKD luteCredit BH d.o.o. Sarajevo as borrower under a master loan agreement in an amount up to EUR 6,000,000 initially made on 11.04.2019;
 - d. Bulgaria - lutePay Bulgaria EOOD as borrower under a master loan agreement in an amount up to EUR 20,000,000 initially made on 03.09.2018;
 - e. Bulgaria – “luteCredit Bulgaria” EOOD as borrower under a master loan agreement in an amount up to EUR 10,000,000 initially made on 24.11.2021;
 - f. Moldova - O.C.N. “IUTE CREDIT” S.R.L. as borrower under a master loan agreement in an amount up to EUR 20,000,000 initially made on 30.04.2016; and
 - g. North Macedonia - luteCredit Macedonia DOOEL Skopje as borrower under master loan agreement in an amount up to EUR 20,000,000 initially made on 18.09.2017.
2. luteCredit Bulgaria EOOD as lender has entered into a loan agreement in an amount up to EUR 1,600,000 with Holdco as borrower made on 05.03. 2020.
3. The Issuer as lender has entered into two separate loan agreements in a total amount of EUR 126,000,000 with Holdco as borrower. The first agreement was made on 06.08.2019 and the second agreement was made on 29.09.2021. These loans aimed to channel the proceeds received from the issue of bonds to other Group companies. The loan agreement have been pledged in favour of the Security Agent, acting to the benefit of the respective bondholders, to secure the performance of the 2019/2023 Bonds and the Existing Bonds (please see section “*XVII. Additional Information on the Guarantees, the Transaction Security Documents and the Security Agent*” below for further details).

10. Legal Proceedings

Following the decision of the Central Bank of Kosovo to revoke the license of ICK (see “*Information about the Group and the Guarantors – Recent Events and Trends*”), ICE submitted on 14 February 2020 a request for arbitration to the International Court of Arbitration of the International Chamber of Commerce (the “**ICC**”) in Paris against the Republic of Kosovo. ICE requested firstly the arbitral tribunal to acknowledge that by revoking the license of ICK, the Republic of Kosovo had breached its obligations towards ICE under foreign investment laws, and secondly to order the Republic of Kosovo to pay damages to ICE.

The arbitral tribunal rendered a final award on 18 November 2022, according to which the Republic of Kosovo had not breached its obligations under foreign investment laws, as the state's authority had not been exceeded when the license of ICK was revoked (for further details, see *"Information about the Group and the Guarantors – Recent Events and Trends"*). Accordingly, ICE was not deemed to be entitled to compensation for its damages. However, the arbitral tribunal dismissed all objections presented by the Republic of Kosovo that ICE would have acted in an illegal or fraudulent manner and, consequently, the Republic of Kosovo was awarded less than 10% of the costs claimed for reimbursement.

Save as disclosed above, no member of the Group is engaged in or, to our knowledge, has currently threatened against it, any governmental, legal or arbitration proceedings which may have, or have had during the 12 months preceding the date of this Prospectus, a significant effect on our financial position or profitability.

11. Expected financing of the Group's activities

The Issuer and each of the Guarantors expect to finance their activities with funds generated from their business activities as well as debt issues, marketplace platforms, peer to peer platforms and bank facilities.

12. Recent Events and Trends

General

luteCredit's business has grown substantially in the recent years, and it continues to monitor business development opportunities in new and upcoming countries as well as in existing markets. While the Group has, until the acquisition of Energbank, grown organically, it aims to leverage its existing expertise and business model into expanding into countries which have an attractive potential for the services it is offering and where there is a need of the customers to implement its business model.

Acquisition of B.C. "Energbank" S.A. (Moldova)

As part of the Group's strategic acquisition plans and to diversify its operations and the offer of products to customers, during the first half of 2022 ICE acquired 94.58% of the shares in B.C. "Energbank" S.A. ("**Energbank**"), a regulated financial institution in Moldova, to be able to provide a wider spectrum of financial services to its customers. As of the date of this Prospectus, ICE holds 95.92% of the shares in Energbank, and the Group plans to acquire the largest possible stake in Energbank by purchasing shares at market conditions.

The Group aims to establish full operational control over Energbank. As of November 2022, the members of the management board of Energbank are fully seconded by the Group and approved by the National Bank of Moldova. The members of the supervisory board, as proposed by the HoldCo, are under the assessment of the National Bank of Moldova.

E-money license of Velox Pay Sh.p.k. (Albania)

On 28 January 2022, Velox Pay Sh.p.k. ("**VP**"), a subsidiary of Holdco incorporated in Albania, received approval of an e-money license from the Central Bank of Albania which now enables VP's customers in Albania to make and receive payments and transfers to IBAN accounts, withdraw money from ATMs, and perform other transactions through the Mylute mobile app.

Revocation of the microfinance license of luteCredit Kosovo J.S.C (Kosovo)

The Group started operations in Kosovo in 2017 through a direct subsidiary of Holdco, luteCredit Kosovo J.S.C ("**ICK**"). ICK was a licensed microfinance institution supervised by the Central Bank of Kosovo (the "**CBK**"). On 6 December 2019, the CBK notified ICK that its

microfinance license has been revoked with immediate effect. According to the CBK decision, the reasons for the revocation of the license were that ICK had not ensured the application of the effective interest rate communicated in the business plan at the time of submission in 2017 and that the shareholder of ICK was not deemed fit and proper.

The Group immediately initiated an investigation and legal assessment of the facts in order to make full use of all available legal measures to help resolve the situation and protect the interests of Holdco as a shareholder, creditor and investor in Kosovo. Holdco initiated arbitration proceedings against the Republic of Kosovo in February 2020 (see *“Information about the Group and the Guarantors – Legal Proceedings”*). With regard to the CBK’s reasons to revoke the license, the arbitral tribunal found that ICK should have charged its customers the effective interest rates indicated in the conditional business plan, as ICK chose to cooperate with the CBK when asked to lower the effective interest rates in 2018 and accordingly, the CBK’s general authority was accepted by ICK. However, no violation of statutory obligations or reasonableness with respect to the effective interest rates was indicated by the tribunal. Moreover, the tribunal found that the details regarding the shareholder of ICK appear to have been only discovered by the Republic of Kosovo after the license had been revoked, and therefore, this argument was irrelevant for the revocation of the license.

With the revocation of the license, the CBK also appointed a liquidator and started a liquidation process of ICK in Kosovo. As a result of the liquidation process and the loss of control of the shares by Holdco, ICK was no longer consolidated in the Group and deemed a subsidiary of Holdco.

Developments relating to MKD IuteCredit BH d.o.o. Sarajevo (Bosnia Herzegovina)

MKD IuteCredit BH d.o.o. Sarajevo (**“ICBH”**), a subsidiary of Holdco incorporated in Bosnia Herzegovina, is licensed as a micro-credit institution and supervised by the Federal Banking Agency (the **“FBA”**). Following recent discussions with the FBA, ICBH received a decision from the FBA dated 2 November 2022, indicating, among others, that providing any form of guarantee for the bonds issued by the Issuer is deemed contrary to the micro-crediting activities provided by ICBH. Moreover, to address other topics raised by the FBA, ICBH stopped issuing new loans from December 2022 to January 2023, to revise its business plan, pricing policy and operational costs. ICBH started to issue loans according to the revised business plan and with lower operational costs as of February 2023.

XII. MANAGEMENT

1. Management structure of the Issuer

Below we describe the management of the Issuer.

In accordance with the Issuer's articles of association and the relevant provisions of the Luxembourg law of 10 August 1915 on commercial companies, as amended from time to time (the "**Luxembourg Company Law**") governing private limited liability companies (*société à responsabilité limitée*), the management of the Issuer is divided between the board of managers (*conseil de gérance*) and the sole shareholder (*associé unique*), or, in the instance of there being more than one shareholder, the shareholders' general meeting (*assemblée générale des associés*).

The board of managers of the Issuer is supported by the management team of Holdco, which is responsible for providing high-level advice on decisions and business matters ranging from strategic planning, policy formulation, investment planning and risk assessment.

A brief description (which is not intended to be exhaustive) of the composition, roles and functioning of each of these bodies is set forth below.

The share capital of the Issuer is entirely held by its sole shareholder Holdco as further described under "*Information about the Issuer*" above. The shareholders' general meeting exercises the power granted by the Luxembourg Company Law including (i) appointing and removing the managers and the statutory or independent auditor of the Issuer as well as setting their remuneration, (ii) approving the annual financial statements of the Issuer, (iii) amending the articles of association of the Issuer, (iv) deciding on the dissolution and liquidation of the Issuer, and (v) changing the nationality of the Issuer.

The Issuer is managed by a board of managers whose members have been appointed as class A managers and class B managers by the shareholders' general meeting of the Issuer. In accordance with Luxembourg Company Law, each class A manager and class B manager may be removed at any time without cause (*révocation ad nutum*).

The meetings of the board of managers are validly held if at the commencement of the meeting at least one class A manager and one class B manager is present or represented and decisions are validly taken by the majority of the managers present or represented (including at least one class A manager and at least one class B manager). Any manager may represent one or more other managers at a board of managers' meeting.

The board of managers may sub-delegate its powers for specific tasks to one or several ad hoc agents, acting individually or jointly.

Pursuant to its articles of association, where the Issuer is administrated by a board of managers comprising several categories of managers, it shall be bound by the joint signatures of a class A manager and a class B manager.

The Issuer is currently managed by a board of managers composed of one manager of class A and two managers of class B as set out below, elected pursuant to resolutions of the shareholders of the Issuer, for a term as set out below. The directors may be removed before the expiration of the term. Based on the articles of association of the Issuer, managers of each category are vested with the same individual powers and duties. The two managers of class B are Luxembourg residents, whereas the manager of class A is not a Luxembourg resident and at the same time holds the position of CFO within the Group. The board of managers has not appointed a chairman among its members so far.

Name	Year of Birth	Term until	Position
Kristel Kurvits	1972	indefinite period	Class A manager
Ann Leonie R Lauwers	1964	indefinite period	Class B manager
Pieter Adriaan C.S. van Nugteren	1966	indefinite period	Class B manager

Ms. Kristel Kurvits was appointed as class A manager of the Issuer on 5 July 2019. Ms. Kurvits has been the Chief Financial Officer of AS luteCredit Europe since November 2017. She is also the director and joint owner of OÜ Protsess and the Chief Financial Officer of MTÜ Estonian Banking Association. Previously, she worked as Chief Accountant for Ektornet Land Estonia OÜ, Swedbank Group and as Auditor’s Assistant for Auditor Toomas Villems. Between 1997 and 1998 she worked for Hansapanga Group. Ms. Kurvits holds a Master’s Degree in Financial Management from Estonian Business School.

Ms. Ann Leonie R Lauwers was appointed as class B manager of the Issuer on 5 July 2019. Ms. Lauwers has held senior corporate counsel and account manager positions in Luxembourg companies and. Ms. Lauwers has a Master’s degree in Law from the University of Antwerp, Belgium.

Mr. Pieter Adriaan C.S. van Nugteren was appointed as class B manager of the Issuer on 5 July 2019. Mr. Pieter Adriaan C.S. van Nugteren has held principal relationship manager (Team Leader) positions in Luxembourg companies and is responsible for private banking wealth management team, support to team members with transactions, client meetings and compliance issues and also acts as board member in several Luxembourg companies, real estate and private equity funds.

Conflicts of Interest

The managers of the Issuer confirm that there is no conflict of interest between their duties as managers of the Issuer and their principal and/or other outside activities.

2. Corporate Governance

Each subsidiary of the Group is an independently operating entity. Unless specifically decided otherwise by Holdco, it is presumed that day-to-day decisions are made by subsidiaries on their own.

In addition to overall management on local level, the managements on local and on Holdco level are divided into functionalities. The head of each functionality is on Holdco level and the respective person in charge manages all employees belonging to the same functionality within the Group.

Independent management on the local levels together with the division of functionalities ensures that the Group has a horizontal and vertical management. The management team of Holdco is responsible for the overall governance of the whole Group by making strategic decisions and providing directional guidance to the subsidiaries.

The current management team of Holdco is set forth in the table below:

Name	Year of Birth	Position
Allar Niinepuu	1973	COO of ICE and Chairman of the supervisory board of ICE
Tarmo Sild	1975	CEO of ICE
Tarvo Rahumägi	1974	CRO of ICE
Kristel Kurvits	1972	CFO of ICE
Mart Nael	1981	COO of ICE
Kadi Raudsepp	1986	Group Chief Legal Officer
Goksu Tugay	1976	Group Chief Customer Experience Officer

Allar Niinepuu is a beneficial owner, the Chief Commercial Officer and the chairman of the supervisory board of AS luteCredit Europe since 2008. He is also a member of the management board of OÜ Alarmo Kapital and the sole owner and manager of OÜ Kavass (which in turn holds 50% of the shares in OÜ Alarmo Kapital). Previously he worked as a marine officer for Estonian Maritime Shipping Company, being the oldest ship-owning company in Estonia. Mr. Niinepuu graduated as a technician vessel manager from the Estonian Center of Maritime Education.

Tarmo Sild is the co-founder of AS luteCredit Europe. He holds a Master's degree with distinction in Law from Vrije Universiteit Brussels and a bachelor's degree in Law from the University of Tartu. Moreover, he pursued additional studies on EU Law at the University of Helsinki. Prior to his recent entrepreneurial engagements, he was an attorney at law and partner at the law firm LEXTAL for nearly 10 years, in particular responsible for the implementation of EU Law, banking, project financing and securities. He started his professional career as the only Estonian advocate in Brussels at HETA Law Offices.

Tarvo Rahumägi was appointed chief risk officer of AS luteCredit Europe in February 2021. Tarvo Rahumägi has a Master's level in legal education and has also completed an MBA program at the Estonian Business School. Tarvo Rahumägi has 20 years of experience in management, leadership, strategic business development, and consultation with various international companies, mostly in the field of legal and financial services.

Kristel Kurvits is the Chief Financial Officer of AS luteCredit Europe since November 2017. She is also the Director and sole owner of OÜ Protses and the Chief Financial Officer of MTÜ Estonian Banking Association. Previously, she worked as Chief Accountant for Ektornet Land Estonia OÜ /Swedbank Group and as Auditor's Assistant for Auditor Toomas Villems. Between 1997 and 1998 she worked for Hansapanga Group. Ms. Kurvits holds a Master's Degree in Financial Management from Estonian Business School.

Mart Nael is the Chief Operations Officer of AS luteCredit Europe starting from 2020. Mart has 18 years of experience in technology, during which he has worked as CTO at Omniva and BigBank, as well as Head of Operations at Swedbank and Telia. Mart has studied Computer and Systems Engineering at Tallinn University of Technology and leadership and change management at London Business School.

Kadi Raudsepp is the Chief Legal Officer of AS luteCredit Europe since February 2022 and she has been working for AS luteCredit Europe since July 2020. Kadi Raudsepp holds a Master's degree in Law from the University of Tartu. Her wide experience in the legal field and financial

services include both the public and private sectors, including leading the Legal department in the investment firm Admiral Markets and working in the legal and compliance department of the international finance company Creditstar.

Goksu Tugay is the Chief Customer Experience Officer of As luteCredit Europe since August 2019. Before joining luteCredit, Gökso Tugay Bilal last worked as the Director of Customer Experience for the largest e-commerce platform called Hepsiburada in Istanbul, Turkey. After graduating from college, she worked in Canada for the second largest telecom provider of Canada. She also then worked for the world's 2nd largest insurance brokerage firm called AON for 5 years in Chicago, US as IT project manager. Then she moved back to Istanbul, Turkey to be a management consultant at Peppers and Rogers Group. She then worked at BBVA Garanti bank to manage CRM and Customer Experience departments and at Zurich Insurance company as Director of project management and organization. Ms Tugay Bilal holds dual Masters degree (MBA and MS MIS) from University of Illinois at Chicago.

Interest of directors and officers

As of the date of this Prospectus, none of the members of the board of managers of the Issuer or Holdco and none of the members of the supervisory board of Holdco, other than Mr. Allar Niinepuu (holding direct and indirect interest in Holdco equal to 45.56% of the share capital of Holdco), Mr. Tarmo Sild (holding direct and indirect interest in Holdco equal to 37.89% of the share capital of Holdco), Ms. Kristi Sild (holding direct and indirect interest in Holdco equal to 9.09% of the share capital of Holdco) and Ms. Kristel Kurvits (holding direct interest in Holdco equal to 0.31% of the share capital of Holdco), has an ownership interest in the share capital of Holdco and, unless as otherwise disclosed elsewhere in this Prospectus, there are no other potential conflicts of interest between any duties of the board of directors of the Issuer and their private interests and/or other duties.

3. Litigation statement about directors and officers

The CEO of the Group was convicted for bribery in Estonia in May 2010, when he was advising the environmental minister of Estonia in the sale of real estate assets in Estonia. The CEO denied any wrongdoing. The conviction resulted in a fine of EEK 102,000 (EUR 6,500), entered into force in May 2010 and extinguished in May 2013 with deletion from the criminal records of the CEO.

With the exception of the above, as of the date of this Prospectus, no other member of the board of managers of Holdco or the Issuer:

- has had any convictions in relation to fraudulent offences; nor
- has held an executive function in the form of a senior manager or a member of the administrative management or supervisory bodies, of any company, or a partner in any partnership, at the time of or preceding any bankruptcy, receivership or forced liquidation; nor
- has been subject to any official public incrimination and/or sanction by any statutory or regulatory authority (including any designated professional body) nor has ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of any company.

4. Change of Control over the Group

We are not aware of any arrangements in existence as of the date of this Prospectus which could reasonably be expected to result in a change of control over the Group.

XIII. REGULATORY FRAMEWORK

The majority of our operating entities are financial institutions, regulated as non-bank financial institutions or micro-credit institutions in each of our operating jurisdictions, except for Energbank, which is regulated as a commercial bank. The regulatory framework applicable to our operating entities varies depending on the jurisdiction in which we are operating. The relevant regulations relate to, *inter alia*, lending activities, consumer rights protection, the processing of personal data, debt collection and the prevention of money laundering and financing of terrorism.

In the following, we give an overview over the most relevant major regulations in the jurisdictions of the operating entities of the Group as of the date of this Prospectus:

Moldova

O.C.N. "IUTE CREDIT" S.R.L (Moldova) is a registered (consumer lending) non-banking company, regulated and supervised by the Moldovan National Commission for Financial Market ("NCFM") and included in the register of legal entities maintained with the Moldovan Agency of Public Services. Companies are able to provide consumer loans services in Moldova only after inclusion in such register, which can be accessed on the official website of the NCFM (<http://www.cnpf.md>).

As a non-bank financial institution, the company must comply with the rules on consumer lending, consumers rights and protection, established by the Moldovan Civil Code, Consumer Credit Law, Consumer Protection Law, Law on Non-bank Credit Organizations, and Law on Unfair Terms in Consumers Contracts (transposing Directive 93/13/CEE dated 5 April 1993), Regulation on responsible lending requirements applied to non-bank lending organizations and Regulation on the Disclosure by the Professional Participants on the Non-banking Financial Market of the Information Regarding the Services Rendered providing; *inter alia*, the type of information that must be disclosed to the consumers upon contract signing and the rules on advertising of consumer loan services.

The company is a registered personal data processor in Moldova with the National Centre for Personal Data Protection. The company has to establish internal procedures for the identification of its customers and must comply with Anti-Money Laundering regulation, and as such, is required to identify its customers, and report to local authorities suspicious transactions.

The customers of the company may address their complaints upon infringement of consumers' rights to the State Inspectorate for the Supervision of Non-Food Products and Consumers Protection.

The most important laws regulating the business of IuteCredit in Moldova are: the Law on Non-bank Credit Organizations, Regulation on responsible lending requirements applied to non-bank lending organizations, Regulation on the Disclosure by the Professional Participants on the Non-banking Financial Market of the Information Regarding the Services Rendered, Consumer Credit Law, Consumer Protection Law, Personal Data Protection Law, Anti-Money Laundering and Combating of Terrorism Financing Law. The regulators are NCFM, State Inspectorate for the Supervision of Non-Food Products and Consumers Protection, National Centre for Personal Data Protection and Office for Prevention and Combating of Money Laundering.

B.C. "Energbank" S.A. is a licensed commercial bank, regulated and supervised by the National Bank of Moldova ("NBM") and included in the register of legal entities maintained with the Moldovan Agency of Public Services. Banks are able to provide banking products (credits,

deposits and others financial products) only after receiving a license, which can be accessed on the official website of the NBM (<https://www.bnm.md/en/content/authorized-banks-republic-moldova>).

As a financial institution, Energbank must comply with the rules established by the Moldovan civil code, by the law on the activity of banks no. 202 of 6 October 2017, the law on payment services and electronic money, no. 114 of 18 May 2012, the law on foreign exchange regulation no. 62 -XVI of 21 March 2008, the consumer credit law, the consumer protection law, the regulation on responsible lending to customers by banks, and the law on unfair terms in consumers contracts (transposing Directive 93/13/CEE dated 5 April 1993); inter alia, the type of information that must be disclosed to the consumers upon contract signing and the rules on advertising of consumer loan services.

Energbank is personal data processor in Moldova and has its own personal data processing policies, developed in accordance with Law no. 133 of 08-07-2011 regarding the protection of personal data and the recommendations of the National Center for the Protection of Personal Data.

Energbank is obliged to establish internal procedures for the identification of its customers and must comply with Anti-Money Laundering law and regulations, and as such, is required to identify its customers, and report to local authorities suspicious transactions, the transactions in the limit established by national laws.

The customers, individuals, may address their complaints upon infringement of consumers' rights to the State Inspectorate for the Supervision of Non-Food Products and Consumers Protection, legal entities can address their complaints to the National Bank of Moldova.

The most important laws regulating the business of B.C. "Energbank" S.A. are: the Law on the activity of banks no. 202 of 6 October 2017, Law on Payment Services and Electronic Money, no. 114 of 18 May 2012, Law on foreign exchange regulation no. 62 -XVI of 21 March 2008, Consumer Credit Law, Consumer Protection Law, Regulation on responsible lending to customers by banks, Personal Data Protection Law, Anti-Money Laundering and Combating of Terrorism Financing Law. The regulators of Energbank are the National Bank of Moldova, the National Centre for Personal Data Protection, the Office for Prevention and Combating of Money Laundering, the State Inspectorate for the Supervision of Non-Food Products and the Consumers Protection.

Albania - ICA luteCredit Albania SHA (Albania) is a licensed non-bank financial institution in Albania, regulated and supervised by the Bank of Albania to conduct microfinancing activities based on license no. 32, dated 31 March 2015. Under the Albanian banking regulations, a non-bank financial institution is a legal entity licensed by the Bank of Albania to exercise one or more financial activities such as for example microfinancing activities, and which in turn is not permitted to collect monetary deposits and other repayable funds from the public.

The company has been registered with the Albanian National Business Center on 11 August 2014 and its registered scope of activity is the provision of loans, as well as any other commercial and financial activity related to the lending activity. In addition, according to its Articles of Association, it can perform any legal activity related to movable or immovable properties, as well as any commercial and financial activity, leasing, mortgaging, pledges, security charges, agent in insurances, or any other guarantee as it may be deemed fit and necessary and any other activity that may be deemed useful or necessary for the completion of its principal scope of activity.

Non-bank financial subjects are established and organized pursuant to the law no. 9901 dated 14 April 2008 "On Entrepreneurs and Commercial Companies", the law no. 9662, dated 18

December 2006 *“On Banks in the Republic of Albania”* as amended, and Regulation of the Bank of Albania dated 17 January 2013 *“On licensing and exercising of activity by non-bank financial institutions”* as amended.

luteCredit Albania SHA has duly notified its activities of data collection and processing with the Personal Data Protection and Information Commissioner of Albania, in compliance with law No. 9887 dated 10 March 2008, *“On Personal Data Protection”*. The company must comply with rules on consumer lending and consumer rights protection, stipulated in Law no. 9902, dated 17 April 2008 *“On Consumer Protection”* and Regulation No. 48 dated 1 July 2015 *“On Consumer Credit and Mortgage Credit”* approved by the Bank of Albania, as amended. Among other things the Regulation 48/2015 *“On Consumer Credit and Mortgage Credit”*, stipulates the type of information that must be disclosed to customers before and upon contract signing.

The key laws and regulations concerning the business of luteCredit in Albania are: The Law no. 9901 dated 14 April 2008 *“On Entrepreneurs and Commercial Companies”*, as amended, Law no. 9662, dated 18 December 2006 *“On Banks in the Republic of Albania”*, as amended, Regulation No. 48 dated 1 July 2015 *“On Consumer Credit and Mortgage Credit”*, Regulation No. 59 dated 29 August 2008 of the Bank of Albania *“On transparency of banking products and services”* as amended, Regulation No. 1, dated 17 January 2013 *“On licensing and exercising of activity by non-bank financial institutions”* as amended, Law no. 9902, dated 17 April 2008 *“On Consumer Protection”*, Law no. 9887 dated 10 March 2008 *“On Personal Data Protection”* and Law no.9917, dated 19 May 2008 *“On the Prevention of Money Laundering and Financing of Terrorism”* as amended. The relevant regulatory authorities are the Bank of Albania, the Consumer Protection Commission, General Directory of Anti-Money Laundering and Financing of Terrorism and the Personal Data Protection and Information Commissioner.

Velox Pay Sh.p.k. (Albania) is a licensed electronic money institution (non-bank financial institution) in Albania, regulated and supervised by the Bank of Albania to conduct electronic money activities based on license no. 53, dated 28 January 2022. Under the Albanian banking regulations, a non-bank financial institution is a legal entity licensed by the Bank of Albania to exercise one or more financial activities such as for example electronic money activities, consulting and foreign exchange services and other related activities in the field of payments and transfers.

The company has been registered with the Albanian National Business Center on 9 October 2020 and its registered scope of activity is to provide financial activity of an electronic money institution in accordance with the legislation in force and the licenses granted by the authorities, including here but not limited to any non-bank financial activities related with payments and transfers, advisory and consulting services, foreign exchange, and insurance provision. In addition, the Company may run any activity deemed fit and necessary or useful for the completion of its principal scope of activity.

Non-bank financial subjects are established and organized pursuant to Law No. 9901 dated 14 April 2008 *“On Entrepreneurs and Commercial Companies”*, Law No. 9662, dated 18 December 2006 *“On Banks in the Republic of Albania”*, Regulation of Bank of Albania dated 17 January 2013 *“On licensing and exercising of activity by non-bank financial institutions”*, Regulation 59/2021 of Bank of Albania dated 24 November 2021 *“On the licensing of payment institutions and electronic money institutions and the registration of payment service providers”* and Law No. 55/2020 on Payment Services dated 30 April 2020.

Velox Pay Sh.p.k. has duly notified its activities of data collection and processing with the Personal Data Protection and Information Commissioner of Albania, in compliance with law No. 9887 dated 10 March 2008, *“On Personal Data Protection”*. The company must comply with rules on consumer pricing and transparency stipulated in Regulation No. 59/2008 of Bank

of Albania dated 29 August 2008 *“On Transparency for banking and financial products and services”*.

The key laws and regulations concerning the business of Velox Pay Sh.p.k. are: Law No. 9901 dated 14 April 2008 *“On Entrepreneurs and Commercial Companies”*, as amended, Law No. 9662, dated 18 December 2006 *“On Banks in the Republic of Albania”*, as amended, Regulation No. 59 dated 29 August 2008 of the Bank of Albania *“On Transparency for banking and financial products and services”*, Regulation No. 1, dated 17 January 2013 *“On licensing and exercising of activity by non-bank financial institutions”*, Regulation 59/2021 of Bank of Albania dated 24 November 2021 *“On the licensing of payment institutions and electronic money institutions and the registration of payment service providers”*, Law No. 55/2020 on Payment Services dated 30 April 2020, Law No. 9887 dated 10 March 2008 *“On Personal Data Protection”* and Law No. 9917, dated 19 May 2008 *“On the Prevention of Money Laundering and Financing of Terrorism”*. The relevant regulatory authorities are the Bank of Albania, General Directory of Anti-Money Laundering and Financing of Terrorism, and the Personal Data Protection and Information Commissioner.

North Macedonia

Iute Credit Macedonia DOOEL Skopje (North Macedonia) is a non-bank financial institution, which has been granted a license from the Ministry of Finance of the Republic of North Macedonia (the **“Ministry of Finance”**) for establishment and operation for conducting lending services and registered with the Central Registry of the Republic of North Macedonia (the **“Central Registry”**). It provides for lending services, including, among others, the approval of credits, issuing and administering of credit cards. Companies are able to provide lending services in North Macedonia only upon obtaining a prior license for establishment and operation from the Ministry of Finance and after registration with the Central Registry. The Ministry of Finance also administers a Registry of Financial Institutions and supervises the activities of Iute Credit Macedonia DOOEL Skopje.

The company must comply with rules on consumer crediting and consumer rights protection, stipulated in the Law on Consumer Protection in Consumer Credit Agreements (the **“Consumer Credit Law”**), and the Law on Financial Companies. The Consumer Credit Law states, among others, the type of information that must be disclosed to customers prior the conclusion of a consumer credit agreement or accepting an offer and how advertising of consumer credit services could be performed.

The company is registered with the Directorate for Personal Data Protection of the Republic of North Macedonia as a personal data controller. In addition, the company must comply with the Law on the Prevention of Money Laundering and Financing of Terrorism (the **“Anti-Money Laundering Law”**), and as such, is required to identify its customers and report to local authorities suspicious transactions.

The major laws concerning the business of IuteCredit in North Macedonia are: the Law on Financial Companies, the Law on Trade Companies, the Consumer Credit Law, the Law on Obligations, the Personal Data Protection Law and the Anti-Money Laundering Law. Among the relevant state institutions are the Ministry of Finance, the Directorate for Personal Data Protection, the State Market Inspectorate and the Financial Intelligence Office.

Bulgaria

IuteCredit Bulgaria EOOD (Bulgaria) is a non-bank financial institution, registered with the Bulgarian National Bank (the **“BNB”**). Its registered field of activity is the provision of consumer loans with funds which have not been collected as deposits from the public. In order to

operate as a non-bank financial institution in the country, a company must be included and/or registered in the Special Registry of Financial Institutions administered by the BNB. The activity of IuteCredit Bulgaria EOOD is supervised and regulated by the BNB, the Commission for consumer protection and the Commission for private data protection.

The companies must comply with rules on consumer lending and consumer rights protection, stipulated in the Consumer Credit Law, and Law on Credit Institutions. Among other things, the Consumer Credit Law, stipulates the type of information that must be disclosed to customers upon contract signing and how advertising of consumer loan services could be performed.

The major laws and regulations concerning the business of IuteCredit in Bulgaria are: the Law on Credit Institutions, Ordinance No 26 of BNB, Consumer Credit Law, Consumer Protection Law, Personal Data Protection Law, Anti-Money Laundering and Combating of Terrorism Financing Law. The regulators are the BNB, the Consumer Protection Commission and the Personal Data Protection Commission.

Bosnia Herzegovina

MKD IuteCredit BH d.o.o. Sarajevo (Bosnia Herzegovina) is a micro-credit institution (*mikrokreditna organizacija*), registered with the Federal Banking Agency (the “**FBA**”). Its registered field of activity is the provision of financial services primarily connected to granting of loans by institutions not involved in monetary intermediation (whereas the granting of loans may take a variety of forms, such as loans, mortgages, credit cards, and similar), granting of consumer loans and lending outside the banking system.

The company operates under the direct supervision of the FBA.

The company must comply with rules on consumer lending and consumer rights protection, stated in the FB&H Financial Services Consumer Protection Law and the B&H Consumer Protection Law. Among other things, the FB&H Financial Services Consumer Protection Law provides for mandatory provisions of consumer loan agreements, the obligation of financial institutions to inform the consumers on all terms and conditions of the financial product prior to conclusion of the loan agreement. In order to operate, the company must register as personal data controller with the B&H Data Protection Agency, as well as to comply with anti-money laundering regulations, and as such, required to identify its customers, and report suspicious transactions to the local authorities.

The major laws and regulations concerning the business of IuteCredit in Bosnia Herzegovina are: the FB&H Law on Micro-Credit Organizations, Ordinance on Terms and Procedure of Issuing and Revoking the Operational and Other Licenses of Micro-credit Institutions, the FB&H Financial Services Consumer Protection Law, the B&H Consumer Protection Law, the B&H Personal Data Protection Law, and the B&H Anti-Money Laundering and Combating of Terrorism Financing Law.

The regulators are the FBA, the Personal Data Protection Agency and the Ombudsman for Consumer Protection.

XIV. TERMS AND CONDITIONS OF THE BONDS

1. DEFINITIONS AND CONSTRUCTION

1.1 Definitions

In these terms and conditions (these “**Terms and Conditions**”):

“**2019/2023 Initial Bonds**” means the Luxembourg law governed EUR 40 million 13% senior secured bonds due 7 August 2023 with ISIN XS2033386603 issued by the Issuer on 7 August 2019.

“**2019/2023 Tap Bonds**” means the Luxembourg law governed EUR 10 million 13% senior secured bonds due 7 August 2023 issued by the Issuer on 3 December 2020 to be consolidated and form a single series with the 2019/2023 Initial Bonds.

“**2019/2023 Bonds**” means the 2019/2023 Initial Bonds and the 2019/2023 Tap Bonds, traded on the regulated market of the Frankfurt Stock Exchange.

“**Account Pledge Agreements**” means the pledge agreements entered into between the Security Agent and the Pledgors within ninety (90) calendar days following the Existing Bonds Settlement Date (or to be entered into within ninety (90) calendar days after a Restricted Subsidiary becomes an Additional Pledgor) in respect of first priority pledges over the Pledgors Accounts and all funds held on the Pledgors Accounts from time to time, granted in favour of the Security Agent acting for the Holders.

“**Accounting Principles**” means the international financial reporting standards (IFRS) within the meaning of Regulation 1606/2002/EC (or as otherwise adopted or amended from time to time).

“**Additional Amounts**” means any deduction or withholding for, or on account of, any Taxes imposed or levied by or on behalf of any Relevant Taxing Jurisdiction on any payment by the Obligors of principal or interest or any other payment in relation to the Bonds under the Finance Documents.

“**Additional Guarantor**” has the meaning set forth in Condition 11.10 (*Additional Guarantee*).

“**Additional Pledgor**” has the meaning set forth in Condition 11.11 (*Additional Transaction Security*).

“**Additional Secured Creditor**” means any senior secured creditor of the Issuer, or Holdco with respect to any Additional Secured Obligation.

“**Additional Secured Obligations**” means subject to any limitation under the relevant Transaction Security Documents, all present and future obligations and liabilities (whether actual or contingent and whether owed jointly or severally or in any other capacity whatsoever) of the Obligors towards the Additional Secured Creditors under or in connection with any terms and conditions of debt instruments, facilities agreements or loan agreements entered into in accordance with and subject to Condition 11.16 (*Additional Secured Creditors*).

“Advance Purchase Agreements” means (a) an advance or deferred purchase agreement if the agreement is in respect of the supply of assets or services and payment is due not more than ninety (90) calendar days after the date of supply or (b) any other trade credit incurred in the ordinary course of business.

“Affiliate” means any other Person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified Person and/or any Person that is related in a straight line of descent with such specified Person or a brother or a sister of such specified Person (each a **“Related Person”**) and/or any Person, directly or indirectly, controlled by such Related Person. For the purpose of this definition, **“control”** when used with respect to any Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms **“controlling”** and **“controlled”** have meanings correlative to the foregoing.

“Agent” means the Holders’ agent under these Terms and Conditions and, if relevant, the other Finance Documents, from time to time; initially Greenmarck Restructuring Solution GmbH, established in Germany and registered with the lower court of Munich under number HRB 187052 with address at Widenmayerstraße 16, 80538 Munich, Germany.

“Agent Agreement” means the agency agreement entered into on 4 October 2021 between the Issuer and the Agent, or any replacement agent agreement entered into thereafter between the Issuer and an Agent.

“Bank” means any bank or other regulated financial institution acquired directly or indirectly by Holdco in the future, as the case may be.

“Bonds” has the meaning set forth in Condition 2.1 (*Nominal Amount, Currency and Denomination*).

“Bond Issue” means the issuance of the Bonds.

“Business Day” means any day on which banking institutions are open for business in Luxembourg, Tallinn and Frankfurt am Main and payments in Euro may be settled via the Trans-European Automated Real-time Gross settlement Express Transfer system 2 (TARGET 2) or any other Real-Time-Gross-Settlement payment system that might substitute TARGET 2.

“Business Day Convention” means the first following day that is a Business Day.

“Calculation Agent” has the meaning set forth in Condition 14.2 (*Calculation Agent*).

“Call Option Amount” means:

- (a) the Make Whole Amount if the Call Option is exercised before the First Call Date;
- (b) (i) 100 per cent. plus (ii) 50 per cent. of the Interest Rate of the Nominal Amount if the call option is exercised on or after the First Call Date up to (but excluding) the date falling 48 months after the Existing Bonds Issue Date (the **“Second Call Date”**);

- (c) (i) 100 per cent. plus (ii) 25 per cent. of the Interest Rate of the Nominal Amount if the call option is exercised on or after the Second Call Date up to (but excluding) the Maturity Date.

“Capital Lease Obligations” means, at the time any determination is to be made, the amount of the liability in respect of a capital lease that would at that time be required to be capitalized on a balance sheet prepared in accordance with the Accounting Principles, and the scheduled maturity date thereof shall be the date of the last payment of rent or any other amount due under such lease prior to the first date upon which such lease may be prepaid by the lessee without payment of a penalty.

“Capital Stock” means:

- (a) in the case of a corporation, corporate stock, including shares (*actions*) in case of a Luxembourg company;
- (b) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock;
- (c) in the case of a partnership or limited liability company, partnership interests (whether general or limited) or membership interests; and
- (d) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person, but excluding from all of the foregoing any debt securities convertible into Capital Stock, whether or not such debt securities include any right of participation with Capital Stock.

“Capitalization Ratio” means, for Holdco as of any date of determination, the result (expressed as a percentage) obtained by dividing (x) Consolidated Net Worth of Holdco (calculated as of the end of the Relevant Period ending on the last day of the period covered by the most recent Financial Report prior to the date of the transaction giving rise to the need to calculate Consolidated Net Worth) by (y) Net Loan Portfolio as of such date of determination.

“Cash and Cash Equivalents” means cash and cash equivalents in accordance with the Accounting Principles.

“Change in Tax Law” means (a) any change in, or amendment to, the law or treaties (or any regulations or rulings promulgated thereunder) of a Relevant Taxing Jurisdiction affecting taxation or (b) any change in, or amendment to, or the introduction of, an official position regarding the application, administration or interpretation of such laws, treaties, regulations or rulings (including a holding, judgment or order by a court of competent jurisdiction) of a Relevant Taxing Jurisdiction.

“Change of Control Event” means (a) the direct or indirect sale or other disposal, in one or a series of related transactions, of all or substantially all of the properties or assets of the Obligors taken as a whole to any Person other than Holdco or a Restricted Subsidiary and (b) the occurrence of an event or series of events whereby one or more Persons, not being a Current Shareholder or a Group Company, acting together, acquire control over Holdco and where **“control”** means (i) acquiring or controlling,

directly or indirectly, more than 50.00 per cent. of the shares or voting rights in Holdco or (ii) the right to, directly or indirectly, appoint or remove the whole or a majority of the directors of the board of directors of Holdco, the Issuer or any of the Guarantors that such Current Shareholder has to appoint directors of Holdco, the Issuer or any of the Guarantors shall be disregarded).

“Clearing System” has the meaning set forth in Condition 2.3 (*Global Bond and Custody*).

“Code” has the meaning set forth in Condition 8.1 (*Withholding Tax*).

“Companies Law” has the meaning set forth in Condition 16.1 (*General*).

“Compliance Certificate” means a certificate, in form and substance reasonably satisfactory to the Agent, signed by the Issuer certifying (a) that so far as it is aware no Event of Default is continuing or, if it is aware that such event is continuing, specifying the event and steps, if any, being taken to remedy it, (b) if provided in connection with an application of the Incurrence Test, that the Incurrence Test is met and including calculations and figures in respect of the Interest Coverage Ratio and, if applicable, the Capitalization Ratio and (c) if provided in connection with testing of the financial covenants that the financial covenants set out in Condition 12.1 (*Financial Conditions*) are met.

“Condition” means the Terms and Conditions and a numbered **“Condition”** shall be construed accordingly.

“Consolidated Net Worth” means, for the Issuer at any time, the sum of paid in capital, retained earnings, reserves and subordinated debt of the Group as set forth on the consolidated balance sheet as of the Relevant Period ending on the last day of the period covered by the most recent Financial Report prepared in accordance with the Accounting Principles, less (without duplication) amounts attributable to Disqualified Stock of the Issuer.

“Consolidated Total Assets” means the total assets of the Issuer and the Restricted Subsidiaries as of the Relevant Period ending on the last day of the period covered by the most recent Financial Report, calculated on a consolidated basis in accordance with the Accounting Principles.

“Corresponding Debt” has the meaning set forth in Condition 10.4 (*Parallel Debt*).

“CSD” means the Issuer’s central securities depository in respect of the Bonds from time to time; initially Clearstream Banking S.A., Luxembourg.

“Current Shareholders” means the direct and indirect shareholders and beneficial owners of the Issuer as of the Existing Bonds Issue Date and their Affiliates.

“Due Date” has the meaning set forth in Condition 7.3 (*Payment Day/Due Date*).

“Derivative Transaction” has the meaning set forth in item (e) of the definition “Permitted Debt” below.

“Disqualified Stock” means any Capital Stock that, by its terms (or by the terms of any security into which it is convertible, or for which it is exchangeable, in each case, at

the option of the holder of the Capital Stock), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or redeemable at the option of the holder of the Capital Stock, in whole or in part, on or prior to the date that is ninety-one (91) days after the date on which the Bonds mature. Notwithstanding the preceding sentence, any Capital Stock that would constitute Disqualified Stock solely because the holders of the Capital Stock have the right to require the Issuer to repurchase such Capital Stock upon the occurrence of a change of control or an asset sale will not constitute Disqualified Stock if the terms of such Capital Stock provide that the Issuer may not repurchase or redeem any such Capital Stock pursuant to such provisions unless such repurchase or redemption complies with the restrictions set out in Condition 11.2 (*Distributions*). The amount of Disqualified Stock deemed to be outstanding at any time for purposes of these Terms and Conditions will be the maximum amount that the Issuer and the Restricted Subsidiaries may become obligated to pay upon the maturity of, or pursuant to any mandatory redemption provisions of, such Disqualified Stock, exclusive of accrued dividends.

“**EBITDA**” means, in respect of the Relevant Period, the consolidated net profit of the Group from ordinary activities according to the latest Financial Report:

- (a) before deducting any amount of tax on profits, gains or income paid or payable by any Group Company;
- (b) before deducting any Net Finance Charges;
- (c) before taking into account any exceptional items which are not in line with the ordinary course of business;
- (d) before taking into account any Transaction Costs;
- (e) not including any accrued interest owing to any Group Company;
- (f) before taking into account any unrealized gains or losses on any derivative instrument (other than any derivative instruments which is accounted for on a hedge account basis);
- (g) before taking into account any gains or losses on any foreign exchange gains or losses;
- (h) after adding back or deducting, as the case may be, the amount of any loss or gain against book value arising on a disposal of any asset (other than in the ordinary course of trading) and any loss or gain arising from an upward or downward revaluation of any asset;
- (i) after deducting the amount of any profit (or adding back the amount of any loss) of any Group Company which is attributable to minority interests;
- (j) after adding back or deducting, as the case may be, the Group’s share of the profits or losses of entities which are not part of the Group; and
- (k) after adding back any amount attributable to the amortization, depreciation or depletion of assets of Group Companies.

“Economic Sanctions Law” means any economic or financial sanctions administered by the Office of Foreign Assets Control of the U.S. Department of the Treasury, the U.S. State Department, any other authority, department or agency of the U.S. government, the United Nations, the European Union or any member state thereof.

“Enforcement Agent” means the enforcement agent appointed from time to time in the jurisdiction of the relevant Pledgor.

“Equity Cure” has the meaning set forth in Condition 12.3 (*Covenant Cure*).

“Equity Interest” means Capital Stock and all warrants, options or other rights to acquire Capital Stock (but excluding any debt security that is convertible into, or exchangeable for, Capital Stock).

“Equity Listing Event” means an initial public offering of Capital Stock in the Issuer or a Restricted Subsidiary, or any direct or indirect parent company of the Issuer (the **“Listed Entity”**), from time to time, resulting in that such shares are quoted, listed, traded or otherwise admitted to trading on a Regulated Market or a recognized unregulated marketplace.

“Equity Listing Market Capitalization” means an amount equal to (x) the total number of issued and outstanding shares of common stock or common equity interests of the Listed Entity at the time of closing of the Equity Listing Event multiplied by (y) the price per share at which such shares of common stock or common equity interests are sold in such Equity Listing Event.

“EUR” means the currency used by the institutions of the European Union and is the official currency of the Eurozone.

“Event of Default” means an event, circumstance or situation specified in Condition 13.1.

“Existing Bonds” has the meaning set forth in Condition 2.1 (*Nominal Amount, Currency and Denomination*).

“Existing Bonds Issue Date” means 6 October 2021.

“Existing Bonds Settlement Date” means 6 October 2021.

“Existing Debt” means all Financial Indebtedness of Holdco and the Restricted Subsidiaries in existence on the Existing Bonds Issue Date, including without limitation Financial Indebtedness provided under the 2019/2023 Bonds.

“Existing Security” means all Security provided by Holdco and the Restricted Subsidiaries in existence on the Existing Bonds Settlement Date. For the sake of clarity, any Security to be released on or about the Existing Bonds Settlement Date shall not be deemed an “Existing Security”.

“Extraordinary Resolution” has the meaning set forth in Condition 16.3 (*Quorum and majority*).

“FATCA” has the meaning set forth in Condition 8.1 (*Withholding Tax*).

“Finance Charges” means, for the Relevant Period, the aggregate amount of the accrued interest, commission, fees, discounts, payment fees, premiums or charges and other finance payments in respect of Financial Indebtedness whether paid, payable or capitalized by any Group Company according to the latest Financial Report (calculated on a consolidated basis) without taking into account any (a) Transaction Costs, (b) unrealized gains or losses on any derivative instruments other than any derivative instruments which are accounted for on a hedge accounting basis or (c) losses arising on foreign currency revaluations of intercompany balances.

“Finance Documents” means:

- (a) these Terms and Conditions;
- (b) the Guarantees;
- (c) the Transaction Security Documents;
- (d) the Security Agent Agreement;
- (e) the Agent Agreement;
- (f) the Enforcement Agent Agreement;
- (g) the Intercreditor Agreement (if any); and
- (h) any other document designated by the Issuer and the Agent as a Finance Document.

“Financial Indebtedness” means any indebtedness in respect of:

- (a) monies borrowed or raised, including Market Loans, Shareholder Loans, and shareholders’ loans granted on arm lengths terms and conditions;
- (b) any Capital Lease Obligation (for the avoidance of doubt, any leases treated as operating leases under the Accounting Principles as applicable on the Existing Bonds Issue Date shall not, regardless of any subsequent changes or amendments of the Accounting Principles, be considered as Capital Lease Obligation);
- (c) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);
- (d) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing and treated as a borrowing under the Accounting Principles;
- (e) any Derivative Transaction (and, when calculating the value of any derivative transaction, only the mark to market value shall be taken into account);
- (f) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution; and

- (g) (without double counting) any guarantee or other assurance against financial loss in respect of a type referred to in the above items (a)–(f).

“Financial Report” means the annual audited consolidated financial statements of Holdco and the quarterly interim unaudited consolidated reports of Holdco, which shall be prepared and made available according to Condition 11.14 (*Financial reporting and information*).

“First Call Date” means the date falling 36 months after the Existing Bonds Issue Date or, to the extent such day is not a Business Day, the Business Day following from an application of the Business Day Convention.

“German Government Bond Rate” means the yield to maturity at the time of computation of direct obligations of Germany, acting through the Federal German Finance Agency (Ger. *Bundesrepublik Deutschland – Finanzagentur GmbH*) with a constant maturity (such yield to be the weekly average yield as officially compiled and published in the most recent financial statistics that has become publicly available at least two (2) Business Days (but not more than five (5) Business Days) prior to the relevant Redemption Date (or, if such financial statistics are not so published or available, any publicly available source of similar market data selected by the Issuer in good faith)) most nearly equal to the period from the relevant Redemption Date to the First Call Date; provided, however, that if the period from the relevant Redemption Date to the First Call Date is not equal to the constant maturity of a direct obligation of Germany, acting through the Federal German Finance Agency for which a weekly average yield is given, the German Government Bond Rate shall be obtained by linear interpolation (calculated to the nearest one-twelfth (1/12) of a year) from the weekly average yields of direct obligations of Germany, acting through the Federal German Finance Agency, for which such yields are given, except that if the period from such Redemption Date to the First Call Date is less than one year, the weekly average yield on actually traded direct obligations of Germany, acting through the Federal German Finance Agency, adjusted to a constant maturity of one year shall be used.

“Global Bond” has the meaning set forth in Condition 2.3 (*Global Bond and Custody*).

“Governmental Authority” means any nation, sovereign or government, any state, province, territory or other political subdivision thereof, and any entity or authority exercising executive, legislative, judicial, regulatory, self-regulatory or administrative functions of or pertaining to government, including a central bank or stock exchange.

“Group” means Holdco and all its Subsidiaries from time to time.

“Group Company” means Holdco or any of its Subsidiaries.

“Guaranteed Obligations” means all present and future obligations and liabilities (whether actual or contingent and whether owed jointly or severally or in any other capacity whatsoever) of each Obligor to the Secured Creditors (or any of them) under each Finance Document, together with all costs, charges and expenses incurred by any Secured Creditor in connection with the protection, preservation or enforcement of its respective rights under the Finance Documents, or any other document evidencing such liabilities.

“Guarantees” has the meaning set forth in Condition 4 (*Guarantees*).

“**Guarantors**” means the Original Guarantors and any Additional Guarantor.

“**Holdco**” means AS luteCredit Europe, registered in Estonia.

“**Holder**” means any holder of the Bonds, including, for the avoidance of doubt, any person shown for the time being in the records of the relevant clearing systems as the holder of a particular nominal amount of Bonds, collectively “**Holders**”.

“**Holders’ Meeting**” means a bondholders’ meeting among the Holders held in accordance with Condition 16 (*Meetings of Holders*).

“**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 Period; and, unless otherwise stated in these Terms and Conditions,
- (b) the Capitalization Ratio of Holdco on a consolidated basis is at least 20 per cent, determined on a *pro forma* basis (including a *pro forma* application of the net proceeds therefrom), at the time of and immediately after giving *pro forma* effect to such incurrence;

provided that the figures for calculating the Interest Coverage Ratio (including the figures for EBITDA, Finance Charges and Net Finance Charges) *pro forma* in accordance with the above shall (as applicable) be adjusted so that:

- (i) any Financial Indebtedness that has been repaid, repurchased and cancelled by any Group Company during the Relevant Period, or after the end of the Relevant Period but before the relevant testing date, shall be excluded, *pro forma*, for the entire Relevant Period;
- (ii) any Financial Indebtedness that is to be refinanced in connection with the incurrence of such additional Financial Indebtedness shall be excluded, *pro forma*, for the entire Relevant Period;
- (iii) entities acquired or disposed of by the Group during the Relevant Period, or after the end of the Relevant Period but before the relevant testing date, shall be included or excluded (as applicable), *pro forma*, for the entire Relevant Period; and
- (iv) any entity to be acquired with the proceeds from new Financial Indebtedness shall be included, *pro forma*, for the entire Relevant Period.

“Initial Nominal Amount” has the meaning set forth in Condition 2.1 (*Nominal Amount, Currency and Denomination*).

“Intercreditor Agreement” means the intercreditor agreement to be entered into between the Security Agent, the Agent and any other security agent, agent, trustee, representative of the Additional Secured Creditors or the Additional Secured Creditors themselves in accordance with and subject to Condition 11.16 (*Additional Secured Creditors*).

“Insolvency Proceedings” means, with respect to any person, the winding-up, liquidation, dissolution, bankruptcy, receivership, insolvency or administration of such person or any equivalent or analogous proceedings under the law of the jurisdiction in which such person is incorporated (or, if not a company or corporation, domiciled) or of any jurisdiction in which such person carries on business or has any assets including the seeking of an arrangement, adjustment, protection or relief of creditors.

“Interest” means the interest on the Bonds calculated in accordance with Conditions 5.1 (*Interest Rate and Interest Payment Dates*) to 5.3 (*Day Count Fraction*).

“Interest Coverage Ratio” means the ratio of EBITDA to Net Finance Charges.

“Interest Payment Date” means 6 April and 6 October of each year or, to the extent such day is not a Business Day, the Business Day following from an application of the Business Day Convention (with the first Interest Payment Date of the Bonds being on 6 April 2022 and the last Interest Payment Date being the Maturity Date).

“Interest Period” means, with respect to the Existing Bonds, each period beginning on (and including) the Existing Bonds Issue Date or any Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date (or a shorter period if relevant) and, in respect of the New Bonds or any Subsequent Bond issue, each period beginning on (and including) the Interest Payment Date falling on or immediately prior to its issuance or any succeeding Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date (or a shorter period if relevant), in no case adjusted due to an application of the Business Day Convention.

“Interest Rate” means a fixed interest rate of 11.0 per cent. per annum.

“Issue Date” means 6 April 2023.

“Issuer” means luteCredit Finance S.à r.l., a private limited liability (*société à responsabilité limitée*) incorporated under the laws of Luxembourg, having its registered address at 16, Rue Eugène Ruppert, L-2453 Luxembourg and registered with the Luxembourg Trade and Companies Register under number B 234678.

“Listed Entity” has the meaning set forth in the definition “Equity Listing Event” above.

“Luxembourg” means the Grand Duchy of Luxembourg and, when used in a geographical sense, means the territory of the Grand Duchy of Luxembourg.

“Luxembourg Insolvency Event” means in relation to any company incorporated, domiciled or resident in Luxembourg, such person in Luxembourg:

- (a) enters into a voluntary arrangement with its creditors (*concordat préventif de la faillite*) pursuant to the law of 14 April 1886 on arrangements to prevent insolvency, as amended; or
- (b) is granted a suspension of payments within the meaning of Articles 593 et seq. of the Luxembourg Commercial Code; or
- (c) is subject to controlled management (*gestion contrôlée*) within the meaning of the grand ducal regulation 24 May 1935 on controlled management; or
- (d) is itself or any of its assets the subject of any Insolvency Proceedings commenced pursuant to Articles 437 et seq. of the Luxembourg Commercial Code or any other Insolvency Proceedings pursuant to the Regulation (EU) No 2015/848 of the European Parliament and of the Council of 20 May 2015 on insolvency proceedings, as amended, unless the application for such proceedings is dismissed within thirty (30) days from and excluding the day it is filed (unless dismissed on the ground that the costs of the Insolvency Proceedings were likely to exceed the assets of such person (*clôture pour insuffisance d'actifs*)); or
- (e) takes any corporate action or is the subject of any legal proceedings commenced against it for its dissolution or liquidation; or
- (f) is in a situation of illiquidity (*cessation de paiements*), and without access to credit (*crédit ébranlé*) within the meaning of Article 437 of the Luxembourg Commercial Code.

“Make Whole Amount” means an amount equal to the sum of:

- (a) the present value on the relevant Record Date of (i) 100 per cent. plus (ii) 50 per cent. of the Interest Rate of the outstanding Nominal Amount, as if such payment originally should have taken place on the First Call Date; and
 - (b) the present value on the relevant Record Date of the remaining Interest payments (excluding accrued but unpaid Interest up to the relevant Redemption Date) up to and including the First Call Date;
- both calculated by using a discount rate of fifty (50) basis points over the comparable German Government Bond Rate (*i.e.* comparable to the remaining duration of the Bonds until the First Call Date).

“Market Capitalization” means an amount equal to the total number of issued and outstanding shares of common stock or common equity interests of the Listed Entity on the date of the declaration of the contemplated Permitted Payment multiplied by the arithmetic mean of the closing prices per share of such common stock or common equity interests for the thirty (30) consecutive Business Days immediately preceding the date of declaration of such contemplated Permitted Payment.

“Market Loan” means any loan or other indebtedness where an entity issues commercial paper, certificates, convertibles, subordinated debentures, bonds or any other debt securities (including, for the avoidance of doubt, medium term note programmes and other market funding programmes), provided in each case that such instruments and securities are or can be subject to trade on a Regulated Market or unregulated recognized market place.

“Material Adverse Effect” means a material adverse effect on (a) the business, financial condition or operations of the Group taken as a whole, (b) the Obligors’ ability to perform and comply with their payment and other undertakings under the Finance Documents or (c) the validity or enforceability of the Finance Documents.

“Material Group Company” means each Group Company, other than the Bank, holding a Net Loan Portfolio of at least EUR 5,000,000.00.

“Maturity Date” means 6 October 2026.

“Net Finance Charges” means, for the Relevant Period, the Finance Charges according to the latest consolidated Financial Report, after deducting any interest payable for the relevant period to any Group Company and any interest income relating to Cash and Cash Equivalents of the Group (and excluding any (a) payment-in-kind interest capitalized on Shareholder Loans, (b) gains arising on foreign currency revaluations of intercompany balances or (c) income on pension balances).

“Net Loan Portfolio” means, as of any date of determination, the sum of loans and receivables minus allowances for loss of Holdco and any Group Company as set forth on the consolidated balance sheet as of the Relevant Period ending on the last day of the period covered by the most recent Financial Report, prepared in accordance with the Accounting Principles.

“Net Proceeds” means the proceeds from the Bond Issue, after deduction has been made for the transaction costs payable by the Issuer for the services provided in relation to the placement and issuance of the Bonds.

“New Bonds” has the meaning set forth in Condition 2.1 (*Nominal Amount, Currency and Denomination*).

“New Shareholder Injections” means the aggregate amount subscribed for by any person (other than a member of the Group) for ordinary shares in the Issuer or for subordinated loan notes or other subordinated debt instruments in the Issuer on terms acceptable to the Agent.

“Nominal Amount” means the Initial Nominal Amount, or, if the principal amount of the Bonds have been partially repaid, the reduced nominal amount of the Bonds.

“Obligors” means the Issuer and the Guarantors.

“Ordinary Resolution” has the meaning set forth in Condition 16.3 (*Quorum and majority*).

“Original Guarantor” means the entities listed under Schedule 1 hereto.

“Original Pledgors” means the entities listed under Schedule 2 hereto.

“Original Secured Creditors” means the Holders, and the holders of the 2019/2023 Bonds.

“Payment Day” has the meaning set forth in Condition 7.3 (*Payment Day/Due Date*).

“Parallel Debt” has the meaning set forth in Condition 10.4(a) (*Parallel Debt*).

“Paying Agent” has the meaning set forth in Condition 14.1 (*Paying Agent*).

“Permitted Basket” has the meaning set forth in item (m) of the definition “Permitted Debt” below.

“Permitted Business” means any businesses, services or activities that are the same as, or reasonably related, ancillary or complementary to, any of the businesses, services or activities, in which Holdco and its Restricted Subsidiaries other than the Bank are engaged on the Existing Bonds Issue Date, and reasonable extensions, developments or expansions of such businesses, services or activities, including any securitization of loan receivables.

“Permitted Debt” means any Financial Indebtedness:

- (a) incurred by Holdco or any of the Restricted Subsidiaries under the Finance Documents (including pursuant to any Subsequent Bond issue, up to an overall principal amount of EUR 125,000,000 in case debt incurred in relation to marketplace lending platforms and/or peer-to-peer platforms shall be refinanced);
- (b) incurred by Holdco or any of the Restricted Subsidiaries under any Existing Debt;
- (c) the incurrence by Holdco or any of the Restricted Subsidiaries of Financial Indebtedness represented by Capital Lease Obligations, mortgage financings or purchase money obligations or other financings, in each case, incurred for the purpose of financing or refinancing all or any part of the purchase price or cost of design, development, construction, lease, installation or improvement of property, plant or equipment used in the business of Holdco or any of the Restricted Subsidiaries and including any reasonable related fees or expenses incurred in connection with such acquisition or development, in an aggregate principal amount not to exceed the greater of (i) EUR 10,000,000.00 and (ii) 15 per cent. of Consolidated Total Assets at any time outstanding;
- (d) incurred by Holdco or any of the Restricted Subsidiaries as intercompany Financial Indebtedness provided by the Issuer or a Restricted Subsidiary, provided, however, that: (i) if (A) Holdco or any Guarantor is the obligor of any such Financial Indebtedness and (B) the payee is not Holdco or a Guarantor, then such Financial Indebtedness must be unsecured and expressly subordinated to the prior payment in full in cash of all obligations then due under the Finance Documents; and (ii) (A) any subsequent issuance or transfer of Equity Interests that results in any Financial Indebtedness incurred under this Condition being held by a Person other than Holdco or a Restricted Subsidiary; and (B) any sale or other transfer of any Financial Indebtedness incurred under this Condition to a Person that is not either Holdco or a Restricted Subsidiary will be deemed, in each case, to constitute an incurrence of such Financial Indebtedness by Holdco or such Restricted Subsidiary, as the case may be, that was not permitted by this Condition;
- (e) arising under a derivative transaction entered into by Holdco or a Restricted Subsidiary in connection with protection against or benefit from fluctuation in any rate or price (**“Derivative Transaction”**) where such exposure arises in the

ordinary course of business or in respect of payments to be made under these Terms and Conditions (excluding for the avoidance of doubt any derivative transaction which in itself is entered into for investment or speculative purposes);

- (f) the guarantee by Holdco or any Guarantor of Financial Indebtedness of the Issuer or a Guarantor, to the extent that the guaranteed Financial Indebtedness was permitted to be incurred by another provision of these Terms and Conditions; provided that, if the Financial Indebtedness being guaranteed is subordinated to or *pari passu* with the Bonds, then the Guarantees must be subordinated or *pari passu*, as applicable, to the same extent as the Financial Indebtedness guaranteed;
- (g) incurred by Holdco or any of the Restricted Subsidiaries as a result from the honoring by a bank or other financial institution of a check, draft or similar instrument inadvertently drawn against insufficient funds, so long as such Financial Indebtedness is covered within five (5) Business Days;
- (h) incurred as a result of Holdco or a Guarantor acquiring or merging with another entity and which is due to the fact that such entity holds Financial Indebtedness, provided that: either (i) Holdco would be permitted to incur at least EUR 1.00 of additional Financial Indebtedness pursuant to the Incurrence Test (calculated on a *pro forma* basis including the acquired or merged entity, as the case may be, as if acquired or merged, as the case may be, at the beginning of the relevant Period ending on the last day of the period covered by the most recent Financial Report); or (ii) each of the Interest Coverage Ratio and the Capitalization Ratio of Holdco and its Restricted Subsidiaries would not be lower than it was immediately prior to giving effect to such acquisition or merger (in each case calculated on a *pro forma* basis including the acquired or merged entity, as the case may be);
- (i) incurred by Holdco or any Restricted Subsidiaries under a Shareholder Loan;
- (j) incurred by Holdco or any of the Restricted Subsidiaries in the ordinary course of business under the Advance Purchase Agreements, under any pension and tax liabilities and related to any agreements under which Holdco or a Restricted Subsidiary leases office space or other premises;
- (k) Financial Indebtedness owed on a short-term basis of no longer than thirty (30) Business Days to banks and other financial institutions incurred in the ordinary course of business of Holdco or the Guarantors with such banks or financial institutions that arises in connection with ordinary banking arrangements to manage cash balances of the Issuer or the Guarantors, in an aggregate principal amount not to exceed EUR 1,000,000.00;
- (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**”);
- (n) incurred by the Issuer, Holdco or any Restricted Subsidiaries in accordance with and subject to Condition 11.4(a).

“**Permitted Loans**” means:

- (a) any loan granted by Holdco or any of the Restricted Subsidiaries as intercompany Financial Indebtedness to Holdco or a Restricted Subsidiary;
- (b) any guarantee of Financial Indebtedness permitted to be incurred under Condition 11.4 (*Financial Indebtedness and Disqualified Stock*) and the definition “Permitted Debt” above;
- (c) any loan arising under a Derivative Transaction;
- (d) any loan existing on the Existing Bonds Issue Date; provided that the amount of any such loan may be increased (i) as required by the terms of such loan (as in existence on the Existing Bonds Issue Date) and (ii) as otherwise permitted under these Terms and Conditions;
- (e) any loan acquired after the Existing Bonds Issue Date as a result of the acquisition by Holdco or any Restricted Subsidiary or another Person (including by way of a merger, amalgamation or consolidation with or into Holdco or any Restricted Subsidiary) in a transaction that is permitted under these Terms and Conditions;
- (f) any loan granted in the ordinary course of business (including lease, leaseback, consumer loans or participations therein arising in the ordinary course of business);
- (g) any subscription by Holdco or any Restricted Subsidiary of debt securities issued in connection with a securitization transaction;
- (h) loans or advances to employees made in the ordinary course of business of Holdco or any Guarantor in an aggregate principal amount not to exceed EUR 2,000,000 at any time outstanding;
- (i) loans, advances or guarantees to directors, officers and employers of Holdco or any Guarantor to cover, travel, entertainment or moving-related expenses enacted in the ordinary course of business; and

- (j) any financing provided by Holdco for the acquisition of any Capital Stock of the Bank.

“Permitted Payments” means:

- (a) so long as no Event of Default has occurred and is continuing (or would result therefrom), the declaration and payment of regularly scheduled or accrued dividends to holders of any class or series of Disqualified Stock of the Issuer or any preferred stock of any Restricted Subsidiary issued on or after the Existing Bonds Issue Date in accordance with these Terms and Conditions; and
- (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.

“Permitted Security” means any Security:

- (a) provided in accordance with the Finance Documents;
- (b) which is an Existing Security;
- (c) provided in relation to any agreement under which Holdco or a Restricted Subsidiary leases office space or other premises provided such lease constitutes Permitted Debt;
- (d) arising by operation of law or in the ordinary course of business (including collateral or retention of title arrangements in connection with but, for the avoidance of doubt, not including guarantees or security in respect of any monies borrowed or raised);
- (e) provided in relation to a Derivative Transaction;
- (f) incurred as a result of Holdco or a Restricted Subsidiary acquiring another entity and which is due to that such acquired entity has provided security, provided that the debt secured with such security constitutes Permitted Debt in accordance with item (h) of the definition “Permitted Debt” above;
- (g) provided to secure Financial Indebtedness permitted by item (c) of the definition “Permitted Debt” above, covering only the assets acquired with or financed by such Financial Indebtedness;
- (h) provided to secure Financial Indebtedness permitted by item (l) of the definition “Permitted Debt” above;
- (i) over assets or property of a Restricted Subsidiary that is not a Guarantor securing Financial Indebtedness of any Restricted Subsidiary that is not a Guarantor;
- (j) over assets or property of Holdco or any Restricted Subsidiary securing Financial Indebtedness or other obligations of Holdco or such Restricted

Subsidiary owing to Holdco or another Restricted Subsidiary, or Security in favour of Holdco or any Restricted Subsidiary;

(k) provided in relation to the Permitted Basket; and

(l) provided to secure Additional Secured Obligations.

“Person” means any individual, corporation, partnership, limited liability company, joint venture, association, joint-stock company, trust, unincorporated organization, government, or any agency or political subdivision thereof, or any other entity, whether or not having a separate legal personality.

“Pledgors” means the Original Pledgors and any Additional Pledgor.

“Pledgors Accounts” means primary bank accounts of the relevant Pledgors to be pledged in favour of the Security Agent acting for the Holders under the Account Pledge Agreements in accordance with Condition 11.11 (*Additional Transaction Security*).

“Put Option Trigger Event” means any of the following events, circumstance or situation:

(a) a Change of Control Event;

(b) any requirement of Condition 12.1 (*Financial Conditions*) is not satisfied (unless remedied in accordance with the provisions of Condition 12.3 (*Covenant Cure*)); and

(c) any Ultimate Beneficial Owner of Holdco is or becomes a Sanctioned Person.

“Record Date” means the Business Day prior to (a) an Interest Payment Date, (b) a Redemption Date, (c) a date on which a payment to the Holders is to be made, (d) the date of a Holders’ Meeting or (e) another relevant date, or in each case such other Business Day falling prior to a relevant date if generally applicable on the German bond market.

“Redemption Date” means the date on which the relevant Bonds are to be redeemed or repurchased in accordance with Condition 6 (*Maturity, Redemption, Early Redemption, Repurchase*).

“Regulated Market” means any regulated market (as defined in Directive 2014/65/EU of the European Parliament and of the Council on markets in financial instruments (recast)).

“Relevant Period” means each period of twelve (12) consecutive calendar months.

“Relevant Taxing Jurisdiction” means (a) Estonia, Luxembourg or any political subdivision or Governmental Authority thereof or therein having power to tax, (b) any jurisdiction from or through which payment on any Bond or Guarantees is made by the Issuer, any Guarantor or their agents, or any political subdivision or Governmental Authority thereof or therein having the power to tax or (c) any other jurisdiction in which the Issuer or Guarantors are incorporated or organized, resident for tax purposes.

“Restricted Payment” has the meaning set forth in Condition 11.2 (*Distributions*).

“Restricted Subsidiaries” means any Subsidiary of Holdco, including the Issuer and the Guarantors that is not an Unrestricted Subsidiary.

“Sanctioned Person” means any person, organization or vessel:

- (a) designated on the OFAC list of Specially Designated Nationals and Blocked Persons or on the Consolidated List of Persons, Groups and Entities Subject to EU Financial Sanctions, or on the Consolidated List of Financial Sanctions Targets maintained by the UK Treasury, or on any list of blocked persons issued under the Economic Sanctions Law of any other country;
- (b) that is, or is part of, a government of a Sanctioned Territory;
- (c) owned or controlled by, or acting on behalf of, any of the foregoing; or
- (d) located within or operating from a Sanctioned Territory,

except that “Sanctioned Person” does not include a person listed on the US Sectoral Sanctions Identifications List or Annex III of Regulation (EU) No 833/2014 of 31 July 2014, or any successor thereto.

“Sanctioned Territory” means any country or other territory subject to a general export, import, financial or investment embargo under Economic Sanctions Law.

“Secured Creditors” means the Original Secured Creditors and any Additional Secured Creditor.

“Secured Obligations” means (i) subject to any limitation under the relevant Transaction Security Documents, all present and future obligations and liabilities (whether actual or contingent and whether owed jointly or severally or in any other capacity whatsoever) of the Obligors towards the Secured Creditors under or in connection with these Terms and Conditions and the other Finance Documents, and (ii) any Additional Secured Obligations.

“Security” has the meaning set forth in Condition 11.5 (*Negative pledge*).

“Security Agent” means, Greenmarck Restructuring Solution GmbH, or subsequently any other security agent, appointed by the Secured Creditors from time to time pursuant, to the Security Agent Agreement, holding the Transaction Security on behalf of the Secured Creditors.

“Security Agent Agreement” means the security agent agreement entered into on 4 October 2021 between the Issuer and the Security Agent, or any replacement security agent agreement entered into thereafter between the Issuer and the Security Agent.

“Settlement Date” means on or about 6 April 2023.

“Shareholder Loan” means any loan raised by Holdco from its current or previous direct or indirect shareholder, if such shareholder loan (a) according to its terms, is subordinated to the obligations of the Obligors under the Finance Documents, (b) according to its terms have a final redemption date or, when applicable, early

redemption dates or instalment dates which occur after the Maturity Date and according to its terms yield only payment-in-kind interest or where payment of principal and interest can only be made under Condition 11.2 (*Distributions*).

“Subsequent Bond” means any issue of Bonds or other debt instruments in accordance with Condition 15 (*Further Issues*).

“Subsidiary” means, in relation to any person, any legal entity (whether incorporated or not), in respect of which such person, directly or indirectly, (a) owns shares or ownership rights representing more than 50.00 per cent. of the total number of votes held by the owners, (b) otherwise controls more than 50.00 per cent. of the total number of votes held by the owners or (c) has the power to appoint and remove all, or the majority of, the members of the board of directors or other governing body.

“Taxes” means all present and future taxes, levies, imposts, deductions, charges, duties and withholdings and any charges of a similar nature (including, without limitation, interest, penalties and other liabilities with respect thereto) that are imposed by any government or other taxing authority.

“Third Party” means any Person other than Holdco or the Restricted Subsidiaries.

“Transaction Costs” means all fees, costs and expenses incurred by a Group Company in connection with (a) the Bond Issue or a Subsequent Bond issue and (b) the listing of the Bonds on the Nasdaq Tallinn Stock Exchange and on the Frankfurt Stock Exchange.

“Transaction Security” means the Securities granted to secure the Secured Obligations pursuant to the Transaction Security Documents.

“Transaction Security Documents” means each security agreement, entered into or to be entered into between the Pledgors and the Security Agent (on behalf of the Secured Creditors), purporting to create a Security in favour of the Secured Creditors, in particular:

- (a) Luxembourg security documents (the **“Luxembourg Transaction Security Documents”**), including:
 - (i) a Luxembourg law governed share pledge agreement creating a first ranking pledge over all the shares held by Holdco in the Issuer (the **“Luxembourg Share Pledge Agreement”**) entered into on or about the Existing Bonds Issue Date;
 - (ii) a Luxembourg law governed receivables pledge agreement creating a first ranking pledge over present and future material loan receivables granted by the Issuer to Holdco or other Group Companies (the **“Luxembourg Receivables Pledge Agreement”**) entered into on or about the Existing Bonds Issue Date;
 - (iii) a Luxembourg account pledge agreement creating a first ranking pledge over primary bank accounts held by the Issuer (the **“Luxembourg Account Pledge Agreement”**) entered into on or about the Existing Bonds Issue Date;

- (b) Estonian security documents (the “**Estonian Transaction Security Documents**”), including:
 - (i) an Estonian law governed receivables pledge agreement creating a first ranking pledge over present and future material loan receivables granted by Holdco to other Group Company (the “**Estonian Receivables Pledge Agreement**”) entered into on or about the Existing Bonds Issue Date;
 - (ii) an Estonian law governed account pledge agreement creating a first ranking pledge over primary bank accounts held by Holdco (the “**Estonian Account Pledge Agreement**”) entered into on or about the Existing Bonds Issue Date;
- (c) Moldovan security documents (the “**Moldovan Transaction Security Documents**”), including:
 - (i) a Moldovan law governed receivables pledge agreement creating a first ranking pledge over present and future loan receivables granted by O.C.N. “IUTE CREDIT” S.R.L. to its customers (the “**Moldovan Customer Receivables Pledge Agreement**”) entered into on or about the Existing Bonds Issue Date;
 - (ii) a Moldovan law governed account pledge agreement creating a first ranking pledge over primary bank accounts held by O.C.N. “IUTE CREDIT” S.R.L. (the “**Moldovan Account Pledge Agreement**”) entered into on or about the Existing Bonds Issue Date;
- (d) Albanian security documents (the “**Albanian Transaction Security Documents**”), including:
 - (i) an Albanian law governed receivables pledge agreement creating a first ranking pledge over present and future loan receivables granted by luteCredit Albania SH.A to its customers (the “**Albanian Customer Receivables Pledge Agreement**”) entered into on or about the Existing Bonds Issue Date;
 - (ii) an Albanian law governed account pledge agreement creating a first ranking pledge over primary bank accounts held by luteCredit Albania SH.A (the “**Albanian Account Pledge Agreement**”) entered into on or about the Existing Bonds Issue Date;
- (e) North Macedonian security documents (the “**North Macedonian Transaction Security Documents**”), including:
 - (i) a North Macedonian law governed receivables pledge agreement creating a first ranking pledge over present and future loan receivables granted by luteCredit Macedonia DOOEL Skopje to its customers (the “**North Macedonian Customer Receivables Pledge Agreement**”) entered into on or about the Existing Bonds Issue Date.

“**Unrestricted Subsidiary**” means any Subsidiary of Holdco other than the Issuer or the Guarantors that is designated by the board of directors of Holdco as an

Unrestricted Subsidiary pursuant to a resolution of the board of directors, but only to the extent that such Subsidiary:

- (a) has no Financial Indebtedness other than Financial Indebtedness (i) as to which neither Holdco nor any of the Restricted Subsidiaries (A) provides credit support of any kind (including any undertaking, agreement or instrument that would constitute Financial Indebtedness) or (B) is directly or indirectly liable as a guarantor or otherwise and (ii) as to which the lenders have been notified in writing that they will not have any recourse to the stock or assets of Holdco or any of the Restricted Subsidiaries (other than the Equity Interests of an Unrestricted Subsidiary); except to the extent that Holdco or the relevant Restricted Subsidiary would be permitted to provide credit support, or be directly or indirectly liable as a guarantor or otherwise, pursuant to Condition 11.4 (*Financial Indebtedness and Disqualified Stock*);
- (a) except as permitted under these Terms and Conditions, is not party to any agreement, contract, arrangement or understanding with Holdco or any Restricted Subsidiary unless the terms of any such agreement, contract, arrangement or understanding are no less favourable to Holdco or such Restricted Subsidiary than those that might be obtained at the time from Persons who are not Affiliates of Holdco;
- (b) is a Person with respect to which neither Holdco nor any of the Restricted Subsidiaries has any direct or indirect obligation (i) to subscribe or additional Equity Interests or (ii) to maintain or preserve such Person's financial condition or to cause such Person to achieve any specified levels of operating results; and
- (c) has not guaranteed or otherwise directly or indirectly provided credit support for any Financial Indebtedness of Holdco or any of the Restricted Subsidiaries.

"Ultimate Beneficial Owner" has the meaning ascribed to such term under the Luxembourg law of 12 November 2004 relating to the fight against money laundering and against financing of terrorism, as amended.

"Vote without Meeting" has the meaning set forth in Condition 16.13 (*Resolution in writing*).

1.2 Construction

- (a) Unless a contrary indication appears, any reference in these Terms and Conditions to:
 - **"assets"** includes present and future properties, revenues and rights of every description;
 - any agreement or instrument is a reference to that agreement or instrument as supplemented, amended, novated, extended, restated or replaced from time to time;
 - a **"regulation"** includes any regulation, rule or official directive (whether or not having the force of law) of any governmental, intergovernmental or supranational body, agency or department;

- an Event of Default is continuing if it has not been remedied or waived;
 - an “**enforcement**” of a Guarantee means making a demand for payment under a Guarantee;
 - a provision of law is a reference to that provision as amended or re-enacted; and
 - a time of day is a reference to Frankfurt/Main time.
- (b) When ascertaining whether a limit or threshold specified in EUR has been attained or broken, an amount in another currency shall be counted on the basis of the rate of exchange for such currency against EUR for the previous Business Day, as published by the German Central Bank (Ger: *Deutsche Bundesbank*) on its website (www.bundesbank.de). If no such rate is available, the most recently published rate shall be used instead.
- (c) No delay or omission of the Agent or of any Holder to exercise any right or remedy under these Terms and Conditions shall impair or operate as a waiver of any such right or remedy.

2. NOMINAL AMOUNT, FORM, GLOBAL BOND, TITLE

2.1 Nominal Amount, Currency and Denomination

This issue of the Issuer, in the aggregate amount of up to EUR 125,000,000 (in words: one hundred twenty five million Euros (the “**Issuer Currency**”) is divided into EUR 50,000,000 (the “**New Bonds**”), to be immediately consolidated on the Issue Date (as defined below) and form a single series with the 11% senior secured bonds due 2026 for an aggregate principal amount and issue price of EUR 75,000,000 (the “**Existing Bonds**” and, together with the New Bonds, the “**Bonds**”) as from 6 April 2023 (the “**Issue Date**”) payable to the bearer and ranking *pari passu* among themselves in the denomination of EUR 100.00 (the “**Initial Nominal Amount**”) each. Trading of the Bonds in the secondary market is permitted for the Initial Nominal Amount.

2.2 Form

The Bonds are being issued in bearer form.

2.3 Global Bond and Custody

The Bonds will be represented by a global bond (the “**Global Bond**”) deposited with, or on behalf of, a common depository for the accounts of Clearstream Banking S.A., Luxembourg (“**Clearstream, Luxembourg**”), and Euroclear Bank S.A/N.V., Brussels (“**Euroclear**”), as operator of the Euroclear system. The Global Bond will be deposited with Clearstream, Luxembourg, business address 42, Av. J.F. Kennedy, L-1855 Luxembourg, together with any successor in such capacity (the “**Clearing System**”) until all obligations of the Issuer under the Bonds have been satisfied.

The Global Bond will only be exchangeable for definitive Bonds if either Clearstream, Luxembourg or Euroclear is closed for business for a continuous period of fourteen (14) days (other than by reason of holiday, statutory or otherwise) or announces an

intention to permanently cease business or does in fact do so (other than in the case of a merger or consolidation of Clearstream, Luxembourg and Euroclear).

2.4 Transfer and Title

A transfer of Bonds will be effected without charge by or on behalf of the Issuer, but upon payment by the relevant Holder of any tax or other governmental charges which may be imposed in relation to it. For the avoidance of doubt, any depositary bank used by a Holder for the safe custody of the Bonds (including without limitation the Clearing System) may charge fees for a transfer of the Bonds.

3. STATUS OF THE BONDS

The Bonds constitute direct, general, unconditional, unsubordinated and secured obligations of the Issuer and shall at all times rank *pari passu* with all general, direct, unconditional, unsubordinated and unsecured obligations of the Issuer and without any preference among themselves and at least *pari passu* with any present or future obligation which (i) is issued by the Issuer and the obligations under which rank or are expressed to rank *pari passu* with the Issuer's obligations under the Bonds, or (ii) benefits from a guarantee or support agreement expressed to rank *pari passu* with its obligations under the Bonds, save for certain mandatory exceptions provided by statutory law.

4. GUARANTEES

4.1 Guarantees

The Guarantors have given unconditional and irrevocable guarantees governed by the laws of the Grand Duchy of Luxembourg (the "**Guarantees**") for the due and punctual payment of principal of, and interest on, and any other amounts payable by the Issuer under the Bonds.

4.2 Status of the Guarantees

The Guarantees will rank *pari passu* with all of the Guarantors' existing and future senior unsecured debt and senior to all of their existing and future subordinated debt, notwithstanding certain limitation under the laws of the relevant Guarantor's jurisdiction.

4.3 Limitations by statutory law

The obligations and liabilities of and the guarantees issued by each Guarantor under the Guarantees shall be limited if required (but only if and to the extent required) under any applicable law or regulation in the respective jurisdiction in which each of the Guarantors are incorporated.

4.4 In accordance with the Guarantees, and in addition to the payment guarantees described in Condition 4.1:

- (a) the Issuer shall procure that, to the extent applicable to any Group Company not being Guarantors, each of such Group Company complies with Conditions 11.2 (*Distributions*), 11.4 (*Financial Indebtedness and Disqualified Stock*), 11.5 (*Negative pledge*), 11.6 (*Loans out*), 11.7 (*Disposals of assets*),

11.8 (*Mergers*), 11.9 (*Dividend and other payment restrictions*), 11.10 (*Additional Guarantee*), 11.11 (*Additional Transaction Security*), 11.12 (*Dealings with related parties*), 11.13 (*Compliance with law*), 11.14 (*Financial reporting and information*) and 11.16 (*Additional Secured Creditors*); and

- (b) the Guarantors shall undertake to comply with Conditions 11.2 (*Distributions*), 11.4 (*Financial Indebtedness and Disqualified Stock*), 11.5 (*Negative pledge*), 11.6 (*Loans out*), 11.7 (*Disposals of assets*), 11.8 (*Mergers*), 11.9 (*Dividend and other payment restrictions*), 11.10 (*Additional Guarantee*), 11.11 (*Additional Transaction Security*), 11.12 (*Dealings with related parties*), 11.13 (*Compliance with law*), 11.14 (*Financial reporting and information*) and 11.16 (*Additional Secured Creditors*).
- 4.5 Pursuant to the Guarantees the Issuer shall procure that the Guarantees and all documents relating thereto are duly executed by the relevant Guarantor in favour of the Holders and that such documents are legally valid, enforceable and in full force and effect according to their terms. The Issuer shall procure the execution of such further documentation by the Guarantors as the Agent may reasonably require in order for the Holders to at all times maintain the guarantee position envisaged under these Terms and Conditions and the Guarantees.
- 4.6 If a Holders' Meeting (Condition 16.2) has been convened, or a Vote without Meeting (Condition 16.13) instigated, to decide on the termination of the Bonds and/or the enforcement of all or any of the Guarantees, the Agent is obligated, to take actions in accordance with the Holders' decision regarding the Guarantees. However, if the Bonds are not terminated due to that the cause for termination has ceased or due to any other circumstance mentioned in these Terms and Conditions, the Agent shall not enforce any of the Guarantees. If the Holders, without any prior initiative from the Agent or the Issuer, have made a decision regarding termination of the Bonds and enforcement of any of the Guarantees in accordance with the procedures set out in Conditions 16.2 (*Convening of physical meeting*) and 16.13 (*Resolution in writing*), the Agent shall promptly declare the Bonds terminated and enforce the Guarantees. The Agent is however not liable to take action if the Agent considers cause for termination and/or acceleration not to be at hand, unless the instructing Holders in writing commit to holding the Agent indemnified and, at the Agent's own discretion, grant sufficient security for the obligation.
- 4.7 For the purpose of exercising the rights of the Holders and the Agent under these Terms and Conditions and for the purpose of distributing any funds originating from the enforcement of any Guarantees, the Issuer irrevocably authorizes and empowers the Agent to act in the name of the Issuer, and on behalf of the Issuer, to instruct the CSD to arrange for payment to the Holders and, for the same purpose, grant the Agent with the widest power to perform any action, enter into any agreement and execute any document. To the extent permissible by law, the powers set out in this Condition 4.7 are irrevocable and shall be valid for as long as any Bonds remain outstanding. The Issuer shall, and shall procure that the Guarantors, immediately upon request by the Agent provide the Agent with any such documents, including a written power of attorney (in form and substance to the Agent's satisfaction), which the Agent deems necessary for the purpose of carrying out its duties.
- 4.8 The Agent shall, upon the Issuer's written request and expense, promptly release a Guarantor from its obligations under a Guarantee:

- (a) in connection with (i) any sale or other disposal of Equity Interests whether by direct sale or sale of a holding company of that Guarantor or by way of merger, consolidation or otherwise or (ii) any sale or other disposal of all or substantially all of the assets of that Guarantor; to a Person that is not (either before or after giving effect to such transaction) the Issuer or a Restricted Subsidiary, provided however, that such sale or other disposal does not violate Condition 11.7 (*Disposals of assets*) or Condition 11.8 (*Mergers*);
- (b) Guarantor ceases to be a Restricted Subsidiary as a result of the sale or other disposition; and
- (c) when all the Guaranteed Obligations have been duly and irrevocably paid and discharged in full.

5. INTEREST

5.1 Interest Rate and Interest Payment Dates

The Bonds shall bear interest at the Interest Rate per annum on their Nominal Amount from the Existing Bonds Issue Date and, with respect to the New Bonds, 6 April 2023 (each, the “**Interest Commencement Date**”). Interest shall be payable semi-annually in arrears on each Interest Payment Date, commencing to accrue on the Interest Commencement Date. Interest shall cease to accrue with the expiration of the day preceding the day of repayment.

5.2 Default Interest

If the Issuer fails to redeem the Bonds on the day on which they become due for redemption within five Business Days, default interest shall accrue on the overdue amount from, but excluding the due date up to and including the date of actual payment at a rate, which is 2 per cent. higher than the Interest Rate.

5.3 Day Count Fraction

Where interest is to be calculated in respect of a period which is shorter than or equal to a full Interest Period, the interest will be calculated on the basis of Rule 251 ICMA (ACT/ACT).

6. MATURITY, REDEMPTION, EARLY REDEMPTION, REPURCHASE

6.1 Redemption at maturity

The Issuer shall redeem the Bonds in full on the Maturity Date (or, to the extent such day is not a Business Day, on the Business Day following from an application of the Business Day Convention) with an amount per Bond equal to the Nominal Amount together with accrued but unpaid Interest.

6.2 The Group Companies’ purchase of Bonds

Any Group Company may, subject to applicable law, at any time and at any price purchase Bonds. Bonds held by a Group Company may at such Group Company’s discretion be retained, sold or, if held by the Issuer, cancelled.

6.3 Early voluntary redemption by the Issuer (call option)

- (a) The Issuer may redeem all, but not only some, of the outstanding Bonds in full on any Business Day before the Maturity Date at the applicable Call Option Amount together with accrued but unpaid Interest.
- (b) Redemption in accordance with this Condition 6.3 shall be made by the Issuer giving not less than fifteen (15) Business Days' notice to the Holders and the Agent. Any such notice shall state the Redemption Date and the relevant Record Date and is irrevocable but may, at the Issuer's discretion, contain one or more conditions precedent. Upon expiry of such notice and the fulfilment of the conditions precedent (if any), the Issuer is bound to redeem the Bonds in full at the applicable amounts.

6.4 Mandatory repurchase due to a Put Option Trigger Event (put option)

- (a) Upon a Put Option Trigger Event occurring, each Holder shall have the right to request that all, or only some, of its Bonds are repurchased (whereby the Issuer shall have the obligation to repurchase such Bonds) at a price per Bond equal to 101.00 per cent. of the Nominal Amount together with accrued but unpaid Interest; during a period of thirty (30) calendar days following the earlier of (i) a notice from the Issuer of the Put Option Trigger Event pursuant to Condition 11.14 (*Financial reporting and information*) and (ii) such Holder becoming otherwise aware of the occurrence of the Put Option Trigger Event. The thirty (30) calendar days' period may not start earlier than upon the occurrence of the Put Option Trigger Event.
- (b) The notice from the Issuer pursuant to Condition 11.14 (*Financial reporting and information*) shall specify the repurchase date and include instructions about the actions that a Holder needs to take if it wants Bonds held by it to be repurchased. If a Holder has so requested, and acted in accordance with the instructions in the notice from the Issuer, the Issuer, or a Person designated by the Issuer, shall repurchase the relevant Bonds and the repurchase amount shall fall due on the repurchase date specified in the notice given by the Issuer pursuant to Condition 11.14 (*Financial reporting and information*). The repurchase date must fall no later than twenty (20) Business Days after the end of the period referred to in Condition 6.4(a).
- (c) The Issuer shall, and shall procure that each Guarantor shall, comply with the requirements of any applicable securities laws or regulations in connection with the repurchase of Bonds. To the extent that the provisions of such laws and regulations conflict with the provisions in this Condition 6.4 the Issuer shall comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under this Condition 6.4 by virtue of the conflict.
- (d) Any Bonds repurchased by the Issuer pursuant to this Condition 6.4 may at the Issuer's discretion be retained, sold or cancelled in accordance with Condition 6.2 (*The Group Companies' purchase of Bonds*).

6.5 Optional redemption for taxation reasons

- (a) If the Issuer or any Guarantor determines in good faith that, as a result of a Change in Tax Law, the Issuer or any Guarantor is, or on the next Interest Payment Date would be, required to pay any Additional Amounts, and such obligation cannot be avoided by taking reasonable measures available to the Issuer or the relevant Guarantor, the Issuer may, in its absolute discretion, decide to redeem all, but not only some, of the outstanding Bonds in full on any Business Day before the Maturity Date. The Issuer shall give not less than twenty (20) and not more than forty (40) Business Days' notice of the redemption to the Agent and the Holders and the repayment per Bond shall be made at 100.00 per cent. of the Nominal Amount (together with accrued but unpaid Interest).
- (b) The notice from the Issuer pursuant to Condition 6.5(a) shall not be given (a) earlier than ninety (90) calendar days prior to the earliest date on which the Issuer or the Guarantor, as the case may be, would be obliged to make the relevant payment of Additional Amounts if a payment in respect of the Bonds were then due and (b) unless at the time such notice is given, such obligation to pay the relevant Additional Amounts remains in effect. Prior to giving any notice of redemption pursuant to the foregoing, the Issuer shall deliver to the Agent (i) a declaration in writing stating that it is entitled to effect such redemption and setting forth a statement of facts showing that a Change in Tax Law is at hand and that it would not be able to avoid the obligation to pay Additional Amounts by taking reasonable measures available to it and (ii) a written opinion of an independent tax counsel of recognized standing who is qualified to provide tax advice under the laws of the Relevant Taxing Jurisdiction to the effect that the Issuer or such Guarantor has or have been or will become obligated to pay the relevant Additional Amounts as a result of a Change in Tax Law. The Agent shall accept such declaration and opinion as sufficient evidence that a Change in Tax Law is at hand without further inquiry, in which event it shall be conclusive and binding on the Holders.
- (c) In the case of redemption due to withholding as a result of a Change in Tax Law such Change in Tax Law must become effective on or after the Existing Bonds Issue Date.

6.6 Equity claw back

Upon an Equity Listing Event, the Issuer may on one occasion repay up to 35.00 per cent. of the total Nominal Amount (provided at least 65.00 per cent. of the total Nominal Amount remains outstanding after such repayment), in which case all outstanding Bonds shall be partially repaid by way of reducing the Nominal Amount of each Bond *pro rata*. The repayment must occur on an Interest Payment Date within one hundred eighty (180) calendar days after such Equity Listing Event and be made with funds in an aggregate amount not exceeding the cash proceeds received by the Issuer or the Restricted Subsidiaries as a result of such Equity Listing Event (net of fees, charges and commissions actually incurred in connection with such offering and net of taxes paid or payable as a result of such offering). The Issuer shall give not less than twenty (20) Business Days' notice of the repayment to the Agent and the Holders and the repayment per Bond shall be made at 103 per cent of the Nominal Amount or at the relevant Call Option Amount (both multiplied by the percentage redeemed), if such amount is lower (rounded down to the nearest EUR 1.00).

7. PAYMENTS

7.1 Currency

All payments on the Bonds shall be made by the Issuer in Euro.

7.2 Payments

Payments of principal, interest and all other cash payments payable on the Bonds shall be made by the Issuer on the relevant due date to the Paying Agent (Condition 14.1), for on-payment to the Clearing System for credit to the accounts of the respective accountholders in the Clearing System. All payments made to the Clearing System or to its order shall discharge the liability of the Issuer under the Bonds to the extent of the amounts so paid.

7.3 Payment Date/Due Date

For the purposes of these Terms and Conditions, “**payment date**” means the day on which the payment is actually to be made, and “**due date**” means the payment date provided for herein, without taking account of such adjustment.

8. TAXES

8.1 Withholding Tax

All payments under Conditions 4 (*Guarantees*), 5 (*Interest*) and 6 (*Maturity, Redemption, Early Redemption, Repurchase*) in respect of the Bonds will be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed (i) by the relevant tax authority or any political subdivision or any authority therein that has power to tax or (ii) pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the “**Code**”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code and any regulations or agreements thereunder or official interpretations thereof (“**FATCA**”) or any law implementing an intergovernmental approach to FATCA, unless that withholding or deduction is required by law (including pursuant to an agreement described in Section 1471(b) of the Code or otherwise imposed pursuant to FATCA or any law implementing an intergovernmental approach to FATCA). In that event, the Issuer will pay such additional amounts (the “**Additional Amounts**”) as the Holders would have received if no such withholding or deduction had been required, except if such Additional Amounts:

- (a) are payable by any person acting as custodian bank or collecting agent on behalf of a Holder, or otherwise in any manner which does not constitute a deduction or withholding by the Issuer from payments of principal or interest made by it under the Bond; or
- (b) are payable by reason of a change in law that becomes effective more than 30 (thirty) days after the relevant payment becomes due, or is duly provided for and notice thereof is published in accordance with Condition 18 (Notices), whichever occurs later; or

- (c) are required by reason of an agreement described in Section 1471(b) of the Code or otherwise required by FATCA or any law implementing an intergovernmental approach to FATCA.

8.2 Prepayment

If, as a result of any change in, or amendment to, the laws or regulations prevailing in the relevant tax jurisdiction, which change or amendment becomes effective on or after the Existing Bonds Issue Date or as a result of any application or official interpretation of such laws or regulations not generally known before that date, taxes or duties are or will be leviable on payments of principal or interest under the Bonds and, by reason of the obligation to pay Additional Amounts as provided in the provision above or otherwise such taxes or duties are to be borne by the Issuer, Condition 6.5 (*Optional Redemption for taxation reasons*) applies.

9. AGENT

9.1 Role and Duties of the Agent

- (a) By subscribing for Bonds, each initial Holder appoints the Agent to act as its agent in all matters relating to the Bonds and the Finance Documents, and authorizes the Agent to act on its behalf (without first having to obtain its consent, unless such consent is specifically required by these Terms and Conditions) in any legal or arbitration proceedings as well as certain legal acts as stipulated under these Terms and Conditions (*inter alia* information rights pursuant to Condition 11.14 (*Financial reporting and information*), termination rights pursuant to Condition 13 (*Termination of the Bonds*)) relating to the Bonds held by such Holder. By acquiring Bonds, each subsequent Holder confirms such appointment and authorization for the Agent to act on its behalf. The Agent shall represent the Holders in accordance with the Finance Documents. However, the Agent is not responsible for the execution or enforceability of the Finance Documents. The Agent shall keep the latest version of these Terms and Conditions (including any document amending these Terms and Conditions) available upon request of any Holder.
- (b) The Issuer shall promptly upon request provide the Agent with any documents and other assistance (in form and substance satisfactory to the Agent), that the Agent deems necessary for the purpose of exercising its rights and/or carrying out its duties under the Finance Documents.
- (c) The Agent is entitled to fees for its work and to be indemnified for costs, losses and liabilities on the terms set out in the Finance Documents and the Agent's obligations as agent under the Finance Documents are conditioned upon the due payment of such fees and indemnifications.
- (d) The Agent may act as agent and/or security trustee for several issues of securities issued by or relating to the Issuer and other Group Companies notwithstanding potential conflicts of interest.
- (e) The Issuer appoints the Agent also as Holders' representative for the Holders.
- (f) The Agent is entitled to engage external experts when carrying out its duties under the Finance Documents. The Issuer shall on demand by the Agent pay

all costs for external experts engaged (a) after the occurrence of an Event of Default, (b) for the purpose of investigating or considering an event which the Agent reasonably believes is or may lead to an Event of Default or a matter relating to the Issuer which the Agent reasonably believes may be detrimental to the interests of the Holders under the Finance Documents or (c) when the Agent is to make a determination under the Finance Documents.

9.2 Limited liability for the Agent

- (a) The Agent will only be liable to the Holders for damage or loss caused by any action taken or omitted by it under or in connection with any Finance Document and such liability being limited to an amount which corresponds to the tenfold amount of its annual fees, unless any damages are directly caused by gross negligence (*faute lourde*) or wilful misconduct (*faute intentionnelle / dol*).
- (b) The Agent shall not be considered to have acted negligently if it has acted in accordance with advice from or opinions of reputable external experts engaged by the Agent or if the Agent has acted with reasonable care in a situation when the Agent considers that it is detrimental to the interests of the Holders to delay the action in order to first obtain instructions from the Holders.
- (c) The Agent shall not be liable for any delay (or any related consequences) in crediting an account with an amount required pursuant to the Finance Documents to be paid by the Agent to the Holders, provided that the Agent has taken all necessary steps as soon as reasonably practicable to comply with the regulations or operating procedures of any recognized clearing or settlement system used by the Agent for that purpose.
- (d) The Agent shall have no liability to the Holders for damage caused by the Agent acting in accordance with instructions of the Holders given in accordance with Condition 16 (*Meetings of Holders*).

9.3 Replacement of the Agent

- (a) The Agent may resign by giving notice to the Issuer and the Holders, in which case the Holders shall appoint a successor Agent at a Holders' Meeting convened by the retiring Agent or the Issuer or by way of Vote without Meeting initiated by the retiring Agent or the Issuer.
- (b) For the replacement of the Agent by appointment of a successor Agent pursuant to Condition 9.3(a), the provisions under Condition 16 (*Meetings of Holders*) and Condition 17 (*Appointment of Holders' Representative*) apply.

10. TRANSACTION SECURITY

10.1 Granting of the Transaction Security

- (a) As continuing Security for the due and punctual fulfilment of the Secured Obligations and the Pledgors have granted and will grant the Transaction Security to the Secured Creditors as represented by the Security Agent and

the Enforcement Agent on the terms set out in the Transaction Security Documents.

- (b) The Security Agent shall hold the Transaction Security on behalf of the Secured Creditors and shall have all the claim rights necessary for establishment, perfection, maintenance and enforcement of the Transaction Security, directly or, as the case may be, through the Enforcement Agent, in accordance with the terms of the Transaction Security Documents and the Security Agent Agreement.
- (c) Unless and until the Security Agent has received instructions from the Holders in accordance with Condition 16 (*Meetings of Holders*), the Security Agent shall (without first having to obtain the Holders' consent) be entitled to enter into agreements with the Pledgors or a third party or take any other actions, if it is, in the Security Agent's opinion, necessary for the purpose of maintaining, releasing or enforcing the Transaction Security or for the purpose of settling the Holders' or the Issuer's rights to the Transaction Security, in each case in accordance with the terms of the Transaction Security Documents, the Security Agent Agreement and the terms of the Finance Documents, and provided that such agreements or actions are not detrimental to the interests of the Holders.
- (d) The Agent shall be entitled to give instructions relating to the Transaction Security to the Security Agent in accordance with the Security Agent Agreement.

10.2 Release of Transaction Security

The Security Agent may at any time release any Transaction Security in accordance with the terms of the Transaction Security Documents and the Security Agent Agreement. For the avoidance of doubt, any Transaction Security will always be released pro rata between the Secured Creditors and the remaining Transaction Security will continue to rank *pari passu* between the Secured Creditors as set forth in the Transaction Security Documents and the Security Agent Agreement.

10.3 Enforcement of Transaction Security

- (a) The Security Agent may only take action to accelerate or enforce any Transaction Security in accordance with the terms of the Security Agent Agreement and the Transaction Security Documents.
- (b) Upon an enforcement of the Transaction Security or following receipt of any recovery after the occurrence of an insolvency event of the Issuer, the enforcement proceeds and any amount of recoveries will, pursuant to the Security Agent Agreement, be distributed towards discharge of the liabilities under these Terms and Conditions and the Bonds.
- (c) All Transaction Security or arrangement having similar effects may be released by the Security Agent, without the need for any further referral to or authority from anyone, upon any enforcement.

10.4 Parallel Debt

- (a) To the extent that any debt of the Issuer, Holdco or any Subsidiary of Holdco (including any debt under the Bonds) is secured by any Transaction Security, Guarantees or indemnity that also secures the Bonds in accordance with these Terms and Conditions (together, the “**Corresponding Debt**”), the Issuer, Holdco and its relevant Subsidiary shall pay to the Security Agent an amount equal to the amount of the Corresponding Debt provided that any amounts are outstanding under the Corresponding Debt (the “**Parallel Debt**”). The Security Agent is a joint creditor (together with the other Secured Creditors) of the Corresponding Debt and, accordingly, the Security Agent shall have its own independent right to demand performance by the Issuer, Holdco or any Subsidiary of Holdco thereunder.
- (b) The Parallel Debt is a separate debt independent from the Corresponding Debt, except that in case of a payment under the Corresponding Debt or the Parallel Debt, as applicable, the Parallel Debt or the Corresponding Debt will decrease for the same amount (so that at any time the amount under the Corresponding Debt and the Parallel Debt will be equal).
- (c) In case the Security Agent or the Enforcement Agent receives any payment under the Parallel Debt or as a consequence of the enforcement of any Transaction Security, Guarantees or indemnity, such amount (after deduction of any costs or taxes) shall be applied in accordance with the provisions of the relevant Transaction Security Document (it being understood that the amount that is due to the Holders in accordance with the Conditions will only be reduced with the amount the Security Agent would pay to the Holders under the Parallel Debt or the enforcement of any Transaction Security, Guarantees or indemnity).

11. SPECIAL UNDERTAKINGS

11.1 General

So long as any Bond remains outstanding, the Issuer undertakes to comply with the special undertakings set forth in this Condition 11.

11.2 Distributions

- (a) The Issuer shall not, and the Guarantors have undertaken in the Guarantees not to (a) pay any dividend or make any other payment or distribution on its respective Equity Interests or make any other similar distribution or transfers of value to the Issuer’s or the Guarantors’ direct or indirect shareholders or the Affiliates of such direct and indirect shareholders (other than dividend or distributions payable in Equity Interests (other than Disqualified Stock) of the Issuer), (b) repurchase or redeem any of its respective Equity Interest or the Equity Interest of the Issuer or any direct or indirect parent of the Issuer (including repurchase and redemption with payment to shareholders) or (c) repay principal or pay cash interest under any Shareholder Loans, (items (a)–(c) above are together and individually referred to as a “**Restricted Payment**”); provided, however, that, if such Restricted Payment is permitted by law and no Event of Default is continuing or would result from such Restricted Payment, any such Restricted Payment can be made (i) by any Guarantor if such Restricted Payment is made to the Issuer or another

Guarantor and, if made by any Guarantor which is not directly or indirectly wholly-owned by the Issuer, to other Persons on a *pro rata* basis and (ii) by the Issuer or any Guarantor, provided that (A) the Issuer would, at the time of such Restricted Payment, have been permitted to incur at least EUR 1.00 of additional Financial Indebtedness pursuant to the Incurrence Test (calculated on a *pro forma* basis including the relevant Restricted Payment as if the Restricted Payment had been made at the beginning of the Relevant Period ending on the last day of the period covered by the most recent Financial Report); and (B) the aggregate amount of all Restricted Payments (including the Restricted Payment in question but excluding any Restricted Payment made in accordance with item (i) above and any Permitted Payment) of the Group made in a financial year does not exceed 25.00 per cent. of the Group's distributable profit.

- (b) As long as no Event of Default has occurred and is continuing (or would result therefrom), the restrictions under Condition 11.2(a) shall not prohibit Permitted Payments.

11.3 Listing of Bonds

The Issuer shall ensure (a) within ten (10) Business days after the Issue Date that the New Bonds are admitted to trading on a Regulated Market at the Nasdaq Tallinn Stock Exchange and at the Frankfurt Stock Exchange or another comparable trading segment within the EU, continue being listed thereon (however, taking into account the rules and regulations of the relevant Regulated Market and the CSD (as amended from time to time) preventing trading in the Bonds in close connection to the redemption of the Bonds) and (b) that, upon any further issues of Bonds pursuant to Condition 15 (*Further Issues*), the volume of Bonds listed on the relevant Regulated Market promptly, and not later than ten (10) Business Days after the relevant issue date, is increased accordingly.

11.4 Financial Indebtedness and Disqualified Stock

- (a) The Issuer shall not, and the Guarantors have undertaken in the Guarantees not to, create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable, contingently or otherwise, with respect to (collectively for the purpose of this Condition 11.4 and Condition 11.16 (*Additional Secured Creditors*) "**incur**") any Financial Indebtedness or issue any Disqualified Stock or preferred stock, provided, however, that the Issuer may incur Financial Indebtedness or issue Disqualified Stock and the Guarantors may incur Financial Indebtedness and issue preferred stock if: (a) the Incurrence Test is met (calculated on a *pro forma* basis as if the additional Financial Indebtedness had been incurred or the Disqualified Stock or the preferred stock had been issued, as the case may be, at the beginning of the Relevant Period ending on the last day of the period covered by the most recent Financial Report); and, if a Financial Indebtedness is to be incurred, (b) such Financial Indebtedness ranks *pari passu* with or is unsecured, other than Financial Indebtedness with respect to Additional Secured Obligations, or is subordinated to the obligations of the Issuer or the Guarantors under the Finance Documents. The foregoing shall not prohibit the incurrence of any Permitted Debt.

- (b) The Issuer shall not incur, and the Guarantors have undertaken in the Guarantees not to incur, any Financial Indebtedness (including Permitted Debt) that is contractually subordinated in right of payment to any other Financial Indebtedness of the Issuer or such Guarantor unless such Financial Indebtedness is also contractually subordinated in right of payment under the Finance Documents on substantially identical terms; provided, however, that no Financial Indebtedness shall be deemed to be contractually subordinated in right of payment to any other Financial Indebtedness of the Issuer or any Guarantor solely by virtue of being unsecured or by virtue of being secured on a junior priority basis.

11.5 Negative pledge

The Issuer shall not, and the Guarantors have undertaken in the Guarantees, not to, create or allow to subsist, retain, provide, prolong or renew any security of any kind (including any mortgage, lien, pledge, charge, security interest or encumbrance) (“**Security**”) over any of their assets (present or future) to secure any Financial Indebtedness, provided, however, that the Obligor has a right to create or allow to subsist, retain, provide, prolong and renew any Permitted Security.

11.6 Loans out

The Issuer shall not, and the Guarantors have undertaken in the Guarantees not to, except for Permitted Loans, be the creditor or guarantor of any Financial Indebtedness.

11.7 Disposals of assets

- (a) The Issuer shall not, and the Guarantors have undertaken in the Guarantees, not to, sell or otherwise dispose of Equity Interest in any Restricted Subsidiary or of all or substantially all of the Issuer’s or any Guarantor’s assets or operations to any Person (including the Issuer and the Guarantors). The above shall not prevent the following transactions:
 - (i) the sale or other disposal of Equity Interest in any Restricted Subsidiary, other than the Guarantors, (i) to the Issuer or the Restricted Subsidiaries and (ii) to a Person other than the Issuer and the Restricted Subsidiaries provided that the transaction is carried out at fair market value and on terms and conditions customary for such transaction and provided that it does not have a Material Adverse Effect;
 - (ii) the sale or other disposal of Equity Interest in the Issuer, in any of the Guarantors or of all or substantially all of the assets or operations of the Issuer or any Guarantor to the Issuer or a Guarantor;
 - (iii) the sale or other disposal of Equity Interest in any Guarantor to a Person other than the Issuer and the Guarantors provided that: (i) the seller of the Equity Interest in the Guarantor is the Issuer or a Guarantor and that the proceeds from the sale are paid to the Issuer or a Guarantor, as applicable; (ii) the transaction is carried out at fair market value and on terms and conditions customary for such

transactions; and (iii) such transaction does not have a Material Adverse Effect; and

(iv) the sale or other disposal of all or substantially all of the assets or operations of any Guarantor, to a Person other than the Issuer or a Guarantor provided that: (i) the proceeds from the sale or other disposal are paid to the Issuer or a Guarantor, as applicable; (ii) the transaction is carried out at fair market value and on terms and conditions customary for such transactions; and (iii) such transaction does not have a Material Adverse Effect.

(b) For the avoidance of doubt, the sale or disposal of all or substantially all of the assets or operations in Holdco and the Restricted Subsidiaries taken as a whole shall be governed by Condition 6.4 (*Mandatory repurchase due to a Put Option Trigger Event (put option)*).

11.8 Mergers

The Issuer shall not, and the Guarantors have undertaken in the Guarantees not to, directly or indirectly, consolidate or merge with or into another Person. The above shall not prevent the following mergers, provided that they do not have a Material Adverse Effect:

- (a) mergers between or among Restricted Subsidiaries;
- (b) mergers of the Restricted Subsidiaries into the Issuer;
- (c) mergers between or among the Issuer or a Guarantor and other Guarantors;
- (d) mergers between or among the Restricted Subsidiaries (including the Obligors), provided, in the case of a merger of the Issuer or a Guarantor, that the Person formed by or surviving any such merger (if other than the Issuer or a Guarantor, as the case may be) assumes all the obligations of the Issuer or the Guarantor, as the case may be, under these Terms and Conditions and the Guarantees (as applicable) pursuant to accession agreements reasonably satisfactory to the Agent;
- (e) mergers of Holdco or a Restricted Subsidiary on the one side and a Third Party on the other side, provided that: (i) the Issuer or the Restricted Subsidiary, as applicable, is the surviving Person; and (ii) the Issuer would, on the date of the merger, have been permitted to incur at least EUR 1.00 of additional Financial Indebtedness pursuant to the Incurrence Test (calculated on a *pro forma* basis as if the merger had been made at the beginning of the Relevant Period ending on the last day of the period covered by the most recent Financial Report) or have, both an Interest Coverage Ratio and a Capitalization Ratio not lower than it was immediately prior to giving effect to such transaction;
- (f) mergers of a Restricted Subsidiary, other than the Issuer or the Guarantors, on the one side and a Third Party on the other side, where the Person formed by or surviving such merger is the Third Party, provided that: (i) the shares in the surviving entity received as consideration and any other consideration will be held by the Group Company that held the shares of the Restricted

Subsidiary previous to the merger; and (ii) the merger is carried out at fair market value and on terms and conditions customary for such mergers; and

- (g) mergers of a Guarantor on one side and a Third Party on the other side, where the Person formed by or surviving such merger is the Third Party, provided that: (i) the shares in the surviving entity received as consideration and any other consideration are held by the Issuer or a Guarantor, as applicable, post the merger; and (ii) the merger is carried out at fair market value and on terms and conditions customary for such mergers.

11.9 Dividend and other payment restrictions

The Issuer shall not, and the Guarantors have undertaken in the Guarantees not to create or permit to exist or become effective any consensual encumbrance or restriction on the ability of any Restricted Subsidiary to: (a) pay dividends or make any other distributions on its Capital Stock to the Issuer or any of the Restricted Subsidiaries, or with respect to any other interest or participation in, or measured by, its profits, or pay any Financial Indebtedness owed to the Issuer or any of the Restricted Subsidiaries; (b) make loans or advances to the Issuer or any of the Restricted Subsidiaries; or (c) sell, lease or transfer any of its properties or assets to the Issuer or any of the Restricted Subsidiaries; in each case, only if such encumbrance or restriction result in a Material Adverse Effect and unless such encumbrance or restriction is contained in or related to Financial Indebtedness constituting a Permitted Debt, Permitted Security or Permitted Loan or is otherwise permitted to be incurred under these Terms and Conditions and the terms and conditions for the Additional Secured Obligations.

11.10 Additional Guarantee

The Issuer shall procure that any Restricted Subsidiary which is not a Guarantor as of the Existing Bonds Issue Date shall become a guarantor of the Bonds within three (3) months after any such Restricted Subsidiary becomes a Material Group Company (an “**Additional Guarantor**”). Such Additional Guarantor shall be a “Guarantor” and such new Guarantee shall be a “Guarantee” for the purpose of these Terms and Conditions. Notwithstanding the foregoing, the Issuer shall not be obligated to cause such Restricted Subsidiary to guarantee the Bonds to the extent that such new Guarantee by such Restricted Subsidiary would reasonably be expected to give rise to or result in a violation of applicable law or regulation which, in any case, cannot be prevented or otherwise avoided through measures reasonably available to the Issuer or the Restricted Subsidiary or any liability for the officers, directors or shareholders of such Restricted Subsidiary.

11.11 Additional Transaction Security

Subject to applicable local law requirements and limitations, the Issuer shall use best effort to procure that any Restricted Subsidiary which is not a Pledgor as of the Existing Bonds Issue Date shall enter (a) into transaction security documents with the Security Agent substantially equivalent to the existing Transaction Security Documents (an “**Additional Pledgor**”) and (b) grant pledges over (i) primary bank accounts and (ii) present and future loans receivables granted by such Additional Pledgor to its customers to the benefit of the Security Agent, within ninety (90) calendar days after any such Restricted Subsidiary becomes or has become a Material

Group Companies. Such Additional Pledgor shall be a “Pledgor” and such new transaction security documents shall be “Transaction Security Documents” for the purpose of these Terms and Conditions. Notwithstanding the foregoing, the Issuer shall not be obligated to cause such Restricted Subsidiary to grant the Transaction Security to the extent that such new Transaction Security by such Restricted Subsidiary would reasonably be expected to give rise to or result in a violation of applicable law which, in any case, cannot be prevented or otherwise avoided through measures reasonably available to the Issuer or the Restricted Subsidiary or any liability for the officers, directors or shareholders of such Restricted Subsidiary.

Subject to applicable local law requirements and limitations, the Issuer shall use best effort to procure that any Additional Pledgor enter into (i) an account pledge agreement (ii) a pledge over present and future loans receivables granted by such Additional Pledgor to customers within ninety (90) calendar days after such Restricted Subsidiary becomes an Additional Pledgor, and such account pledge agreement and receivables pledge agreement shall be “Transaction Security Documents” for the purpose of these Terms and Conditions.

11.12 Dealings with related parties

The Issuer shall, and the Guarantors have undertaken in the Guarantees to conduct all dealings with the direct and indirect shareholders of the Group Companies (excluding other Group Companies) and/or any Affiliates of such direct and indirect shareholders at arm’s length terms.

11.13 Compliance with laws

The Issuer shall, and the Guarantors have undertaken in the Guarantees to (a) comply in all material respects with all laws and regulations applicable from time to time and (b) obtain, maintain, and in all material respects comply with, the terms and conditions of any authorization, approval, licence or other permit required for the business carried out by a Group Company.

11.14 Financial reporting and information

- (a) The Issuer shall and/or Holdco has undertaken in the Guarantees to:
 - (i) prepare and make available the audited annual stand-alone and, for Holdco, consolidated financial statements of the Issuer and Holdco, including a profit and loss account, a balance sheet, a cash flow statement and management commentary or report from the Issuer’s and Holdco’s board of directors, to the Agent and on its website not later than four (4) months after the expiry of each financial year;
 - (ii) prepare and make available the unaudited quarterly interim consolidated reports of Holdco, including a profit and loss account, a balance sheet, a cash flow statement and management commentary or report from Holdco’s board of directors, to the Agent and on its website not later than two (2) months after the expiry of each relevant interim period;
 - (iii) hold quarterly earning calls with investors in the Bonds;

- (iv) issue a Compliance Certificate to the Agent and make it available on its website (A) in connection with the incurrence of Financial Indebtedness, the issuance of Disqualified Stock or preferred stock, the payment or distribution of any Restricted Payment and a merger under Condition 11.8 (*Mergers*) which requires that the Incurrence Test is met, (B) in connection with the Financial Reports being made available and (C) at the Agent's request, within twenty (20) calendar days from such request;
 - (v) keep the latest version of these Terms and Conditions (including documents amending these Terms and Conditions) available on its website; and
 - (vi) promptly notify the Agent (and, as regards a Put Option Trigger Event, the Holders) upon becoming aware of the occurrence of (i) a Put Option Trigger Event or an Equity Listing Event, (ii) an Event of Default or (iii) a default or an event of default or put option, howsoever described, under the terms and conditions of the Additional Secured Obligations, and shall provide the Agent with such further information as the Agent may request (acting reasonably) following receipt of such notice.
- (b) The Issuer shall notify the Agent of any transaction referred to in Condition 11.7 (*Disposals of assets*) and shall, upon request by the Agent, provide the Agent with (a) any information relating to the transaction which the Agent deems necessary (acting reasonably) and, if applicable, (b) a determination from the Issuer which states whether the transaction is carried out at fair market value and on terms and conditions customary for such transaction and whether it has a Material Adverse Effect or not. The Agent may assume that any information provided by the Issuer is correct, and the Agent shall not be responsible or liable for the adequacy, accuracy or completeness of such information. The Agent is not responsible for assessing if the transaction is carried out at fair market value and on terms and conditions customary for such transaction and whether it has a Material Adverse Effect, but is not bound by the Issuer's determination under item (b) above.
- (c) The Issuer shall notify the Agent of any merger referred to in Condition 11.8 (*Mergers*) and shall, upon request by the Agent, provide the Agent with (a) any information relating to the merger which the Agent deems necessary (acting reasonably), including, in case of a merger where the Issuer or a Guarantor is not the surviving entity pursuant to Condition 11.8 an opinion by legal counsel, that the accession agreement executed in connection therewith, these Terms and Conditions and/or the Guarantees are legally valid and binding obligations of the successor Person in accordance with their terms.

11.15 Agent Agreement

- (a) The Issuer shall, in accordance with the Agent Agreement:
 - (i) pay fees to the Agent;

- (ii) indemnify the Agent for costs, losses and liabilities;
 - (iii) furnish to the Agent all information reasonably requested by or otherwise required to be delivered to the Agent; and
 - (iv) not act in a way which would give the Agent a legal or contractual right to terminate the Agent Agreement.
- (b) The Issuer and the Agent shall not agree to amend any provisions of the Agent Agreement without the prior consent of the Holders if the amendment would be detrimental to the interests of the Holders.

11.16 Additional Secured Creditors

Should the Issuer, Holdco or any Restricted Subsidiary incur additional Financial Indebtedness as permitted under Condition 11.4 (*Financial Indebtedness and Disqualified Stock*), which would need to be secured by the Transaction Security pursuant to the Transaction Security Documents, the Issuer shall and shall procure that Holdco and the relevant Restricted Subsidiary shall:

- (a) enter into an Intercreditor Agreement;
- (b) procure that the Additional Secured Creditors, or any such Issuer, Holdco or Restricted Subsidiary acting for the benefit of the Additional Secured Creditors, appoint the Security Agent as their representative for the purpose of enforcing directly or through the Enforcement Agent, the Transaction Security in accordance with and subject to the Transaction Security Documents; and
- (c) use best effort to procure that the finance documents pertaining to such Additional Secured Obligations include provisions substantially equivalent to the ones under Condition 10 (*Transaction Security*).

12. FINANCIAL COVENANTS

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).

12.3 Covenant Cure

- (a) The shareholders of Holdco may cure or prevent a breach of the financial covenants in Condition 12.1 (*Financial Conditions*) (and any Event of Default arising as a result therefrom) if, prior to or within ninety (90) calendar days of the earlier of (i) the date on which the relevant Financial Report and Compliance Certificate are to be delivered and (ii) the date that such Financial Report and Compliance Certificate were in fact delivered to the Agent pursuant to the terms of this Agreement for any Relevant Period in which such failure to comply was (or would have been) first evidenced, the Issuer receives the cash proceeds of New Shareholder Injections from the shareholders of the Issuer (the “**Equity Cure**”), in an amount at least sufficient to ensure that the financial covenants set out above would be complied with if tested again as at the last day of the same Relevant Period on the basis that any Equity Cure so provided shall be included for the Relevant Period as if provided immediately prior to the last day of such Relevant Period (the “**Adjustment**”).
- (b) Any new equity and/or subordinated debt so provided in respect of any Relevant Period shall be deemed to have been provided immediately prior to the last date of such Relevant Period and shall be included (without double counting) in all relevant covenant calculations until the date it was deemed provided falls outside any subsequent Relevant Period.
- (c) In relation to any Equity Cure provided prior to the date of delivery of the relevant Compliance Certificate for the Relevant Period, such Compliance Certificate shall set out the revised financial covenants for the Relevant Period by giving effect to the Adjustment set out above and confirming that such Equity Cure has been provided.
- (d) In relation to any such Equity Cure so provided following the date of delivery of the relevant Compliance Certificate for the Relevant Period, immediately following the proceeds of that Equity Cure being provided to it, the Issuer shall provide a revised Compliance Certificate to the Agent setting out the revised financial covenants for the Relevant Period by giving effect to the Adjustment.
- (e) If, after giving effect to the Adjustment, the requirements of the relevant financial covenants are met, then the requirements thereof shall be deemed to have been satisfied at the relevant original date of determination and any default, Event of Default occasioned thereby shall be deemed to have been remedied for the purposes of the Finance Documents.

13. TERMINATION OF THE BONDS

13.1 The Agent is entitled, on behalf of the Holders, to terminate the Bonds and to declare all, but not only some, of the Bonds due for payment immediately or at such later date as the Agent determines (such later date not falling later than twenty (20) Business Days from the date on which the Agent made such declaration), if:

- (a) Non-payment

any Obligor fails to pay an amount on the date it is due in accordance with the Finance Documents unless its failure to pay is due to technical or administrative error and is remedied within ten (10) Business Days of the due date;

(b) Other obligations

the Issuer or any other Group Company does not comply with the Finance Documents in any other way than as set out under item (a) (Non-payment) above, unless the non-compliance (i) is capable of being remedied and (ii) is remedied within fifteen (15) Business Days of the earlier of the Agent giving notice and the Issuer becoming aware of the non-compliance (if the failure or violation is not capable of being remedied, the Agent may declare the Bonds payable without such prior written request);

(c) Cross-default and cross-acceleration

- (i) an event of default, howsoever described, occurs under any finance document pertaining to any Additional Secured Obligations;
- (ii) any Financial Indebtedness of any Material Group Company is not paid when due nor within any originally applicable grace period or is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default howsoever described under any document relating to Financial Indebtedness of any Material Group Company; or
- (iii) any security interest securing Financial Indebtedness over any asset of any Material Group Company is enforced;

provided however that the amount of Financial Indebtedness referred to under item (ii) and/or (iii) above, individually or in the aggregate exceeds an amount corresponding to EUR 10,000,000 (or its equivalent in any other currency) and provided that it does not apply to any Financial Indebtedness owed to a Group Company;

(d) Insolvency

- (i) any Material Group Company is unable or admits inability to pay its debts as they fall due or is declared to be unable to pay its debts under applicable law, suspends making payments on its debts generally or, by reason of actual or anticipated financial difficulties, commences negotiations with its creditors (other than under these Terms and Conditions) with a view to rescheduling its Financial Indebtedness other than the Bonds;
- (ii) a moratorium is declared in respect of the Financial Indebtedness of any Material Group Company; or
- (iii) a Luxembourg Insolvency Event occurs with respect to the Issuer.

(e) Insolvency proceedings

any corporate action, legal proceedings or other procedures are taken (other than (i) proceedings or petitions which are being disputed in good faith and are discharged, stayed or dismissed within thirty (30) calendar days of commencement or, if earlier, the date on which it is advertised and (ii), in

relation to the Group Companies other than the Issuer or the Guarantors, solvent liquidations) in relation to:

- (i) the suspension of payments, winding-up, dissolution, administration or reorganization (by way of voluntary agreement, scheme of arrangement or otherwise) of any Material Group Company;
- (ii) the appointment of a liquidator, receiver, administrator, administrative receiver, compulsory manager or other similar officer in respect of any Material Group Company or any of its assets; or
- (iii) any analogous procedure or step is taken in any jurisdiction in respect of any Material Group Company;

(f) Mergers and demergers

unless allowed under Condition 11.8 (*Mergers*), the Issuer or any Guarantor merges with a Person other than the Issuer or a Guarantor, or is subject to a demerger, with the effect that the Issuer or the Guarantor is not the surviving entity;

(g) Creditors' process

any expropriation, attachment, sequestration, distress or execution or any analogous process in any jurisdiction affects any asset or assets of any Material Group Company having an aggregate value equal to or exceeding EUR 10,000,000 (or its equivalent in any other currency) and where such process (i) is not discharged within thirty (30) calendar days or (ii) is being made in bad faith by the claimant, as evidenced by the Issuer to the Agent (such evidence to be accepted or dismissed by the Agent in its sole discretion);

(h) Impossibility or illegality

it is or becomes impossible or unlawful for the Issuer or the Guarantors to fulfil or perform any of the provisions of the Finance Documents or if the obligations under the Finance Documents are not, or cease to be, legal, valid, binding and enforceable;

(i) Loss of business license

any Guarantor loses its business license and such loss of business license has a Material Adverse Effect;

(j) Continuation of the business

any Group Company ceases to carry on its business (except if due to a merger or a disposal of assets as permitted under Conditions 11.7 (*Disposals of assets*) and 11.8 (*Mergers*)) and such event has a Material Adverse Effect.

13.2 Termination for payment prematurely may only occur if the cause of termination is continuing at the time of the Agent's declaration. However, if a moratorium occurs, the ending of that moratorium will not prevent termination for payment prematurely on the ground mentioned in Condition 13.1(d) (*Insolvency*).

- 13.3 If the right to terminate the Bonds is based upon a decision of a court of law or a government authority, it is not necessary that the decision has become enforceable under law or that the period of appeal has expired in order for cause of termination to be deemed to exist.
- 13.4 The Issuer is obligated to inform the Agent immediately if any circumstance of the type specified in Conditions 13.1 should occur. Should the Agent not receive such information, the Agent is entitled to assume that no such circumstance exists or can be expected to occur, provided that the Agent does not have knowledge of such circumstance. The Agent is under no obligations to make any investigations relating to the circumstances specified in Condition 13.1. The Issuer shall further, at the request of the Agent, provide the Agent with details of any circumstances referred to in Condition 13.1 and provide the Agent with all documents that may be of significance for the application of this Condition 13.
- 13.5 The Issuer is only obligated to inform the Agent according to Condition 13.4 if informing the Agent would not conflict with any statute or the Issuer's registration contract with Nasdaq Tallinn Stock Exchange or Frankfurt Stock Exchange (or any other stock exchange, as applicable). If such a conflict would exist pursuant to the listing contract with the relevant stock exchange or otherwise, the Issuer shall however be obligated to either seek the approval from the relevant stock exchange or undertake other reasonable measures, including entering into a non-disclosure agreement with the Agent, in order to be able to timely inform the Agent according to Condition 13.4.
- 13.6 If the Agent has been notified by the Issuer or has otherwise determined that there is a default under these Terms and Conditions according to Condition 13.1, the Agent shall decide, within twenty (20) Business Days of the day of notification or determination, if the Bonds shall be declared terminated. If the Agent has decided not to terminate the Bonds, the Agent shall, at the earliest possible date, notify the Holders that there exists a right of termination and obtain instructions from the Holders according to the provisions in Condition 16 (*Meetings of Holders*). If the Holders vote in favour of termination and instruct the Agent to terminate the Bonds, the Agent shall promptly declare the Bonds terminated. However, if the cause for termination according to the Agent's appraisal has ceased before the termination, the Agent shall not terminate the Bonds. The Agent shall in such case, at the earliest possible date, notify the Holders that the cause for termination has ceased. The Agent shall always be entitled to take the time necessary to consider whether an occurred event constitutes an Event of Default and whether such event has a Material Adverse Effect.
- 13.7 If the Holders, without any prior initiative to decision from the Agent or the Issuer, have made a decision regarding termination in accordance with Condition 16 (*Meetings of Holders*), the Agent shall promptly declare the Bonds terminated. The Agent is however not liable to take action if the Agent considers cause for termination not to be at hand, unless the instructing Holders agree in writing to indemnify and hold the Agent harmless from any loss or liability and, if requested by the Agent in its discretion, grant sufficient security for such indemnity.
- 13.8 If the Bonds are declared due and payable in accordance with the provisions in this Condition 13, the Agent shall take every reasonable measure necessary to recover the amounts outstanding under the Bonds.

13.9 For the avoidance of doubt, the Bonds cannot be terminated and become due for payment prematurely according to this Condition 13 without relevant decision by the Agent or following instructions from the Holders' pursuant to Condition 16 (*Meetings of Holders*).

13.10 If the Bonds are declared due and payable in accordance with the provisions in this Condition 13, the Issuer shall redeem all Bonds with an amount per Bond equal to the applicable Call Option Amount.

14. AGENTS

14.1 Paying Agent

The Issuer has appointed BPER Bank Luxembourg SA, to act as paying agent (the "**Paying Agent**"). Changes of address shall be notified in accordance with Condition 18 (*Notices*). In no event will the specified office of the Paying Agent be within the United States or its possessions.

14.2 Calculation Agent

The Issuer has appointed BPER Bank Luxembourg SA, to act as calculation agent (the "**Calculation Agent**"). Changes of address shall be published in accordance with Condition 18 (*Notices*). In no event will the specified office of the Calculation Agent be within the United States or its possessions.

14.3 Substitution

The Issuer will procure that there will at all times be a paying agent as well as a calculation agent. The Issuer may at any time, by giving not less than 30 days' notice appoint another bank of good reputation as Paying Agent. Furthermore, the Issuer is entitled to terminate the appointment of any bank as Paying Agent. In the event of such termination or any of such bank being unable or unwilling to continue to act as Paying Agent in the relevant capacity, the Issuer will appoint another bank of good reputation as Paying Agent in the relevant capacity. Such appointment or termination will be published without undue delay in accordance with Condition 18 (*Notices*), or, should this not be possible, be published in another appropriate manner.

14.4 Binding Determinations

All determinations, calculations and adjustments made by any Agent will be made in conjunction with the Issuer and will, in the absence of manifest error, be conclusive in all respects and binding upon the Issuer and all Holders.

15. FURTHER ISSUES

The Issuer reserves the right to issue from time to time, without the consent of the Holders, additional bonds with substantially identical terms as the Bonds (as the case may be, except for the issue date, interest, commencement date and/or issue price), including in a manner that the same can be consolidated to form a single series of bonds and increase the aggregate principal amount of the Bonds. The term "**Bond**" will, in the event of such consolidation, also comprise such additionally issued bonds. The Issuer shall, however, not be limited in issuing additional bonds, which are not

consolidated with the Bonds and which provide for different terms, and having a different ISIN number, as well as in issuing any other debt securities.

16. MEETINGS OF HOLDERS

16.1 General

Articles 470-3 – 470-19 of the Luxembourg law dated 10 August 1915 on commercial companies, as amended (the “**Companies Law**”) shall be derogated by this Condition 16.

16.2 Convening of physical meetings

The Issuer may, and shall upon the request in writing signed by any one or more of the Holders holding not less than 10 per cent of the principal amount of all the Bonds for the time being outstanding, directly or through the Agent, convene a meeting of the Holders to be held at such place and by any means as the Issuer shall determine.

At least fourteen (14) clear days’ notice shall be given by the Issuer to the Agent and to the Holders by simple letter or electronic mail, or, if to the Holders, through the Clearing System in the conditions provided in Condition 18 (*Notices*). The notice shall specify the place, day and hour of the meeting and the general nature of the business to be transacted. The notice shall state that the Holder is entitled to appoint a proxy to attend and vote on such Holder’s behalf for the purposes of Conditions 16.7 (*Poll*) and 16.8 (*Voting*).

Any notice given through the Clearing System shall be deemed to have been given to each Holder on the day after the day on which the said notice was given to the Clearing System.

The accidental failure to give notice to or the non-receipt of notice by the Agent or by the Holder shall not invalidate the proceedings of or any resolution passed at any meeting.

16.3 Quorum and majority

Modification of the Conditions (i) to change the maturity of the Bonds or the date on which interest (if any) is payable in connection with the Bonds, (ii) to reduce the nominal amount of or reduce the interest rate (if any) payable in connection with the Bonds, (iii) to amend the redemption conditions, (iv) to increase or decrease the total interest and Redemption Amount (v) to change majority required to pass a resolution or (vi) to make any other change or amendment to the Conditions or the Transaction Security Documents (other than any modification, authorization or waiver as described in Condition 16.14 (*Amendments and waivers not requiring a Holders’ resolution*) below) may only be made by a resolution approved by two-thirds of votes cast (an “**Extraordinary Resolution**”).

Other resolutions concerning, inter alia, (i) the approval of any conservatory measure taken in the common interest of the Holders, (ii) the determination of any other measures aimed at defending the Holders’ interests or the exercise by the Holders of their rights will be taken by a resolution approved by a simple majority of votes cast (an “**Ordinary Resolution**”).

The quorum at any meeting for passing an Extraordinary Resolution or an Ordinary Resolution will be one or more persons holding or representing not less than 50 per cent of the nominal amount of the relevant Bonds for the time being outstanding. Any resolution passed at any meeting of the Holders will be binding on all the relevant Holders (whether or not they were present at the meeting at which such resolution was passed).

If no quorum is present within thirty (30) minutes from the time appointed for any meeting of the Holders, the meeting shall be adjourned to such day (not being less than fourteen (14) days nor more than twenty-eight (28) days after the date of the original meeting) and time and place as the chairman directs. At any such adjourned meeting the Holder or Holders or proxies for Holders present, regardless of the number of Bonds held or represented by them, will constitute a quorum for all purposes. At least seven (7) days' notice of any adjourned meeting of the Holders shall be given. Notice of any adjourned meeting shall, so far as possible, be given in the same manner as for the original meeting and such notice shall state that the Holder or Holders or proxies for the Holders present at such meetings, regardless of the number or the Bonds held or represented by them, will constitute a quorum. No business shall be transacted at any adjourned meeting except business, which might lawfully have been transacted at the meeting from which the adjournment took place.

16.4 Chairman

The Issuer may nominate in writing a person to preside as chairman at a meeting but if no such person is nominated or, if at any meeting the person nominated shall not be present within five minutes after the time appointed for holding the meeting the Holders present shall choose one of their number to be pro tempore chairman for this meeting. No chairman is requested for a decision that is taken by way of resolution in writing as set out in Condition 16.13 (*Resolution in writing*) below.

16.5 Attendance of members of the board of directors of the Issuer and advisors

The members of the board of directors and the legal and other professional advisors of the Issuer and any other person authorized in that behalf by the Issuer may attend and speak at any meeting.

16.6 Resolutions taken during a physical meeting

A resolution put to the vote of the meeting shall be decided on a show of hands unless before the declaration of the result on the show of hands a poll is demanded by the chairman or by one or more Holders present in person or by proxy and holding or representing in aggregate not less than 5 per cent of the relevant Bonds for the time being outstanding. Unless a poll is so demanded, a declaration by the chairman that a resolution has been carried unanimously or by a particular majority or lost or not carried by a particular majority shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.

16.7 Poll

If a poll is duly demanded it shall be taken in such manner and at such time and place as the chairman may direct except that a poll demanded on the election of a chairman or any question of adjournment shall be taken at the meeting without adjournment.

No notice need be given of a poll not taken immediately if the time and place at which it is to be taken are announced at the meeting at which it is demanded. In any other case, at least seven (7) days' notice shall be given.

The demand for a poll shall not prevent the continuance of the meeting for the transaction of any business other than the question on which the poll has been demanded. The demand for a poll may be withdrawn.

The result of a poll shall be deemed to be a resolution of the meeting at which the poll was demanded.

16.8 Voting

On a poll every Holder who is present in person or by proxy or, in the case of a corporation, by its authorized representatives shall have one vote for every Bond held by him. A person entitled to more than one vote on a poll need not use all his votes or cast all the votes he uses in the same way.

No objection shall be raised to the qualification of any person voting except at the meeting or adjourned meeting at which the vote objected to is tendered, and every vote not disallowed at the meeting shall be valid. Any objection made in due time shall be referred to the chairman whose decision shall be final and conclusive.

16.9 Equality of votes

In the case of an equality of votes whether on a show of hands or on a poll the chairman of the meeting shall not be entitled to a casting vote.

16.10 Adjournment of meeting

The chairman may, with the consent of a meeting at which a quorum is present (and shall if so directed by the meeting), adjourn the meeting from time to time and from place to place but no business shall be transacted at any such adjourned meeting except business which might lawfully have been transacted at the meeting from which the adjournment took place. No notice of any such adjourned meeting need be given except when the meeting is adjourned for fourteen (14) days or more, in which event at least seven (7) clear days' notice shall be given.

16.11 Proxies

The instrument appointing a proxy shall be in writing and signed by the appointor or his attorney duly authorized in writing or, if the appointor is a corporation, signed by an attorney or officer so authorized. The Issuer may but shall not be bound to require evidence of the authority of any such attorney or officer.

A person appointed to act as proxy need not be a Holder. The chairman of the meeting may be designated as a proxy in an instrument of proxy without being named. An instrument of proxy shall be valid for any adjournment of the meeting to which it relates unless the contrary is stated on it.

The instrument appointing a proxy and the power of attorney under which it is signed or a notarially certified copy of such power of attorney shall be deposited at the Issuer's registered office or at such place as may be specified in the notice convening

the meeting or any document accompanying such notice not less than forty-eight hours before the time appointed for holding the meeting or adjourned meeting or for the taking of the poll to which such instrument relates. Any instrument of proxy not deposited as provided in this Condition 16.11 shall be invalid.

The instrument appointing a proxy shall not have been granted more than twelve (12) months before the meeting at which it is purported to be used.

A vote given in accordance with the terms of an instrument appointing a proxy shall be valid notwithstanding the previous death or insanity of the principal or revocation of the proxy or of the authority under which the proxy is given unless notification in writing of the death, insanity or revocation shall have been received at the registered office of the Issuer prior to the commencement of the meeting or adjourned meeting or the taking of the poll at which the proxy is to be used.

16.12 Minutes

The chairman shall procure that minutes of all resolutions and proceedings at every meeting shall be produced and duly entered in books to be provided for that purpose by the Issuer. Any such minutes as aforesaid if purporting to be signed by the chairman of the meeting or by the chairman of the next succeeding meeting of the Holders shall be conclusive evidence of the matters contained in the minutes and until the contrary is proved every such meeting in respect of which minutes have been made and signed as aforesaid shall be deemed to have been duly convened and held and all resolutions passed at such meeting to have been duly passed.

16.13 Resolution in writing

Notwithstanding the above, a resolution in writing signed as described in this Condition 16.13 (“**Vote without Meeting**”) shall be valid and effectual as if it had been passed at a meeting of the Holders duly convened and held. Such resolution in writing may consist of several documents in the like form each signed by or on behalf of one or more such persons.

A resolution in writing signed by or on behalf of the holders of not less than two-thirds in principal amount of the Bonds for the time being outstanding shall for all purposes be as valid and effectual as an Extraordinary Resolution passed at a meeting of Holders.

A resolution in writing signed by or on behalf of the holders of a simple majority in principal amount of the Bonds for the time being outstanding shall for all purposes be as valid and effectual as an Ordinary Resolution passed at a meeting of Holders.

A resolution in writing, for which the Holders will express their approval or disapproval electronically, shall for all purposes be as valid and effectual as an Ordinary Resolution or, as the case may be, an Extraordinary Resolution as if it had been passed at a meeting of the Holders duly convened and held.

16.14 Amendments and waivers not requiring a Holders’ resolution

The Issuer and the Agent may determine, without liability to any person therefor, any modification of the Terms and Conditions or the Transaction Security Documents, or waiver of any rights thereof, which is, in the opinion of the Issuer and the Agent, of a

formal, minor or technical nature or is made to correct a manifest or proven error or to comply with mandatory provisions of law and which is in the opinion of the Issuer and the Agent not materially prejudicial to the interests of the Holders. Any such modification, authorization or waiver will be binding on the Holders and such modification will be notified to the Holders as soon as practicable in accordance with Condition 18 (*Notices*).

17. APPOINTMENT OF HOLDERS' REPRESENTATIVE

- 17.1 The Holders may by majority resolution provide for the dismissal of the Agent who acts pursuant to Condition 9.1(e) also as Holders' representative and shall provide by majority resolution for the appointment of another Holders' representative. Such appointment of the Holders' representative may at the same time also include the appointment as agent under Condition 9 (*Agent*). In the event that such Holders' representative/Agent is to be authorized to consent to a material change in the substance of the Terms and Conditions or other material matters, the appointment may only be passed by a Qualified Majority.
- 17.2 If the Holders' representative is also appointed in its capacity as Agent pursuant to Condition 9 (*Agent*), the provisions of Condition 9 (*Agent*) and the provisions of the Agent Agreement apply to such appointed Holders' representative and Agent.

18. NOTICES

- 18.1 Any notice or other communication to be made under or in connection with these Terms and Conditions:
- (a) if to the Agent, shall be given at the address Widenmayerstraße 16, 80538 Munich, Germany on the Business Day prior to dispatch or, if sent by email by the Issuer, to such email address as notified by the Agent to the Issuer from time to time;
 - (b) if to the Issuer, shall be given at the address 16, Rue Eugène Ruppert, L-2453 Luxembourg, Grand Duchy of Luxembourg or such address notified by the Issuer to the Agent from time to time or, if sent by email by the Agent, to such email address as notified by the Issuer to the Agent from time to time;
 - (c) if to a Guarantor, shall be given to the address stated in the Guarantees or such address notified by the Guarantor to the Agent from time to time or, if sent by email by the Agent, to such email address as notified by the Guarantor to the Agent from time to time; and
 - (d) if to the Holders, shall be published on the Issuer's website and/or otherwise in accordance with the provisions of legal regulations. A notice will be deemed to be made on the day of its publication (in case of more than one publication, on the day of the first publication). As long as the Bonds are cleared, the Issuer shall also make notifications to the Clearing System for communication by the Clearing System to the Holders or directly to the Holders, provided this complies with the rules of the stock exchange on which the Bonds are listed. Notifications vis-à-vis the Clearing System will be deemed to be effected seven (7) days after the notification of the Clearing System, direct notifications of the Holders will be deemed to be effected upon their receipt.

18.2 Any notice or other communication made by one Person to another under or in connection with these Terms and Conditions shall be sent by way of courier, personal delivery or letter (and, if between the Agent and the Issuer, by email) and will only be effective, in case of courier or personal delivery, when it has been left at the address specified in Condition 18.1 or, in case of letter, three (3) Business Days after being deposited postage prepaid in an envelope addressed to the address specified in Condition 18.1 or, in case of email to the Agent or the Issuer, when received in legible form by the email address specified in Condition 18.1

18.3 Failure to send a notice or other communication to a Holder or any defect in it shall not affect its sufficiency with respect to other Holders.

19. PRESCRIPTION

Claims against the Issuer for payment in respect of the Bonds shall be prescribed and become void unless made within ten (10) years (in the case of payments relating to principal) or five (5) years (in the case of payments relating to interest) as from the date on which payment in respect thereof first becomes due or (if any amount of the money payable is improperly withheld or refused) as from the date on which notice is duly given to the Holders in accordance with Condition 18 (*Notices*) stating that, upon further presentation of the Bond being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation.

20. APPLICABLE LAW AND PLACE OF JURISDICTION

20.1 Governing Law

The Bonds are governed by, and shall be construed in accordance with, Luxembourg law.

20.2 Jurisdiction

The exclusive place of jurisdiction for any action or other legal proceedings arising out of or in connection with the Bonds shall be the courts of Luxembourg, Grand Duchy of Luxembourg. The Issuer and the Holders hereby submit to the jurisdictions of such court.

Schedule 1 – Original Guarantors

Name	Reg. No.	Notice details
AS IuteCredit Europe	11551447	Address: Maakri 19/1, EST-10145 Tallinn, Estonia
IuteCredit Albania SH.A	L42011023U	Address: Njesia Administrative Nr.5, Rruga Andon Zako Cajupi, Ndertesa Nr.3, Hyrja 2, Zona Kadastrale 8270, Nr. Pasurie 2/462-N3, Albania

Schedule 2 – Original Pledgors

Name	Reg. No.	Notice details
IuteCredit Finance S.à r.l.	B234678	Address: 16, Rue Eugène Ruppert, L-2453 Luxembourg, Grand Duchy of Luxembourg
AS IuteCredit Europe	11551447	Address: Maakri 19/1, EST-10145 Tallinn, Estonia
O.C.N. "IUTE CREDIT" S.R.L.	1008600026223	Address: MD-2004, bul. Stefan cel Mare si Sfant, 182 (5th floor), mun. Chisinau, Moldova
IuteCredit Albania SH.A	L42011023U	Address: Njesia Administrative Nr.5, Rruga Andon Zako Cajupi, Ndertesa Nr.3, Hyrja 2, Zona Kadastrale 8270, Nr. Pasurie 2/462-N3, Albania
IuteCredit Macedonia DOOEL Skopje	7221290	Address: 1732 no.4-Lamela A/DP no.1, Skopje – Centre, North Macedonia

XV. EXCHANGE OFFER



IuteCredit Finance S.à r.l.

a private limited liability company (*société à responsabilité limitée*)
governed by the laws of the Grand Duchy of Luxembourg
with registered office at 16, Rue Eugène Ruppert, L-2453 Luxembourg, Grand Duchy of
Luxembourg
and registered with the Luxembourg Trade and Companies Register under number B234678
(“**Issuer**”)

EXCHANGE OFFER INVITATION

to the holders of the

EUR 50,000,000.00 bonds, 2019/2023, with ISIN number XS2033386603
(the “**2019/2023 Bonds**” and their holders the “**2019/2023 Holders**”)

to exchange their bonds for the

up to EUR 50,000,000.00 bonds (the “**New Bonds**”)
to be consolidated and form a single series with the EUR 75,000,000.00 bonds, 2021/2026
with ISIN number XS2378483494 (the “**Existing Bonds**”).

The 2019/2023 Holders are hereby invited to exchange their 2019/2023 Bonds with the New
Bonds, under the terms and conditions contained in this exchange offer invitation dated
1 March 2023 (the “**Exchange Offer Invitation**”).

Preliminary notices

2019/2023 Holders should note the following information:

The board of managers of the Issuer decided to give the 2019/2023 Holders the opportunity to exchange their 2019/2023 Bonds into the New Bonds (the “**Exchange Offer**”), which will be also offered by way of a public offering to retail investors in Estonia, Latvia, Lithuania and Germany (the “**Retail Offering**” and together with the Exchange Offer, the “**Public Offering**”) and by way of an exempt offer exclusively to qualified investors within the meaning within the meaning of Article 2(e) of the Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market (the “**Prospectus Regulation**”) and other investors in compliance with Article 1(4) (a) and (b) of the Prospectus Regulation in member states of the European Economic Area (the “**Institutional Offering**” and together with the Retail Offering, the “**Cash Offering**” and together with the Exchange Offer the “**Offering**”), to be consolidated and form a single series with the Existing Bonds.

In this context, the Issuer published a securities prospectus for the Public Offering of the New Bonds in accordance with the Prospectus Regulation, which has been approved by the Luxembourg Commission for the Supervision of the Financial Sector (Commission de Surveillance du Secteur Financier (CSSF) (the “**Prospectus**”). The Prospectus, on the basis of which this Exchange Offer is made, contains further information, in particular with respect to the New Bonds and to the Issuer and is published on the website of the Luxembourg Stock Exchange (www.luxse.com), the Nasdaq Tallinn Stock Exchange (<http://www.nasdaqbaltic.com>), the Frankfurt Stock Exchange (www.boerse-frankfurt.de) and the Issuer’s website (<https://iutecredit.com/prospectus/>). 2019/2023 Holders should read the full Prospectus carefully and, in particular, section “II. RISK FACTORS” contained therein.

Application has been made for the notification of the approval of this Prospectus the competent authorities in Estonia, Latvia, Lithuania and Germany, i.e. to the Estonian Financial Supervisory Authority (Finantsinspektsioon – “**EFSA**”), to the Financial and Capital Market Commission of Latvia (Finanšu un kapitāla tirgus komisija – “**FCMC**”), to the Bank of Lithuania (**Lietuvos Bankas**) and to the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht – “**BaFin**”) in accordance with Article 25 of the Prospectus Regulation.

Simultaneously with the Offering, the Issuer will apply to the Frankfurt Stock Exchange for the New Bonds to be listed and admitted to trading on Frankfurt Stock Exchange’s regulated market (General Standard), segment for bonds of Deutsche Börse AG. Application will also be made to the Nasdaq Tallinn Stock Exchange for the New Bonds to be listed and admitted to trading on the Baltic regulated market of the Nasdaq Tallinn Stock Exchange. The Existing Bonds are already admitted to trading on Frankfurt Stock Exchange’s regulated market (General Standard), segment for bonds of Deutsche Börse AG and on the Baltic regulated market of the Nasdaq Tallinn Stock Exchange.

The distribution of this Exchange Offer Invitation may be limited by certain legislation. Any person who enters into possession of this Exchange Offer Invitation must take these limitations into consideration. The New Bonds are not and will not be registered, particularly in accordance with the United States Securities Act of 1933, as amended (the “**Securities Act**”) or in accordance with securities law of individual states of the United States of America. Furthermore, they are not permitted to be offered or sold within the United States of America, or for the account or benefit of a person from the United States of America (as defined under Regulation S under the Securities Act), unless this ensues through an exemption of the registration requirements of the Securities Act or the laws of individual states of the United States of America or through a transaction, which is not subject to the aforementioned provisions. In this respect, 2019/2023 Holders should in particular consult section “XXI. SELLING RESTRICTIONS” of the Prospectus.

This Exchange Offer Invitation will be published on the website of the Luxembourg Stock Exchange (www.luxse.com), the Nasdaq Tallinn Stock Exchange (<http://www.nasdaqbaltic.com>), the Frankfurt Stock Exchange (www.boerse-frankfurt.de) and the Issuer’s website (<https://iutecredit.com/prospectus/>) and communicated through the Clearing System in accordance with the terms and conditions of the 2019/2023 Bonds (the “**Terms and Conditions**”) on 1 March 2023. Neither the Issuer nor affiliated companies nor its

respective legal representatives, employees or advisers and agents assume any obligation in connection with this Exchange Offer Invitation to update the information contained herein or to provide information about circumstances after the date of this Exchange Offer Invitation.

1. INTRODUCTION - BACKGROUND

The Issuer issued on 7 August 2019 in the aggregate amount of EUR 40,000,000.00, 13% senior, unsubordinated, secured, bonds payable to the bearer and ranking *pari passu* among themselves in the denomination of EUR 1,000.00 each and with ISIN number XS2033386603 (the “**Initial Bonds**”).

The Issuer increased the original aggregate principal amount of the Initial Bonds on 3 December 2020 with a tap issue of EUR 10,000,000.00 senior, unsubordinated, secured bonds, which were consolidated and formed a single series with the Initial Bonds so that their current outstanding amount is EUR 50,000,000.00 (the “**2019/2023 Bonds**”).

The Issuer has decided to issue up to EUR 50,000,000.00 senior, unsubordinated, secured bonds, payable to the bearer and ranking *pari passu* among themselves in the denomination of EUR 100.00 each (the “**New Bonds**”) to be consolidated and form a single series with the EUR 75,000,000.00 senior, unsubordinated, secured bonds, due 2026, payable to the bearer and ranking *pari passu* among themselves in the denomination of EUR 100.00 each, with ISIN number XS2378483494 (the “**Existing Bonds**”).

The Exchange Offer should take place in accordance with the following terms and conditions (the “**Terms and Conditions of the Exchange Offer**”):

2. EXCHANGE OFFER

2.1 The Issuer hereby invites the 2019/2023 Holders to exchange all of their 2019/2023 Bonds for the New Bonds (the “**Exchange**”) in accordance with these Terms and Conditions of the Exchange Offer.

2.2 The 2019/2023 Holders who accept the Exchange Offer may also subscribe in cash for New Bonds which shall be settled on a delivery-versus-payment basis (the “**Option to Purchase**”) for an issue price of EUR 96.50 (the “**Exchange Offer Price**”). Only principal amounts of at least EUR 96.50 and a multiple of these shall be invested.

3. EXCHANGE RATIO

3.1 The exchange of the 2019/2023 Bonds for the New Bonds should take place at an exchange ratio of one to ten (1:10), so that for each 2019/2023 Bond with a nominal value of EUR 1,000.00 the relevant 2019/2023 Holder shall receive ten (10) New Bonds (the “**Exchange Ratio**”).

3.2 Each 2019/2023 Holder who opts for the Exchange Offer, and subject to the acceptance of its Offer Instruction (as defined below) by the Issuer, shall also receive an amount of cash that corresponds (A) to an exchange fee of one per cent. (1%) of the nominal value of each exchanged 2019/2023 Bond, it being EUR 10.00 per exchanged 2019/2023 Bond (the “**Exchange Fee**”), (B) to the unpaid Accrued Interest for each exchanged 2019/2023 Bond, and (C) to the difference between the Exchange

Offer Price of each New Bond and its nominal value, it being EUR 35.00 per exchanged 2019/2023 Bond (the “**Additional Amount**” and together with the Accrued Interest and the Exchange Fee the “**Cash Settlement Amount**”).

“**Accrued Interest**” means the pro rata interest accrued from the last interest payment date (included) of the 2019/2023 Bonds until the Settlement Date or the Alternative Settlement Date (excluded), as the case may be. Pursuant to condition 5.3 of the Terms and Conditions, the calculation of interest with respect to a period which is shorter than or equal to a full Interest Period, as defined therein, shall be made on the basis of Rule 251 ICMA (ACT/ACT).

4. EXCHANGE PERIOD

- 4.1 The period during which Offer Instructions may be made (the “**Exchange Period**”) begins on 1 March 2023 and ends on 29 March 2023 at 14:00 EET (the “**Participation Deadline**”).
- 4.2 It is in the absolute discretion of the Issuer to extend or shorten the Exchange Period via a publication on the website of the Luxembourg Stock Exchange (www.luxse.com), the Nasdaq Tallinn Stock Exchange (<http://www.nasdaqbaltic.com>), the Frankfurt Stock Exchange (www.boerse-frankfurt.de) and the Issuer’s website (<https://iutecredit.com/prospectus/>). The non-delivery of the present Exchange Offer Invitation to any of the 2019/2023 Holders shall not affect the validity of the invitation or of any Offer Instruction submitted and accepted.
- 4.3 The Issuer may at any time during the Exchange Period withdraw the Exchange Offer and publish such withdrawal on the website of the Luxembourg Stock Exchange (www.luxse.com), the Nasdaq Tallinn Stock Exchange (<http://www.nasdaqbaltic.com>), the Frankfurt Stock Exchange (www.boerse-frankfurt.de) and the Issuer’s website (<https://iutecredit.com/prospectus/>) (the “**Exchange Offer Withdrawal**”).
- 4.4 In the event that the Offer Instructions received or the subscriptions made in the context of the Offering (including the Offer Instructions received in the context of this Exchange Offer) exceed the aggregate principal amount of the New Bonds offered, the Issuer is entitled to terminate the Exchange Period before the Participation Deadline and to publish such decision on the website of the Luxembourg Stock Exchange (www.luxse.com), the Nasdaq Tallinn Stock Exchange (<http://www.nasdaqbaltic.com>), the Frankfurt Stock Exchange (www.boerse-frankfurt.de) and the Issuer’s website (<https://iutecredit.com/prospectus/>). Such termination shall also constitute an Exchange Offer Withdrawal.

5. OFFER INSTRUCTION

- 5.1 2019/2023 Holders who wish to exchange their 2019/2023 Bonds can do so by submitting their instructions with their depository institution or relevant intermediary, to forward such instructions to Clearstream Banking S.A., Luxembourg

or Euroclear Bank S.A/N.V., Brussels, as operator of the Euroclear system (the “**Clearing System**”), (the “**Exchange Instruction**”).

- 5.2 2019/2023 Holders who wish to make use of the Option to Purchase can do so by submitting their instructions for the purchase of additional New Bonds within the Exchange Period, with their depository institution or relevant intermediary, to forward such instructions to the Clearing System (the “**Subscription Instruction**”). A Subscription Instruction can be submitted only along with an Exchange Instruction. References to “**Offer Instruction**” contained herein shall refer to an Exchange Instruction and, if applicable, to a Subscription Instruction.
- 5.3 Offer Instructions will be taken into account only if they are received by the Issuer and/or the Tender Agent before the Participation Deadline. The Issuer and/or the Tender Agent assume no warranty or liability for the fact that Offer Instructions placed within the Exchange Period will actually be received by the Issuer and/or the Tender Agent before the Participation Deadline.
- 5.4 The 2019/2023 Holders are advised to check with their depository institution or other intermediary through which they hold the 2019/2023 Bonds whether such intermediary needs to receive instructions from a 2019/2023 Holder before the Participation Deadline in order for that 2019/2023 Holder to be able to participate in the Exchange Offer. The deadlines set by the Clearing System for the submission of Offer Instructions might also be earlier than the Participation Deadline.
- 5.5 Each Exchange Instruction shall be made in respect of a nominal amount corresponding at least to EUR 1,000, notwithstanding the market value of each 2019/2023 Bond. A Subscription Instruction shall be made in respect of a principal amount of EUR 96.50 or a multiple thereof. The total volume of each Offer Instruction shall not result in the delivery of a fraction of a New Bond and is limited to the total volume of the Exchange Offer.
- 5.6 Offer Instructions may be cast with the relevant depository institution to be forwarded to the Clearing System, using the form provided therefrom and in accordance with the procedures of the relevant Clearing System. Each Offer Instruction shall contain an irrevocable instruction:
- (a) to accept or reject the Exchange Offer;
 - (b) to block the relevant tendered 2019/2023 Bonds in the Clearing System until the Settlement Date or the Alternative Settlement Date, as the case may be, or following the occurrence of an Exchange Offer Withdrawal; and
 - (c) to proceed with the Settlement on the Settlement Date or the Alternative Settlement Date, as the case may be, provided that the Clearing System has received a corresponding instruction for the transfer of the New Bonds and the Cash Settlement Amount by the Issuer.
- 5.7 By submitting an Offer Instruction which contains a Subscription Instruction to the financial institutions, a 2019/2023 Holder authorises and instructs the financial institution operating the 2019/2023 Holder’s cash account connected to its securities

account (which may or may not also be the 2019/2023 Holder's custodian) to immediately block the whole transaction amount on the 2019/2023 Holder's cash account until the settlement is completed or funds are released. The transaction amount to be blocked will be equal to the Exchange Offer Price multiplied by the Maximum Amount (as defined below). 2019/2023 Holders may submit Offer Instructions containing Subscription Instructions only when there are sufficient funds on the cash account connected to its securities account to cover the whole transaction amount for that particular Subscription Instruction.

- 5.8 All the Offer Instructions cast will be irrevocable, save for the automatic revocation of an Offer Instruction in the event of occurrence of an Exchange Offer Withdrawal.

6. TENDER AGENT

- 6.1 **BPER Bank Luxembourg SA**, a public limited liability company (*société anonyme*), incorporated and existing under the laws of the Grand Duchy of Luxembourg, having its registered office at 30, Boulevard Royal, L-2449 Luxembourg, Grand Duchy of Luxembourg, and registered with the Luxembourg trade and companies register (*Registre de Commerce et des Sociétés, Luxembourg*) under number B54033, will act as tender agent for the purpose of this Exchange Offer (the "**Tender Agent**").

7. ACCEPTANCE OF THE OFFER

- 7.1 It is in the sole and absolute discretion of the Issuer not to accept Offer Instructions in whole or in part without stating reasons. The decision of the Issuer with respect to the result of the Exchange Offer and the acceptance or rejections of the Offer Instructions submitted, shall be published on the website of the Luxembourg Stock Exchange (www.luxse.com), the Nasdaq Tallinn Stock Exchange (<http://www.nasdaqbaltic.com>), the Frankfurt Stock Exchange (www.boerse-frankfurt.de) and the Issuer's website (<https://iutecredit.com/prospectus/>) one (1) Business Day after the Participation Deadline.
- 7.2 Offer Instructions which do not comply with the Terms and Conditions of the Exchange Offer shall not be accepted. Notwithstanding the preceding sentence, the Issuer reserves the right to accept Offer Instructions in spite of violations of the Terms and Condition of the Exchange or failure to meet the Exchange Period, without being obliged to proceed in the same manner with all Offer Instructions being made in violation of the Terms and Condition of the Exchange.
- 7.3 With respect to the approved Offers, the Issuer will confirm the final results of the validly tendered 2019/2023 Bonds to the Clearing System and instruct the latter to

proceed with the Settlement, in accordance with the procedures of the relevant Clearing System.

- 7.4 2019/2023 Holders who do not participate in the Exchange Offer, or whose 2019/2023 Bonds are not accepted for exchange by the Issuer, will continue to hold their 2019/2023 Bonds subject to the Terms and Conditions.

8. LEGAL CONSEQUENCE OF THE EXCHANGE OFFER

- 8.1 Upon acceptance by the Issuer of an Exchange Instruction, an agreement on the exchange of the 2019/2023 Bonds for New Bonds and the delivery of the Cash Settlement Amount, in accordance with the provisions of the Terms and Conditions of the Exchange Offer, shall come into effect between the relevant 2019/2023 Holder and the Issuer. Subject to the acceptance of an Exchange Instruction by the Issuer, each 2019/2023 Holder and the Issuer agree on the transfer of ownership of the 2019/2023 Bonds to the Issuer, and on the transfer of ownership of an equal number of New Bonds and of the Cash Settlement Amount to each 2019/2023 Holder, under the terms of the Settlement (as defined below).

9. SETTLEMENT OF THE EXCHANGE OFFER

- 9.1 The execution and settlement of the Exchange Offer, namely the exchange of the 2019/2023 Bonds and the New Bonds between the 2019/2023 Holders and the Issuer and the payment of the Cash Settlement Amount (the “**Settlement**”) shall take place on 6 April 2023 (the “**Settlement Date**”) through the Clearing System and as long as the Issuer delivers the New Bonds and the Cash Settlement Amount thereto, it will be discharged of any obligations under the Exchange Offer. The above timeline may change at the absolute discretion of the Issuer, so that the Settlement will occur at the date indicated by the Issuer via a publication on the website of the Luxembourg Stock Exchange (www.luxse.com), the Nasdaq Tallinn Stock Exchange (<http://www.nasdaqbaltic.com>), the Frankfurt Stock Exchange (www.boerse-frankfurt.de) and the Issuer’s website (<https://iutecredit.com/prospectus/>) (the “**Alternative Settlement Date**”).
- 9.2 The settlement of the submitted Subscription Offers will take place on the Settlement Date as further described in section “XX. *Subscription, Sale and Offer of the New Bonds*” subsection “10. *Settlement and Trading*” of the Prospectus.
- 9.3 Provided the Issuer delivers, or has delivered on its behalf, the New Bonds, and makes, or has made on its behalf, full payment of the Cash Settlement Amount for all the 2019/2023 Bonds accepted for exchange pursuant to the Exchange Offer to the relevant Clearing System on the Settlement Date or the Alternative Settlement Date, as the case may be, under no circumstances will any additional distribution or interest be payable to a 2019/2023 Holder because of any delay in the delivery of the New

Bonds by, or transmission of funds from, the relevant Clearing System or any other intermediary with respect to such 2019/2023 Holder's holding.

10. ACKNOWLEDGEMENTS AND REPRESENTATIONS

10.1 By submitting an Offer Instruction, each 2019/2023 Holder acknowledges, represents, warrants and undertakes, to the Issuer, any Guarantor and the Tender Agent:

- (a) it has received this Exchange Offer Invitation, and has reviewed and accepts the offer and distribution restrictions, terms, conditions, risk factors and other considerations of the Exchange Offer and the New Bonds, all as described in this Exchange Offer Invitation and the Prospectus, and has on its own or with the help of its tax, accounting, financial, regulatory, legal or other professional advisers, undertaken an appropriate analysis of the implications of the Exchange Offer in the context of its particular financial situation and the impact any decision to participate (or not participate) in the Exchange Offer will have on its overall investment portfolio, in each case without reliance on the Issuer, any Guarantor and the Tender Agent;
- (b) by blocking the relevant 2019/2023 Bonds in the Clearing System, it will be deemed to consent to have such Clearing System provide details concerning its identity to the Issuer and the Tender Agent (and for the Tender Agent to provide such details to the Issuer and to their respective legal advisers);
- (c) subject to the Terms and Conditions of the Exchange Offer, it offers for exchange in the Exchange Offer the nominal amount of 2019/2023 Bonds specified in the Offer Instruction validly submitted and blocked in the Clearing System and, subject to and effective upon such exchange by the Issuer, it renounces all right, title and interest in and to all such 2019/2023 Bonds exchanged by or at the direction of the Issuer and waives and releases any rights or claims it may have against the Issuer or any Guarantor with respect to any such 2019/2023 Bonds and the Exchange Offer;
- (d) if the 2019/2023 Bonds offered for exchange are accepted for exchange by the Issuer, it acknowledges that: (i) any New Bonds deliverable and Cash Settlement Amount payable to it in respect of the 2019/2023 Bonds so accepted will be delivered, deposited or paid (as the case may be) by or on behalf of the Issuer with or to the Clearing System on the Settlement Date or the Alternative Settlement Date as the case may be; (ii) the Clearing System thereafter will deliver such New Bonds and pay such Cash Settlement Amount promptly to the relevant account(s) in the Clearing Systems of the relevant 2019/2023 Holder or its intermediary holding an account therein; and (iii) the New Bonds will be delivered and the Cash Settlement Amount will be paid to the Clearing System account(s) in which the relevant 2019/2023 Bonds are held; and the delivery of such New Bonds and payment of such Cash Settlement Amount to or to the order of the Clearing System will discharge the obligation of the Issuer to such 2019/2023 Holder in respect of the delivery of the New Bonds and payment of the Cash Settlement Amount, and no additional amounts shall be payable to the 2019/2023 Holder in the event

of a delay in the transmission of the relevant New Bonds and/or payment of the relevant Cash Settlement Amount by the relevant Clearing System or an intermediary to the 2019/2023 Holder;

- (e) agrees to ratify and confirm each and every act or thing that may be done or effected by the Issuer or the Tender Agent, any of its managers or any person nominated by the Issuer in the proper exercise of his or her powers and/or authority hereunder;
- (f) it agrees to do all such acts and things as shall be necessary and execute and deliver any additional documents deemed by the Issuer to be desirable, in each case to complete the transfer of the relevant 2019/2023 Bonds to the Issuer and/or the Tender Agent in exchange for the relevant New Bonds and/or to perfect any of the authorities expressed to be given hereunder;
- (g) it has (i) observed the laws of all relevant jurisdictions, (ii) obtained all requisite governmental, exchange control or other required consents, (iii) complied with all requisite formalities, (iv) paid any issue, transfer or other taxes or requisite payments due from it in each respect in connection with any offer or acceptance in any jurisdiction and (v) not taken or omitted to take any action in breach of the Terms and Conditions of the Exchange Offer or which will or may result in the Issuer, the Guarantors and the Tender Agent or any other person acting in breach of the legal or regulatory requirements of any such jurisdiction in connection with the Exchange Offer;
- (h) all authority conferred or agreed to be conferred pursuant to its acknowledgements, agreements, representations, warranties and undertakings, and all of its obligations, shall be binding upon its successors, assignees, heirs, executors, trustees in bankruptcy and legal representatives, and shall not be affected by, and shall survive, its death, dissolution, bankruptcy, insolvency or incapacity;
- (i) no information has been provided to it by the Issuer, the Guarantors and the Tender Agent, or any of their respective managers, employees, agents or advisers, with regard to the tax consequences for the 2019/2023 Bonds arising from the Exchange Offer, and it acknowledges that it is solely liable for any taxes and similar or related payments imposed on it under the laws of any applicable jurisdiction as a result of its participation in the Exchange Offer and agrees that it will not and does not have any right of recourse (whether by way of reimbursement, indemnity or otherwise) against the Issuer, the Guarantors and the Tender Agent, or any of their respective managers, employees, agents or advisers, or any other person in respect of such taxes and payments;
- (j) it is not a person to whom it is unlawful to make an invitation pursuant to the Exchange Offer and the Prospectus under applicable securities laws and it has not distributed or forwarded this Exchange Offer Invitation or any other documents or material relating to the Exchange Offer to any other person and it has (before submitting, or arranging for the submission on its behalf, as the

case may be, of the Offer) complied with all laws and regulations applicable to it for the purposes of its participation in the Exchange Offer;

- (k) the New Bonds are being offered and sold in transactions not involving a public offering in the United States within the meaning of the Securities Act, and the New Bonds have not been and will not be registered under the Securities Act or any other applicable U.S. state securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (terms used in this and the following paragraph that are defined in Regulation S under the Securities Act are used as defined in Regulation S), as further specified in the Prospectus;
- (l) either (a) (i) it is the beneficial owner of the 2019/2023 Bonds being offered for exchange; and (ii) it is located outside the United States and is participating in the Exchange Offer from outside the United States and it is not a U.S. person, or (b) (i) it is acting on behalf of the beneficial owner of the 2019/2023 Bonds being offered for exchange on a non-discretionary basis and has been duly authorised to so act; and (ii) such beneficial owner has confirmed to it that it is located outside the United States and is participating in the Exchange Offer from outside the United States and it is not a U.S. person;
- (m) it is not located or resident in the United Kingdom or, if it is located or resident in the United Kingdom, it is a person to whom this Exchange Offer Invitation and any other documents or materials relating to the Exchange Offer may lawfully be communicated in accordance with the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005;
- (n) it is not a target of any financial or economic sanctions or trade embargoes administered or enforced by the Office of Foreign Assets Control of the U.S. Department of Treasury (OFAC), the U.S. Department of State or U.S. Department of Commerce or any other U.S., EU, United Nations or UK economic sanctions;
- (o) the New Bonds may be offered and sold to it in compliance with each restriction set out in the section of the Prospectus headed “*XXI. SELLING RESTRICTIONS*”;
- (p) it has full power and authority to offer for exchange and transfer the 2019/2023 Bonds offered for exchange and, if such 2019/2023 Bonds are accepted for exchange by the Issuer, such 2019/2023 Bonds will be transferred to, or to the order of, the Issuer with full title free from all liens, charges and encumbrances and not subject to any adverse claim, together with all rights attached to such 2019/2023 Bonds, and it will, upon request, execute and deliver any additional documents and/or do such other things deemed by the Issuer to be necessary or desirable to complete the transfer and cancellation of such 2019/2023 Bonds or to evidence such power and authority;

- (q) it holds and will hold, until the Settlement Date or the Alternative Settlement Date, or upon the occurrence of an Exchange Offer Withdrawal as the case may be, the 2019/2023 Bonds blocked in the Clearing System and, in accordance with the requirements of, and by the deadline required by, such Clearing System, it has submitted, or has caused to be submitted, an Offer Instruction to such Clearing System to authorise the blocking of the 2019/2023 Bonds offered for exchange with effect on and from the date of such submission so that, at any time pending the transfer of such 2019/2023 Bonds on the Settlement Date or the Alternative Settlement Date, as the case may be, to the Issuer, or to its agent on its behalf, or until the occurrence of an Exchange Offer Withdrawal, no transfers of such 2019/2023 Bonds may be effected;
- (r) it understands that should the Issuer accepts the submitted Offer Instruction for exchange of 2019/2023 Bonds, this will constitute a binding agreement between it and the Issuer in accordance with and subject to the Terms and Conditions of the Exchange Offer;
- (s) it understands that the Issuer may, in its sole and absolute discretion, extend or terminate the Exchange Period at any time and that, in the event of a termination of the Exchange Offer, the Offer Instructions with respect to the 2019/2023 Bonds will be released (and the relevant 2019/2023 Bonds returned to the relevant 2019/2023 Holders);
- (t) none of the Issuer, the Guarantor and the Tender Agent, or any of their respective managers, employees, agents or advisers, has given it any information with respect to the Exchange Offer save as expressly set out in this Exchange Offer Invitation and the Prospectus, nor has any of them made any recommendation to it as to whether it should offer the 2019/2023 Bonds for exchange in the Exchange Offer and it has made its own decision with regard to offering the 2019/2023 Bonds for exchange in the Exchange Offer based on any tax, accounting, financial, regulatory or legal advice it has deemed necessary to seek;
- (u) it acknowledges that the Issuer and the Guarantors will rely upon the truth and accuracy of the foregoing acknowledgments, agreements, representations, warranties and undertakings;
- (v) the Terms and Conditions of the Exchange Offer shall be deemed to be incorporated in, and form a part of, the Offer Instruction which shall be read and construed accordingly, and it confirms that the information given by or on behalf of it in the Offer Instruction is true and will be true in all respects at the time of the exchange on the Settlement Date or the Alternative Settlement Date, as the case may be;
- (w) it accepts that the Issuer is under no obligation to accept any Offer Instruction and accordingly Offer Instructions may be accepted or rejected by the Issuer in its sole and absolute discretion and for any reason; and

- (x) it will indemnify the Issuer, the Guarantors and the Tender Agent and their respective managers, employees, affiliates, agents or advisers, against any and all losses, costs, claims, liabilities, expenses, charges, actions or demands which any of them may incur or which may be made against any of them as a result of any breach of any of the terms of, or any of the acknowledgements, agreements, representations, warranties and/or undertakings given pursuant to, the Exchange Offer by any 2019/2023 Holder.

10.2 In addition to the acknowledgements and representations contained in clause 10.1, by submitting an Offer Instruction which contains a Subscription Instruction, each 2019/2023 Holder:

- (a) accepts that the number of the New Bonds indicated by the 2019/2023 Holder in the Subscription Instruction will be regarded as the maximum number of the New Bonds which the 2019/2023 Holder wishes to acquire (the “**Maximum Amount**” and that the 2019/2023 Holder may receive less (but not more) New Bonds than the Maximum Amount subscribed for;
- (b) undertakes to acquire and pay for any number of the New Bonds allocated to them up to the Maximum Amount;
- (c) authorises and instructs the financial institution through which the Subscription Instruction is submitted and the Issuer, as the case may be, to arrange the settlement of the transaction on their behalf (taking such steps as are legally required to do so) and to forward the necessary information to the extent necessary for the completion of the transaction;
- (d) authorises the financial institution through which the Subscription Instruction is submitted and the Issuer, as the case may be, to process and forward information on the identity of the 2019/2023 Holder and the contents of the 2019/2023 Holder’s Subscription Instruction to the Issuer and/or its advisors, as the case may be, before, during and after the Offer Period;
- (e) authorises the financial institution through which the Subscription Instruction is submitted and the Issuer, as the case may be, to amend the information contained in the Subscription Instruction, including to (a) specify the value date of the transaction, (b) specify the number of the New Bonds to be purchased by the 2019/2023 Holder and the total amount of the transaction, up to the Maximum Amount times the Offer Price; (c) correct or clarify obvious mistakes or irregularities in the Subscription Instructions, if any;
- (f) acknowledges that the Exchange Offer does not constitute an offer for the New Bonds by the Issuer within the meaning of Section 16(1) of the Estonian Law of Obligations Act (Võlaõigusseadus), Section 1536. and Section 1537. of the Civil Law of Latvia, Section 6.167 (1) and (2) of the Lithuanian Civil Code (Lietuvos Respublikos Civilinis kodeksas) and Sections 145 et seq. of the German Civil Code (Bürgerliches Gesetzbuch) or otherwise, and that the submission of a Subscription Instruction does not constitute the acceptance of a sales offer, and therefore does not in itself entitle the 2019/2023 Holder

to acquire the New Bonds, nor results in a contract for the sale of the New Bonds between the Issuer and the 2019/2023 Holder.

11. ESTIMATED TIMELINE OF THE OFFERING

<i>Approval of the Prospectus by the CSSF and notification to EFSA, FCMC, Lietuvos Bankas and BaFin. Publication of the approved Prospectus on the Issuer's website</i>	<i>1 March 2023</i>
<i>Publication of the Exchange Offer Invitation on the Issuer's website and communication thereof via the Clearing System</i>	<i>1 March 2023</i>
<i>Commencement of the Exchange Period</i>	<i>1 March 2023</i>
<i>Commencement of the Offer Period</i>	<i>6 March 2023</i>
<i>End of the Exchange Period</i>	<i>29 March 2023</i>
<i>Announcement of the results of the Exchange Offering</i>	<i>30 March 2023</i>
<i>End of the Offer Period and announcement of the results of the Cash Offering</i>	<i>31 March 2023</i>
<i>Issue Date of the Bonds</i>	<i>6 April 2023</i>
<i>Application for the admission of the Bonds to trading on the regulated market of the Frankfurt Stock Exchange and of the Nasdaq Tallinn Stock Exchange</i>	<i>On or about 31 March 2023</i>
<i>Settlement Date</i>	<i>6 April 2023</i>
<i>Alternative Settlement Date</i>	<i>To be indicated (if any) at the absolute discretion of the Issuer</i>

12. PUBLICATIONS, DISTRIBUTION OF THIS EXCHANGE OFFER INVITATION, OTHER INFORMATION

- 12.1 This Exchange Offer Invitation will be published on the website of the Luxembourg Stock Exchange (www.luxse.com), the Nasdaq Tallinn Stock Exchange (<http://www.nasdaqbaltic.com>), the Frankfurt Stock Exchange (www.boerse-frankfurt.de) and the Issuer's website (<https://iutecredit.com/prospectus/>) and sent to the 2019/2023 Holders via the Clearing System. This Exchange Offer Invitation may not be published, distributed or disclosed, neither directly nor indirectly, if this is prohibited under any applicable provision or subject to the compliance with official procedures or the granting of any permission or other requirements. The distribution

of this Exchange Offer Invitation is subject to the provisions of the Prospectus and in particular section “XXI. SELLING RESTRICTIONS” thereof.

12.2 The Issuer assumes no liability for the disclosure or transmission of this Exchange Offer Invitation or the acceptance of the Exchange Offer being compatible with the relevant foreign regulations. All publications and other notices of the Issuer in connection with this Exchange Offer shall exclusively be published on the website of the Luxembourg Stock Exchange (www.luxse.com), the Nasdaq Tallinn Stock Exchange (<http://www.nasdaqbaltic.com>), the Frankfurt Stock Exchange (www.boerse-frankfurt.de) and the Issuer’s website (<https://iutecredit.com/prospectus/>), unless there is any further publication requirement.

12.3 Queries in relation to the Exchange Offer may be submitted via telephone or e-mail to:

Aalto Capital AG
For the attention of Manfred Steinbeisser
e-mail: manfred.steinbeisser@aaltocapital.com
telephone: +49 175 2668901

13. GOVERNING LAW AND JURISDICTION

13.1 Governing Law

This Exchange Offer Invitation shall be governed by and construed in accordance with Luxembourg law.

13.2 Jurisdiction

Any disputes, which may arise out of or in connection with this Exchange Offer Invitation (including a dispute regarding the existence, validity or termination of this Exchange Offer Invitation or any non-contractual obligations arising out of or in connection with this Exchange Offer Invitation), shall be settled in the courts of Luxembourg-City.

XVI. GUARANTEES

The Bonds are unconditionally and irrevocably guaranteed and secured on a joint and several basis by the Guarantors under the terms and conditions set forth in a Luxembourg law governed guarantee agreement entered into on 4 October 2021, as amended and restated from time to time and to be further amended and restated on or about the Issue Date, substantially in the form set out herein (the “**Luxembourg Guarantee Agreement**”, the guarantees set out under the Luxembourg Guarantee Agreement, together, the “**Guarantees**”).

GUARANTEE AGREEMENT DATED 4 OCTOBER 2021, AS AMENDED AND RESTATED FROM TIME TO TIME AND FURTHER AMENDED AND RESTATED ON _____ 2023 AND MADE BETWEEN

- (1) The companies listed in Annex 1; (jointly referred to as the “**Guarantors**” and each a “**Guarantor**”);
- (2) **Greenmarck Restructuring Solutions GmbH**, registered with the lower court of Munich, HRB 187052, with registered office at Widenmayerstraße 16, 80538 Munich, Germany, acting on behalf of the Secured Creditors (the “**Security Agent**”);

AND

- (3) **IuteCredit Finance S.à r.l.**, a private limited liability company (*société à responsabilité limitée*), incorporated under the laws of the Grand Duchy of Luxembourg, having its registered office at 16, Rue Eugène Ruppert, L-2453 Luxembourg, Grand Duchy of Luxembourg, and registered with the Luxembourg Trade and Companies Register under number B234678 (the “**Issuer**”).

The Guarantors, the Security Agent and the Issuer are collectively referred to as the “**Parties**” and each individually as a “**Party**”.

IT IS AGREED AS FOLLOWS:

PRELIMINARY CLAUSE

The original guarantors, the Security Agent and the Issuer entered into a guarantee agreement dated 4 October 2021, as amended and restated from time to time (the “**Original Guarantee Agreement**”).

The Original Guarantee Agreement is hereby amended and restated in the form of this Guarantee with effect starting from _____ 2023.

1. DEFINITION AND INTERPRETATION

1.1 Definitions

In this first demand guarantee (*garantie autonome à première demande*) (the “**Guarantee**”), the following capitalized terms shall have the meanings set forth below.

“**Effective Date**” means _____ 2023.

“Guaranteed Documents” means the Finance Documents as defined in the Terms and Conditions.

“Obligor” means the Issuer and each Guarantor.

“Terms and Conditions” means the terms and conditions for the 11% Senior Secured Bonds 2021/2026 for an aggregate amount of up to EUR 125,000,000 issued by luteCredit Finance S.à r.l. from time to time with ISIN code XS2378483494.

Terms defined in the Terms and Conditions have the same meaning when used in this Guarantee unless otherwise defined in this Guarantee.

1.2 Interpretation

- (a) Save where the contrary intention appears, a reference in this Guarantee to any of the Guaranteed Documents or any other document shall be construed as a reference to such Guaranteed Document or such other documents as amended, varied, novated assigned, supplemented or restated from time to time, as the case may be, in accordance with its terms.
- (b) Save where the contrary intention appears, a reference in this Guarantee to any person or entity shall include any successor, assignee or transferee of such person or entity.

2. GUARANTEE

- 2.1 The Guarantors hereby unconditionally and irrevocably guarantee by way of an independent payment obligation to each holder of the Bonds (the **“Holders”**) the due and punctual payment of principal of, and interest on, and any other amounts payable under the relevant Bonds (the **“Guaranteed Obligations”**) under the terms of this Guarantee.
- 2.2 This Guarantee shall be separate and independent from the obligations of the Issuer and shall exist irrespective of the validity and enforceability of the obligations of the Issuer under the Bonds.
- 2.3 The Guarantee constitutes an independent payment obligation for the benefit of the Secured Creditors, giving rise to the right of each Secured Creditor to require performance of the Guarantee directly from the Guarantors and to enforce the Guarantee directly against the Guarantors, notwithstanding the possibility to enforce the Guarantee through the Security Agent under the Terms and Conditions and the provisions of this Guarantee. The Parties expressly agree that any reference in this Guarantee to the Guaranteed Documents and to the Terms and Conditions shall under no circumstances be construed as affecting the independent, unconditional and irrevocable nature of the first demand guarantee granted pursuant to this Guarantee.
- 2.4 The Guarantors irrevocably undertake to pay to the Security Agent upon written first demand (a **“Payment Demand”**) of the Security Agent, the amounts payable as principal, interest and other amounts due by the Secured Creditors pursuant to the Terms and Conditions on due dates as provided in the Terms and Conditions.

- 2.5 The intent and purpose of this Guarantee is to ensure that the Secured Creditors under all circumstances, whether factual or legal, and regardless of the validity and enforceability of the obligations of the Issuer or of any other grounds on the basis of which the Issuer may fail to effect payment, shall receive the amounts payable as principal, interest and other amounts to the Secured Creditors pursuant to the Terms and Conditions on due dates as provided in the Terms and Conditions.
- 2.6 The Guarantee will rank *pari passu* with all of the Guarantors' existing and future senior unsecured debt and senior to all of their existing and future subordinated debt, notwithstanding certain limitation under the laws of the relevant Guarantor's jurisdiction.
- 2.7 The obligations of the Guarantors *vis-à-vis* the Security Agent under this Clause 2 shall not be:
- (a) satisfied, discharged, lessened, impaired or affected by any intermediate payment or settlement of account or any change in the constitution or control of, or the insolvency of, or any liquidation, winding up or analogous proceedings relating to, any of the Guarantors; and
 - (b) discharged, prejudiced, lessened, affected or impaired by any act, event, omission or circumstance whatsoever which but for this provision would or might operate to release or exonerate the Guarantors from all or any part of such obligations or in any way discharge, prejudice, lessen, affect or impair the same.
- 2.8 The Guarantors expressly consent to the Guarantee being independent from any other security granted in connection with the Bonds and waive any right which might result from the release of any such other security.

3. CONDITIONS OF THE GUARANTEE

- 3.1 The Guarantors hereby irrevocably and unconditionally undertake to pay to the Security Agent, upon the Payment Demand, and in accordance with the conditions set out here below, all sums which the Security Agent may claim hereunder up to a maximum amount of principal of one hundred twenty five million euro (EUR 125,000,000.00), or the equivalent thereof in another currency, plus any interest, taxes or fiscal charges, duties, expenses, fees, rights, levies, indemnities and damages.
- 3.2 Any Payment Demand made by the Security Agent to the Guarantors under this Guarantee shall be made by way of a written notification addressed by the Security Agent to the Guarantors, sent in accordance with the provisions set forth in Clause 14 below and having the following content (each a "**Notification**"):
- (a) specifying that the Security Agent is making a Payment Demand under this Guarantee;
 - (b) specifying the amount due and payable by the Guarantors as well as the currency of payment of such sums; and

- (c) providing details of the relevant bank account into which payment should be made, together with relevant instructions as to how payment should be made (if any),

it being understood that:

- (d) the Security Agent shall be under no obligation to provide the Guarantors with any additional document nor to support its claim with any other justification or evidence; and
- (e) the payment obligation of the Guarantors under this Guarantee is not subject to the accuracy or the merit of any statement, declaration or information contained in any Notification.

3.3 The Guarantors shall make the payment requested in the Notification within two (2) Business Days as from the date of receipt (included) of the relevant Notification and in the currency as requested within the Notification. The Security Agent is entitled to request the payment of any amount in one or several instalments.

3.4 The Guarantors shall ensure that, so long as any of the Bonds are outstanding, but only up to the time all amounts of principal and interest have been placed at the disposal of the Paying Agent, the Issuer is at all times an Affiliate of the Guarantors.

4. GUARANTEE LIMITATIONS

The obligations and liabilities of and the guarantee issued by each Guarantor under this Guarantee shall be limited if required (but only if and to the extent required) under any applicable law or regulation in the respective jurisdiction in which each of the Guarantors are incorporated, including but not limited to the provisions set forth in Annex 2.

5. PAYMENT

5.1 Each Guarantor shall immediately upon receipt of a Payment Demand by the Security Agent make any payment due under this Guarantee to the Security Agent as representative for the Secured Creditors.

5.2 All moneys received by the Security Agent, or its designee, in exercise of its rights under this Guarantee shall be applied by the Security Agent in discharge of the Guaranteed Obligations in accordance with the terms of the Terms and Conditions.

5.3 All payments by a Guarantor under this Guarantee shall be paid to the account designated by the Security Agent in full, free of any present or future taxes, levies, duties, charges, fees or withholdings and without any deductions, restrictions, conditions, liens, set off or counterclaim whatsoever from the Guarantor.

6. SPECIAL UNDERTAKINGS

Each Guarantor hereby undertakes to comply with the special undertakings set out in the conditions 11.2 (*Distributions*), 11.3 (*Listing of Bonds*), 11.4 (*Financial Indebtedness and Disqualified Stock*), 11.5 (*Negative pledge*), 11.6 (*Loans out*), 11.7

(Disposals of assets), 11.8 (Mergers), 11.9 (Dividend and other payment restrictions), 11.10 (Additional Guarantee), 11.11 (Additional Transaction Security), 11.12 (Dealings with related parties), 11.13 (Compliance with laws), 11.14 (Financial reporting and information), 11.15 (Agent Agreement) and 11.16 (Additional Secured Creditors) of the Terms and Conditions.

7. CONTINUING GUARANTEE

7.1 Subject to Clauses 10 and 12, this Guarantee shall be a continuing guarantee and shall not be affected in any way by any variation, extension, waiver, compromise, release or discharge in whole or in part of the Guaranteed Obligations, any Guaranteed Document or of any security or guarantee from time to time therefore. To the extent it can be avoided by any action of the relevant Guarantor or otherwise, this Guarantee shall not be affected by any change in the laws, rules or regulations of any jurisdiction or by any present or future action of any governmental authority or court.

7.2 This Guarantee shall be in addition to and independent of any other guarantee, pledge or other security given or held by any other Secured Creditor in respect of the Guaranteed Obligations.

8. IMMEDIATE RECOURSE

8.1 Each Guarantor waives any right it may have of first requiring any Secured Creditor (or any trustee or agent on its behalf) to proceed against or enforce any other rights or security or claim payment from any person before claiming from the Guarantors under this Guarantee.

8.2 This waiver applies irrespective of any law or any provision of a Guaranteed Document to the contrary.

9. WAIVER

9.1 Until the Guaranteed Obligations have been irrevocably paid in full, each Guarantor undertakes not to exercise any right:

- (a) of recourse or subrogation;
- (b) to be indemnified by an Obligor; or
- (c) to take the benefit (in whole or in part and whether by way of subrogation or otherwise) of any rights of the Secured Creditors or of any Secured Creditor,

it may have by reason of performance of its obligations under this Guarantee.

9.2 Accordingly, each Guarantor acknowledges that it cannot raise any objection, ground or plea of any kind, in particular based on the Guaranteed Documents, to refuse or delay the performance of its obligations under this Guarantee and/or any payment to be made by it under this Guarantee. In particular, but without limitation, each Guarantor acknowledges that its obligations to make payments hereunder are independent from (i) the validity, regularity and/or enforceability of the Guaranteed Documents and the rights and obligations of the Issuer thereunder, (ii) any absence

of action by the Security Agent against the Issuer to enforce the Security Agent's rights under the Guaranteed Documents, (iii) any waiver or consent given by the Security Agent with respect to any provisions of the Guaranteed Documents, (iv) the occurrence of any event whatsoever which could prevent the Issuer from performing any of its obligations, including its payment obligations, under the Guaranteed Documents, including in relation to the opening of any voluntary or judicial insolvency proceedings in any jurisdiction, (vi) any other circumstances which might otherwise constitute a legal discharge of or a defence for such Guarantor.

10. RELEASE

When all the Guaranteed Obligations have been duly and irrevocably paid and discharged in full the Security Agent shall, upon the Issuer's written request and expense, promptly release each Guarantor from its obligations under this Guarantee. However, if any of the Guaranteed Obligations was only temporarily satisfied or may be set aside by an insolvency administrator or may otherwise be avoidable, the Guarantee shall continue in full force and effect.

11. COSTS AND EXPENSES

All costs and expenses (including legal fees and other out of pocket expenses and value added tax or other similar tax thereon) reasonably incurred by the Security Agent in connection with (i) the execution, preservation or enforcement of this Guarantee, and (ii) any amendment, consent, suspension or release of rights (or any proposal for the same) requested by a Guarantor relating to this Guarantee shall be borne by the relevant Guarantor and each Guarantor shall upon demand indemnify and hold the Security Agent harmless in respect of such reasonable costs and expenses.

12. ASSIGNMENTS

12.1 The Security Agent may assign and transfer all or a part of its rights, claims and obligations under this Guarantee to any assignee or successor appointed in accordance with the Terms and Conditions.

12.2 For the avoidance of doubt, any assignment or transfer of all rights, claims and obligations under the Guaranteed Documents made by the Security Agent or any other Secured Creditor in accordance with such Guaranteed Documents shall take effect as an assignment and assumption and transfer of all such Secured Creditor's rights and obligations under this Guarantee.

12.3 No Guarantor may assign or transfer any part of its rights, benefits, claims or obligation under this Guarantee.

13. DURATION

13.1 The Guarantee takes effect on the Effective Date.

13.2 The Guarantee shall expire upon the full and unconditional repayment of the Guaranteed Obligations (the "**Expiry Date**").

13.3 After the Expiry Date, the Guarantors shall be discharged from all obligations under this Guarantee.

14. NOTICE

14.1 Any notice, communication or demand (including a claim hereunder) to be given to each Party in connection with this Guarantee shall be in writing and delivered by hand, email, registered post or courier in accordance with this Clause.

14.2 The address of each Party to this Guarantee in respect of any notice and communications under this Guarantee is the one specified for each Guarantor in Annex 1 and the Issuer and the Security Agent as follows:

(a) Issuer

Address: 16, Rue Eugène Ruppert, L-2453 Luxembourg

Attention: Board of managers

(b) Security Agent

Address: Widenmayerstraße 16, 80538 Munich, Germany

Attention: Martin Schoebe

14.3 Any notice or other communication made by one Party to another Party under or in connection with this Guarantee will only be effective:

(a) in case of courier personal delivery, when it has been left at the address specified in this Guarantee;

(b) in case of letter, three (3) Business Days after being deposited postage prepaid in an envelope addressed to the address specified in this Guarantee; or

(c) in case of email, when received in legible form by the email address specified in this Guarantee.

15. MISCELLANEOUS

15.1 For the avoidance of doubt, the Guarantee shall not, in any manner whatsoever and for whatever reason, be construed as a *cautionnement* under articles 2011 et seq. of the Luxembourg Civil Code or as any other ancillary or similar undertaking.

15.2 No delay or omission in exercising any powers or privileges under this Guarantee shall be construed as a waiver thereof. Any exercise of any part of the rights shall not preclude subsequent enforcement of any such rights which have not, or have not fully, been exercised.

15.3 No amendment to this Guarantee shall be effective against any Party unless made in writing and signed by each of the Parties hereto, notwithstanding any decision by the Secured Creditors changing or amending the Terms and Conditions with regard to this Guarantee.

15.4 An original copy of this Guarantee is kept by the Security Agent at all times.

16. COUNTERPARTY

This Agreement may be executed in any number of counterparts each of which when executed and delivered shall be an original, but all counterparts together shall constitute one and the same instrument.

17. SEVERABILITY

Should any provision of this Guarantee be or become invalid, ineffective or unenforceable as a whole or in part, the validity, effectiveness and enforceability of the remaining provisions shall not be affected thereby. Any such invalid, ineffective or unenforceable provision shall be deemed replaced by such valid, effective and enforceable provision as comes closest to the economic intent and purpose of such invalid, ineffective or unenforceable provision as regards subject-matter, amount, time, place and extent. The aforesaid shall apply *mutatis mutandis* to any gap in this Guarantee.

18. GOVERNING LAW

This Guarantee shall be governed by and construed in accordance with the laws of Luxembourg law.

19. JURISDICTION

19.1 Subject to Clause 19.2, all disputes arising in connection with this Guarantee shall be submitted to the competent courts of Luxembourg.

19.2 The submission all disputes arising in connection with this Guarantee to the jurisdiction of Luxembourg shall not limit the right of the Security Agent or any court which may otherwise exercise jurisdiction over the relevant Guarantor or any of its assets.

The Parties have executed this Guarantee in two (2) originals.

[Remainder of page intentionally left blank; signature pages to follow]

Annex 1 – Guarantors

Name	Reg. No.	Notice details
AS IuteCredit Europe	11551447	Address: Maakri 19/1, EST-10145 Tallinn, Estonia
IuteCredit Albania SH.A	L42011023U	Address: Njesia Administrative Nr.5, Rruga Andon Zako Cajupi, Nderresa Nr.3, Hyrja 2, Zona Kadastrale 8270, Nr. Pasurie 2/462-N3, Albania

1. LIMITATIONS FOR ESTONIAN GUARANTORS

The obligations and liabilities of and the guarantee issued by the Guarantor incorporated in Estonia under this Guarantee shall be limited at, any time, if (and only if) required and to the extent that this Guarantee would otherwise be illegal or constitute unlawful provision of security within the meaning of § 159(3) or § 281(3) of the Commercial Code of the Republic of Estonia or prejudice any limitations required under applicable mandatory provisions of Estonian law.

2. LIMITATION FOR ALBANIAN GUARANTORS

The obligations and liabilities of and the guarantee issued by the Guarantor incorporated in Albania under this Guarantee shall be limited at, any time, if (and only if) required and to the extent that this Guarantee would otherwise be illegal or constitute unlawful provision of security or prejudice any limitations or preliminary approvals required under applicable mandatory provisions of Albanian law, including but without being limited to: (i) the provisions of the Albanian law no. 9901/2008 "*On entrepreneurs and commercial companies*", (ii) the provisions of the Albanian law 9962/2006 "*On banks in the Republic of Albania*" and regulations of the Bank of Albania governing the activity and administration of risks of non-banking financial institutions in Albania and (iii) the Albanian law 110/2016 "*On bankruptcy*".

XVII.ADDITIONAL INFORMATION ON THE GUARANTEES, THE TRANSACTION SECURITY DOCUMENTS AND THE SECURITY AGENT

The following description is partly based on and must be read in conjunction with the Terms and Conditions of the Bonds. To the extent there is any discrepancy between the Terms and Conditions and the following description, the Terms and Conditions will prevail.

Guarantees and Transaction Security Documents

The following entities have issued Guarantees (together the “**Guarantors**”):

- AS luteCredit Europe (Estonia);
- luteCredit Albania SH.A (Albania).

Group companies shall become a guarantor of the Bonds within three (3) months after any such Restricted Subsidiary becomes a Material Group Company.

The Issuer, Holdco and certain material group companies have granted transaction securities for the due and punctual fulfilment of the Secured Obligations. The Transaction Security Documents are listed below.

The following entities have granted Security (together the “**Pledgors**” and, together with the Guarantors, the “**Security Providers**”):

- luteCredit Finance S.à r.l. (Luxembourg);
- AS luteCredit Europe (Estonia);
- O.C.N. “IUTE CREDIT” S.R.L. (Moldova);
- luteCredit Albania SH.A (Albania);
- luteCredit Macedonia DOOEL Skopje (North Macedonia).

The Transaction Security Documents as of the Settlement Date shall consist of:

- (a) Luxembourg security documents (the “**Luxembourg Transaction Security Documents**”), including:
 - (i) a Luxembourg share pledge agreement creating a first ranking pledge over all the shares held by Holdco in the Issuer (the “**Luxembourg Share Pledge Agreement**”);
 - (ii) a Luxembourg receivables pledge agreement creating a first ranking pledge over present and future material loan receivables granted by the Issuer to Holdco or other Group Company (the “**Luxembourg Receivables Pledge Agreement**”);
 - (iii) a Luxembourg account pledge agreement creating a first ranking pledge over primary bank accounts held by the Issuer (the “**Luxembourg Account Pledge Agreement**”);
- (b) Estonian security documents (the “**Estonian Transaction Security Documents**”), including:
 - (i) an Estonian law governed receivables pledge agreement creating a first ranking pledge over present and future material loan receivables

- granted by Holdco to other Group Company (the “**Estonian Receivables Pledge Agreement**”);
- (ii) an Estonian law governed account pledge agreement creating a first ranking pledge over primary bank accounts held by Holdco (the “**Estonian Account Pledge Agreement**”);
- (c) Moldovan security documents (the “**Moldovan Transaction Security Documents**”), including:
- (i) a Moldovan law governed receivables pledge agreement creating a first ranking pledge over present and future loan receivables granted by O.C.N. “IUTE CREDIT” S.R.L. to its customers (the “**Moldovan Customer Receivables Pledge Agreement**”);
 - (ii) a Moldovan law governed account pledge agreement creating a first ranking pledge over primary bank accounts held by O.C.N. “IUTE CREDIT” S.R.L. (the “**Moldovan Account Pledge Agreement**”);
- (d) Albanian security documents (the “**Albanian Transaction Security Documents**”), including:
- (i) an Albanian law governed receivables pledge agreement creating a first ranking pledge over present and future loan receivables granted by IuteCredit Albania SH.A to its customers (the “**Albanian Customer Receivables Pledge Agreement**”);
 - (ii) an Albanian law governed account pledge agreement creating a first ranking pledge over primary bank accounts held by IuteCredit Albania SH.A (the “**Albanian Account Pledge Agreement**”);
- (e) North Macedonian security documents (the “**North Macedonian Transaction Security Documents**”), including:
- (i) a North Macedonian law governed receivables pledge agreement creating a first ranking pledge over present and future loan receivables granted by IuteCredit Macedonia DOOEL Skopje to its customers (the “**North Macedonian Customer Receivables Pledge Agreement**”).

In addition, the Issuer shall (a) procure that any Restricted Subsidiary which is not a Pledgor as of the Issue Date shall enter into transaction security documents with the Security Agent substantially equivalent to the existing Transaction Security Documents (an “**Additional Pledgor**”) and b) grant pledges over (i) primary bank accounts and (ii) present and future loans receivables granted by such Additional Pledgor to its customers to the benefit of the Security Agent, within ninety (90) calendar days after any such Restricted Subsidiary becomes a Company holding a Net Loan Portfolio of at least EUR 5,000,000 (a “**Material Group Companies**”).

Subject to applicable local law requirements and limitations, the Issuer shall use best effort to procure that (a) all Pledgors enter into (i) account pledge agreements in respect of first priority pledges over the Pledgors accounts and all funds held on the Pledgors accounts from time to time and (ii) pledges over present and future loans receivables granted by such Pledgors to customers within ninety (90) calendar days following the Settlement Date and (b) any Additional Pledgor enter into (i) an account pledge agreement (ii) a pledge over present and future loans receivables granted by such Additional Pledgor to customers within ninety (90) calendar days after such Restricted Subsidiary becomes an Additional Pledgor.

In order to ensure continuous growth of the group via diversification of funding, the security package of the Bonds may be made available to other senior secured creditors of the group in accordance with an intercreditor agreement (the “**Intercreditor Agreement**”), within the limits of the Permitted Indebtedness, the Incurrence Covenants and the negative pledge covenants in the Terms and Conditions. The terms and conditions of all senior secured instruments and the Intercreditor Agreement shall provide, inter alia, for pro rata distribution of proceeds from enforcement of the security package and cross-default of senior secured debt.

For more information about the Transaction Security and Guarantee, see “*Terms and Conditions of the Bonds*”.

Security Agent

Greenmarck Restructuring Solutions GmbH, established in Germany and registered with the lower court of Munich, HRB 187052, with address in Widenmayerstraße 16, 80538 Munich, Germany will act as Security Agent.

XVIII. TAXATION

The tax legislation of the investor's member state and of the Issuer's country of incorporation (Luxembourg) may have an impact on the income received from the Bonds.

The following section is a description of certain tax consequences under the tax laws of Estonia, Latvia, Lithuania, Germany and Luxembourg with regard to the acquisition, ownership and sale of the Bonds. The following description of the Estonian, Latvian, Lithuanian, German and Luxembourg tax situations is not intended to provide exhaustive information that might be necessary for an individual purchase decision regarding the Bonds offered. Only the essential regulations of income taxation are described in an outline. The Issuer points out that the specific tax consequences depend on the personal circumstances of the investors and may be affected by future changes in tax legislation, case law and/or the instructions of the fiscal authority. The description is based on the fiscal law applicable in Estonia, Latvia, Lithuania, Germany and Luxembourg at the time the Prospectus is being produced. These laws may change with retroactive effect as well. The specific tax treatment of the purchase, ownership or sale of the Bonds is thus only governed by the tax laws applicable in the individual case at any time in the respective interpretation by the fiscal authority and the fiscal courts. It cannot be ruled out that the interpretation by a tax authority or a fiscal court is different from the explanations shown here. Although the following explanations reflect the assessment by the Issuer, they may not be misinterpreted as tax advice or a guarantee. Tax advice cannot be replaced by these explanations and is therefore strongly recommended.

1. Taxation in Estonia

Taxation of Capital Gains from Sale or Exchange of Bonds

Residents

Gains realized by an Estonian resident individual upon the sale or exchange of securities (including the Bonds) are subject to income tax at the rate of 20%. For the purposes of capital gains taxation, the gain derived from the sale of securities (including the Bonds) is the difference between the acquisition cost and the sales price of such securities. The gain derived from the exchange of securities is the difference between the acquisition cost of securities subject to exchange and the market price of the property received as a result of the exchange. The expenses directly related to the sale or exchange of the Bonds may be deducted from the gains. Since all earnings of resident legal persons, including capital gains, are taxed only upon distribution (in Estonia corporate income tax is charged only on the distributed profit with the reinvested profits remaining untaxed until distribution), capital gains accruing to resident legal persons are not subject to immediate taxation.

Non-residents

As a general rule, capital gains received by non-residents from the sale or exchange of securities are not taxed in Estonia. Non-resident bondholders receiving capital gains from the sale or exchange of the Bonds may be subject to declaring and paying income tax in their respective countries of residence.

Taxation of Interest

Residents

Estonian resident individuals are subject to paying income tax (20%) on the interest received from securities (including the Bonds). Therefore, interest payments received by Estonian resident individuals from the Bonds are subject to income tax in Estonia. As a rule, if the interest has been paid by a non-resident entity, no income tax has been withheld and the individual Estonian resident shall declare and pay income tax in Estonia. The interest is not

subject to income tax, if it is received from financial assets acquired for the money held in the pension investment account specified in the Accumulated Pensions Act. Since all earnings of resident legal persons are taxed only upon distribution (as described above), interest received by Estonian resident legal persons is not subject to immediate taxation.

Non-residents

As a general rule, interest payments received by non-residents are exempt in Estonia. Non-resident bondholders receiving interest from the Bonds may be subject to declaring and paying income tax in their respective countries of residence.

Investment Account:

Estonian resident individuals may postpone the taxation of their investment income by using an investment account (in Estonian: *investeerimiskonto*) for the purposes of making transactions with certain financial assets (including the Bonds). An investment account is a cash account (standard bank account) opened with a resident credit institution of a member state of the OECD or in the permanent establishment of a credit institution located in the OECD country through which the transactions with the financial assets, taxation of income from which (e.g. capital gains, etc.) a person wants to postpone, shall be made. The moment of taxation of the financial income held on an investment account is postponed until such income is withdrawn from the investment account (i.e. the amount withdrawn from the account exceeds the amount which had been previously paid in to all investment accounts). Therefore, financial income held at the investment account may be reinvested tax-free until it is withdrawn from the account.

Similar to a regular investment account, a pension investment account specified in the Accumulated Pensions Act allows individual to make transactions with financial assets, while the taxation of income from such assets is postponed until the income is withdrawn from the pension investment account. Funds withdrawn from the pension investment account are generally taxed at a 20% income tax rate unless they are withdrawn after reaching retirement age, in which case a 10% or 0% income tax rate is applied (depending of the method of payment).

2. Taxation in Latvia

Latvian tax residents

Latvian tax residents are liable to pay and report capital gains in Latvia from worldwide transactions with capital assets. An individual is considered to be a resident of Latvia if any of the following conditions are fulfilled:

- The individual's declared place of residence is located in Latvia.
- The individual resides in Latvia for 183 days or longer in a 12-month period beginning or ending during the tax year.
- The person is a citizen of Latvia and is employed abroad by the government of Latvia.

In case an individual spends significant time or has close personal and economical relationships with the foreign country as well, a double tax treaty concluded between Latvia and this country has to be consulted as it may hold specific provisions to determine tax residency for the individual.

Capital gains from sale of securities are taxable in Latvia as regular capital gains or income from investment account. In general, in the case of transactions with financial instruments (securities), including bonds and transactions, a declared investment account shall not be used

(Special requirements of Section 11.13 of the law of On Personal Income Tax), the procedure for applying the normal personal income tax to capital gains is then applicable, which provides for a quarterly or annual declaration of income from capital gains.

Capital gains are determined by deducting the acquisition value from the disposal price of the capital asset, including expenses related to its acquisition. The tax rate for capital gains is 20%. The date of receipt of the income shall be deemed to be the day on which the payer receives the money or other matters.

The deadline for the submission of the declaration shall be based on the amount of revenue generated during the quarter:

- above EUR 1,000, the declaration shall be submitted quarterly by the 15th of the following month;
- up to EUR 1,000 - the declaration shall be submitted by 15th January of the following year.

Tax calculated on capital gains is payable to the state budget by 23rd date of the filing month.

In case the individual has received an income as a capital gain as well as losses occurred from alienation of other capital assets, the positive capital gain can be covered by the losses incurred in the same taxation year. The individual may submit an annual capital gain tax return in order to refund the overpaid tax amount, if any, starting from the 1st March of a post-taxation year.

On the other hand, if securities transactions are carried out using an investment account in accordance with the provisions of Section 11.13 of the Law On Personal Income Tax, the special principles for calculating personal income tax for transactions in an investment account shall be applied. In this case, income is classified as income from capital other than capital gains and a 20% tax rate applies to that type of income. The date on which the amount of money paid out from an investment account exceeds the amount of money paid into an investment account shall be considered as the date on which the income from the investment account was generated.

If an investment account is used to carry out transactions in securities, the income, if any, shall be declared in the annual income statement by completing Annex D1, "Income earned in the tax year for which the non-taxable minimum and benefits are not applied", and shall calculate the personal income tax to be paid. Filing deadline depends on annual income. If it exceeds 78,100 EUR, filing deadline is the 1st of July of the year following tax year. Otherwise filing deadline is 1 June of the year following tax year. Tax shall be paid by the 23rd date of the filing month (23 June or 23 July). If tax payable exceeds EUR 640, it can be split on three equal instalments (23 June, 23 July, 23 August or 23 July, 23 August, 23 September).

Transactions in capital assets (securities) shall be based on supporting documents of revenue and expenditure (e.g. a credit institution's payment document justifying the size of the investments, or an account statement of the contributions made and the costs of the capital asset in question).

Latvian tax non-residents

As a general rule, capital gains received by non-residents from the sale or exchange of securities are not taxed in Latvia with personal income tax. However, withholding tax might apply according to the Latvian law on "Enterprise Income Tax".

The Latvian law on “Enterprise Income Tax” prescribes that non-payment of corporation tax funds does not mean they do not have to deduct corporation tax from costs to non-residents. Such an enterprise income tax payer is the recipient of the income, not the fund itself. This will be important in the income receiving country, so that it is possible to reduce the enterprise income tax to be paid there in respect of the enterprise income tax withheld in Latvia or not in general, depending on the double taxation system.

The Latvian Enterprise Income Tax Law provides for withholding enterprise income tax from the following payments to non-residents:

- on management and advisory services — 20%;
- on the disposal of real estate in Latvia — 3%;
- on rent of real estate located in Latvia – 5%;
- payments to offshores – 20% (except for goods and securities for public circulation of the EU and the European Economic Area).

The Latvian fund should not choose a foreign company as a manager from a country with which Latvia does not have a tax convention, according to which it is possible to exempt management and advisory services from withholding tax.

3. Taxation in Lithuania

Tax Residents

An individual is a tax resident of Lithuania (resident individual) if his/her:

- (a) permanent place of residence in the relevant tax period is in Lithuania, or
- (b) whose personal, social or economic interests in the relevant tax period are located in Lithuania, or
- (c) who is present in Lithuania continuously or intermittently for at least 183 days in the relevant tax period, or at least 280 days in two consecutive tax periods and at least 90 days in one of these tax periods, or
- (d) who is a citizen of Lithuania and who does not meet any of the aforesaid criteria but for whom remuneration for the work carried out abroad is paid or costs of living abroad are covered by the Republic of Lithuania or any of the municipalities thereof.

The above are basic principles for determining tax residency of the individual; some additional ones are enshrined in the Law on Personal Income Tax of the Republic of Lithuania, which must be consulted in the specific case.

In case an individual spends significant time or has close personal and economical relationships with the foreign country as well, a double tax treaty concluded between the Republic of Lithuania and this country needs to be consulted as it may hold specific provisions to determine tax residency for the individual.

An entity which is legally established in Lithuania is considered as having tax residency in Lithuania (resident entity). Taxation of interest income and capital gains received by non-resident entity acting through a permanent establishment in Lithuania is the same as that of resident entity defined above. Therefore, for relevant details on the taxation of Lithuanian permanent establishments as Holders of the Bonds, please refer to the taxation of resident entities.

Taxation of the Holders of the Bonds

Resident individuals

Individuals who are tax residents in Lithuania are in general subject to unlimited taxation with Lithuanian personal income tax (PIT) which applies to their worldwide income, including interest and capital gains, unless double tax treaties concluded by the Republic of Lithuania provide otherwise.

Interest from the Bonds (including, to the extent applicable, the difference between the redemption price and the issue price of the Bonds) and capital gain from the disposal of the Bonds earned by a resident individual is subject to PIT at progressive tax rates of:

- (a) 15%, which applies if the total amount of annual worldwide income (excluding employment and employment related income, dividends, management board and supervisory board member's remuneration, income from individual entrepreneurship, income received under copyright contracts from a person related to the individual through employment or similar relations, income received under civil service agreements by directors of small partnerships who are not the members thereof) received by a resident individual does not exceed the amount of 120 Lithuanian gross average salaries, which are announced annually and slightly increases each year. For 2023 this figure equals to EUR 202,188;
- (b) 20%, which applies on annual income exceeding the threshold of 120 Lithuanian gross average salaries.

A part of the total annual amount of interest (including interest on Bonds) received by a resident individual during the calendar year up to the amount of EUR 500 is exempt from PIT. A part of the capital gains received by a resident individual from the sale of securities (including the Bonds) during the calendar year up to the amount of EUR 500 is also exempt from PIT. Both before-indicated tax reliefs will, *inter alia*, not apply if interest or disposal proceeds are received from entities established in a tax haven or from individuals whose permanent place of residence is in a tax haven.

Non-resident individuals

Individuals who are not tax residents in Lithuania and do not engage into individual commercial activity here are subject to limited taxation with PIT in Lithuania, which applies to specific kinds of income indicated in the Law on PIT, *inter alia*, on interest (including, to the extent applicable, the difference between the redemption price and the issue price of the Bonds) *if they are sourced in Lithuania*. In such case interest will be subject to PIT at the same progressive rates as indicated in the section on Taxation of the Holders of the Bonds – resident individuals above, except the cases where specific double tax treaty concluded by the Republic of Lithuania provides for a lower tax rate. It should be noted that under the official commentary of the Lithuanian Tax Inspectorate, only the specific kinds of income of the non-resident individuals indicated in the Law on PIT and sourced in Lithuania shall be considered when calculating 120 Lithuanian gross average salaries – the decisive threshold for application 15% or 20% PIT.

The capital gain from the disposal of Bonds by the non-resident individual will not be subject to Lithuanian PIT.

Resident entities

Corporate entities which are tax residents in Lithuania are in general subject to unlimited taxation with Lithuanian corporate income tax (CIT) which applies to their worldwide income, including interest and capital gains, unless the commercial activities through a permanent establishment is conducted abroad or unless the double tax treaties concluded by the Republic of Lithuania with foreign states provide otherwise.

Interest from the Bonds (including, to the extent applicable, the difference between the redemption price and the issue price of the Bonds) and capital gains from the disposal of the Bonds earned by a resident entity will be included into the taxable income of an entity and profit of such entity is to be taxed with 15% CIT (unless a reduced 0% or 5% CIT rate applies to a small enterprise under the Law on CIT) under the general taxation rules applicable. Starting from fiscal year 2020, banks and credit unions, including branches of foreign banks in Lithuania shall pay additional 5% CIT on profits (subject to special calculation rules) exceeding EUR 2 million.

Non-resident entities

Non-resident entities which do not engage into commercial activity through permanent establishment in Lithuania are subject to limited taxation with CIT in Lithuania, which applies to specific kinds of income indicated in the Law on CIT, *inter alia, on interest* (including, to the extent applicable, the difference between the redemption price and the issue price of the Bonds) *if they are sourced in Lithuania*.

The capital gain from the disposal of Bonds by the non-resident entity will not be subject to Lithuanian CIT unless such disposal is effectively related with the activities effected by that entity through its permanent establishment in Lithuania.

4. Taxation in the Federal Republic of Germany

Tax Residents

Persons (individuals and corporate entities) who are tax resident in Germany (in particular, persons whose residence, habitual abode, statutory seat or place of management is located in Germany) are subject to unlimited taxation (income tax or corporate income tax, in each case plus solidarity surcharge on the (corporate) income tax plus church tax and/or trade tax, if applicable). The unlimited tax liability applies to the worldwide income, regardless of its source, including interest on capital claims of any kind and, in general, capital gains. However, contrary provisions in German double taxation treaties may allocate a taxation right to another country.

Taxation if the Bonds are held as private assets

Should the Bonds be held as private assets by a domestic tax-resident individual investor, the interest paid on the Bonds and capital gains from the sale or redemption of the Bonds or the separate sale or redemption of interest claims are taxable at a uniform tax rate of 25 % (26,675 % including solidarity surcharge plus church tax, if applicable, the rate of which varies depending on the province). Capital gains/losses realised upon the sale or redemption of the Bonds are computed as the difference between the proceeds from the disposition or redemption (after deduction of actual expenses directly related thereto) and the issue or purchase price of the Bonds. If the respective income is paid through the banking system, which is the case if the Bonds are held in a custodial account which the owner of the Bonds maintains with a domestic branch of a German or non-German bank, a financial services institution, a domestic securities trading business or a domestic securities trading bank, the tax will be withheld at source, generally as a final burden. If the income is paid from elsewhere, e.g., from a foreign bank, and therefore no tax is withheld at source, the taxpayer must report

the respective income in his tax return. The uniform tax rate charge will then be levied by assessment, independently of all other features of the taxpayer's situation. In certain cases, the investor may apply to be assessed on the basis of its actual personal tax rate if such rate is lower than the uniform tax rate of 25 %. However, within the scope of the withholding tax, a deduction of the actual income-related expenses (in excess of a lump-sum amount of 801 EUR or EUR 1,602 for married couples assessed together) is excluded. Losses from the sale of Bonds can only be offset against other capital gains income and, if there is not sufficient other positive capital gains income, carried forward in subsequent assessment periods. Losses, which have been subject to withholding tax as set out above can only be offset or carried forward if the disbursing agent issues a corresponding (loss) certificate pursuant to Sec. 43a para. 3 sentence 4, Sec. 45a para. 2 of the German Income Tax Act (*Einkommensteuergesetz; EStG*).

No German withholding tax will be levied if the investor has filed a withholding tax exemption certificate with the respective German disbursing agent, but only to the extent that the paid interest or the capital gain does not exceed the lump-sum amount as described above. Similarly no withholding tax will be levied, if the relevant investor has submitted a non-assessment certificate issued by the relevant local tax office

Taxation if the Bonds are held as business assets

For German tax resident corporations and domestic commercial investors, holding the Bonds as business assets, interest payments and capital gains will be subject to (corporate) income tax and, if applicable, trade tax. Business expenses related to the Bonds generally are deductible.

The corporate income tax rate including the solidarity surcharge amounts to 15,825 %. Commercial investors not being subject to corporate income tax are taxed at their personal income tax rate which amounts up to 45%. The trade tax rate for businesses being subject to German trade tax, depends on the municipality where the business is located. Furthermore, in the case of individuals, church tax may be levied.

For these investors, only the interest paid on Bonds is generally subject to the provisions regarding German withholding tax as set out above. No withholding tax is levied in the case of the sale or redemption of the Bonds or the separate sale or redemption of interest claims if the investor is a German corporation subject to unlimited taxation or the proceeds from the Bonds qualify as income of a domestic business and the investor notifies this to the German disbursing agent by use of the officially required form. However, levied withholding tax has no settling effect, i.e. any tax withheld is credited as prepayment against the German (corporate) income tax amount.

Non-residents

Persons who are not tax resident in Germany are not subject to tax with regard to income derived from the Bonds. This does not apply, if (i) the Bonds are held as business assets of a German permanent establishment or are attributable to a permanent representative of such person or (ii) the income from the Bonds is subject to German limited taxation for other reasons (e.g. the Bonds are, irrespective of certain exceptions, directly or indirectly secured by German real property or domestic rights subject to the real estate provisions of German civil law).

If a non-resident person is subject to tax with its income from the Bonds, similar rules apply as set out above with regard to German tax resident persons.

Application of the German withholding tax regime on the Issuer

The Issuer is not obliged under German tax law to levy German withholding tax in respect of payments on the Bonds. Therefore, the Issuer assumes no responsibility for the withholding of taxes at the source.

Investors are also advised to seek the reliable advice of their own tax advisor regarding the specific fiscal implications of the investment. Such advice cannot be replaced by the above explanations.

German Inheritance and Gift Tax

Generally German inheritance or gift taxes with respect to the Bonds will arise, if, in the case of inheritance tax, either the decedent or the beneficiary, or, in the case of gift tax, either the donor or the heir, is a resident of Germany or such Bond is attributable to a domestic business for which a permanent establishment is maintained or a permanent representative is appointed. This applies also to certain German citizens who previously maintained a residence in Germany.

5. Taxation in the Grand Duchy of Luxembourg

Taxation of the Issuer

The Issuer will be considered a fiscal resident of Luxembourg from a Luxembourg tax law perspective and should therefore be able to obtain a residence certificate from the Luxembourg tax authorities.

The Issuer will be liable for Luxembourg corporation taxes. The current standard applicable rate in Luxembourg-City, including corporate income tax (*impôt sur le revenu des collectivités*), municipal business tax (*impôt commercial communal*) and solidarity taxes, is currently 24,94%. Liability for such corporation taxes extends to the Issuer's worldwide profits including capital gains, subject to the provisions of any relevant double taxation treaty. The taxable income of the Issuer is computed by application of all rules of the Luxembourg income tax law of 4 December 1967, as amended (*loi concernant l'impôt sur le revenu*), as commented on and currently applied by the Luxembourg tax authorities.

Under certain conditions, dividends received by the Issuer from qualifying participations and capital gains realised by the Issuer on the sale of qualifying participations may be exempt from Luxembourg corporation taxes under the Luxembourg participation exemption regime. The Issuer may further deduct from its taxable profits interest payments made to the holders of the Bonds to the extent that such interest exceeds any exempt income derived from participations financed with the Bonds and qualifying under the Luxembourg participation exemption regime. Furthermore, should the Bonds finance qualifying participations under the Luxembourg participation exemption regime, any interest having reduced the taxable basis of the Issuer may be subject to recapture upon disposal of the qualifying participations by reducing the exempt amount of capital gains.

A fixed registration duty (*droit fixe d'enregistrement*) of EUR 75 is payable at the moment that the Articles are amended.

It is not compulsory that the Bonds be filed, recorded or enrolled with any court, or other authority in Luxembourg or that registration tax, transfer tax, capital tax, stamp duty or any other similar tax or duty be paid in respect of or in connection with the execution, delivery and/or enforcement by legal proceedings (including any foreign judgment in the courts of Luxembourg) of the Bonds, in accordance therewith, except that, the Bonds are physically attached (*annexé(s)*) to a public deed or to any other document subject to mandatory registration in Luxembourg registration may be ordered which results in the application of a

fixed registration duty (of EUR 12) or an ad valorem registration duty (of 0.24% calculated on the amounts mentioned in the Bonds).

Under certain conditions, the Issuer could be exempt from wealth tax (*impôt sur la fortune*) on certain assets, such as qualifying participations under the Luxembourg participation exemption regime. However the Issuer will in any case be liable for the minimum wealth tax of EUR 4,815 or a progressive minimum amount between EUR 535 and EUR 32,100, depending on the balance sheet total of the Issuer. The maximum amount of EUR 32,100 is applicable in the case of a balance sheet exceeding EUR 30 million.

Taxation of the Holders of the Bonds

Withholding tax

Non-resident Holders of the Bonds

Under Luxembourg general tax laws currently in force, there is no withholding tax on payments of principal, premium or interest made to non-resident holders of the Bonds, nor on accrued but unpaid interest in respect of the Bonds, nor is any Luxembourg withholding tax payable upon redemption or repurchase of the Bonds held by non-resident holders of the Bonds.

Resident Holders of the Bonds

Under Luxembourg general tax laws currently in force and subject to the law of 23 December 2005, as amended (the "**Law**"), mentioned below, there is no withholding tax on payments of principal, premium or interest made to Luxembourg resident holders of the Bonds, nor on accrued but unpaid interest in respect of Bonds, nor is any Luxembourg withholding tax payable upon redemption or repurchase of Bonds held by Luxembourg resident holders of the Bonds.

Under the Law payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to or for the benefit of an individual beneficial owner who is resident of Luxembourg will be subject to a withholding tax of 20%.

If the individual Holder holds the Bonds in the course of the management of his or her private wealth, the aforementioned 20% withholding tax will operate a full discharge of income tax due on such payments.

Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payments of interest under the Bonds coming within the scope of the Law would be subject to withholding tax of 20%.

Income taxation

Holders of Bonds will not be deemed to be resident, domiciled or carrying on business in Luxembourg solely by reason of holding, execution, performance, delivery, exchange and/or enforcement of the Bonds.

Gains realised by a non-resident holder of Bonds, who does not have a permanent establishment or fixed place of business in Luxembourg, to which the Bonds are attributable, on the sale or disposal of Bonds are not subject to Luxembourg income tax.

Resident individual holder of the Bonds

An individual holder of the Bonds who is a resident of Luxembourg for tax purposes or who has a permanent establishment or a fixed place of business in Luxembourg, to which the Bonds

are attributable, is subject to Luxembourg income tax at progressive rates in respect of the interest paid or accrued on, or any other income derived from, the Bonds, except (a) if the holder is acting in the course of the management of his/her private wealth and the 20% withholding tax has been levied on such payments in accordance with the Law or (b) the individual holder of the Bonds has opted for the application of a 20% tax in full discharge of income tax in accordance with the Law, which applies if a payment of interest has been made or ascribed by a paying agent established in a EU Member State (other than Luxembourg), or in a Member State of the European Economic Area (other than a EU Member State).

Under Luxembourg domestic tax law, gains realised by an individual holder of the Bonds, who acts in the course of the management of his/her private wealth and who is a resident of Luxembourg for tax purposes, on the sale or disposal, in any form whatsoever, of Bonds are not subject to Luxembourg income tax, provided this sale or disposal took place at least six months after the acquisition of the Bonds. An individual holder of Bonds, who acts in the course of the management of his private wealth and who is a resident of Luxembourg for tax purposes, must however include the portion of the gain corresponding to accrued but unpaid interest in respect of the Bonds in his taxable income, except if: (a) withholding tax has been levied on such payments in accordance with the Law; or (b) the individual holders of the Bonds has opted for the application of a 20% tax in full discharge of income tax in accordance with the Law, which applies if a payment of interest has been made or ascribed by a paying agent established in an EU Member State (other than Luxembourg), or in a Member State of the European Economic Area (other than an EU Member State).

The 20% withholding tax is the final tax liability for the Luxembourg individual resident taxpayers receiving the interest payment in the framework of their private wealth.

Resident corporate holder of Bonds

Gains realised by a corporate holder of the Bonds, who acts in the course of the management of a professional or business undertaking, who is a resident of Luxembourg for tax purposes or who has a permanent establishment or a fixed place of business in Luxembourg, to which the Bonds are attributable, on the sale or disposal, in any form whatsoever, of the Bonds are subject to Luxembourg income tax and municipal business tax.

A Luxembourg holder of Bonds that is governed by the law of 11 May 2007 on family estate companies, as amended, by the law of 17 December 2010 on undertakings for collective investment, as amended, by the law of 13 February 2007 on specialised investment funds, as amended, or by the law of 23 July 2016 relating to reserved alternative investment funds, as amended (the “**RAIF Law**”), provided it is not foreseen in the incorporation documents that (i) the exclusive object is the investment in risk capital and that (ii) article 48 of the aforementioned RAIF Law applies, will not be subject to any Luxembourg corporation taxes in respect of interest received or accrued on the Bonds, or on gains realised on the sale or disposal, in any form whatsoever, of Bonds.

Net Wealth Tax

A corporate holder of the Bonds, whether resident of Luxembourg for tax purposes or maintaining a permanent establishment or a permanent representative in Luxembourg to which the Bonds are attributable, is subject to Luxembourg wealth tax on the Bonds, except if the holder of the Bonds is governed by the law of 11 May 2007 on family estate companies, as amended, by the law of 17 December 2010 on undertakings for collective investment, as amended, by the law of 13 February 2007 on specialised investment funds, as amended, by the RAIF Law, provided it is not foreseen in the incorporation documents that (i) the exclusive object is the investment in risk capital and that (ii) article 48 of the aforementioned RAIF Law

applies or is a securitisation company governed by the law of 22 March 2004 on securitisation, as amended, or a capital company governed by the law of 15 June 2004 on venture capital vehicles, as amended.

Since 1 January 2016, (i) securitization companies governed by the amended law of 22 March 2004 on securitization and (ii) investment companies in risk capital (SICAR) governed by the law of 15 June 2004 are subject to an annual minimum net wealth tax. Under certain conditions, reserved alternative investment funds governed by the law of 23 July 2016 and which fall under the special tax regime set out under article 48 thereof may be subject to minimum net wealth tax.

An individual holder of the Bonds, whether he/she is resident of Luxembourg or not, is not subject to Luxembourg wealth tax on the Bonds.

Other Taxes

There is no Luxembourg value added tax payable in respect of payments in consideration for the issuance of the Bonds or in respect of the payment of interest or principal under the Bonds or the transfer of the Bonds. Luxembourg value added tax may, however, be payable in respect of fees charged for certain services rendered to the Issuer, if for Luxembourg value added tax purposes such services are rendered or are deemed to be rendered in Luxembourg and an exemption from Luxembourg value added tax does not apply with respect to such services.

Under present Luxembourg tax law, in the case where a holder of the Bonds is a resident for tax purposes of Luxembourg at the time of his death, the Bonds are included in his taxable estate, for inheritance tax purposes and gift tax may be due on a gift or donation of the Bonds, if the gift is recorded in a Luxembourg deed passed in front of a Luxembourg notary or recorded in Luxembourg.

6. Foreign Account Tax Compliance Act

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986 the U.S. Foreign Account Tax Compliance Act, commonly known as FATCA, a “foreign financial institution” may be required to withhold a 30% withholding tax on certain payments it makes (“foreign passthru payments”) to persons that fail to meet certain certification, reporting, or related requirements. A number of jurisdictions (including Luxembourg) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (“IGAs”), which modify the way in which FATCA applies in their jurisdictions. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Bonds, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Bonds, are uncertain and may be subject to change.

Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Bonds, such withholding would not apply prior to two years after the date on which final regulations defining “foreign passthru payments” are filed with the U.S. Federal Register.

While the Bonds are in global form and held within Euroclear Bank SA/NV or Clearstream Banking S.A. (together the “ICSDs”), it is expected that FATCA will not affect the amount of any payments made under, or in respect of, the Bonds by the Issuer and any paying agent, given that each of the entities in the payment chain between the Issuer and the participants in the ICSDs is a major financial institution whose business is dependent on compliance with FATCA and that any alternative approach introduced under an IGA will be unlikely to affect the Bonds.

The documentation expressly contemplates the possibility that the Bonds may go into definitive form and therefore that they may be taken out of the ICSDs. If this were to happen, then a non-FATCA compliant holder could be subject to FATCA Withholding. However, definitive Bonds will only be printed in remote circumstances.

In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Bonds, Holders will not receive any Additional Amount in respect of such withholding, and Holders will therefore receive less than the amount that they would have otherwise have received on such Bonds.

FATCA is particularly complex and its application is uncertain at this time. The above description is based in part on regulations, official guidance and model IGAs, all of which are subject to change or may be implemented in a materially different form. **Prospective investors should consult their tax advisors on how these rules may apply to payments they may receive in connection with the Bonds.**

XIX. LIMITATIONS ON VALIDITY AND ENFORCEABILITY OF THE GUARANTEES, TRANSACTION SECURITY DOCUMENTS AND THE BONDS AND CERTAIN INSOLVENCY CONSIDERATIONS

Set out below is a summary of certain limitations on the enforceability of the Bonds, Guarantees and the Transaction Security Documents in the jurisdictions in which the Issuer, the Guarantors and the Pledgors are organized or incorporated. It is a summary only, and bankruptcy proceedings, restructuring proceedings, insolvency proceedings or other similar proceedings could be initiated in any of these jurisdictions and in the jurisdiction of organization of a future guarantor of the Bonds. In addition, as further described below, the COMI of the Issuer or a Guarantor may be determined to be different than its jurisdiction of incorporation. See *“Risk Factors—Risk Factors Relating to the Bonds—Relevant insolvency and administrative laws may not be as favorable to creditors, including Holders, as insolvency laws of the jurisdictions in which you are familiar and may limit your ability to enforce your rights under the Bonds and the Guarantees and the Issuer and the Guarantors are subject to risks relating to the location of their center of main interest (“COMI”).”* The application of these various laws in multiple jurisdictions could trigger disputes over which jurisdiction’s law should apply and could adversely affect your ability to enforce your rights and to collect payment in full under the Bonds and the Guarantees. Also set forth below is a brief description of certain aspects of insolvency laws in the jurisdictions of incorporation of the Issuer, Guarantors and the Pledgors.

1. European Union

Some of the Guarantors and the Issuer are organized under the laws of EU Member States.

Pursuant to the EU Insolvency Regulation, the court which shall have jurisdiction to open insolvency proceedings in relation to a company is the court of the EU Member State (other than Denmark) where the company concerned has its “center of main interests” (as that term is used in Article 3(1) of the EU Insolvency Regulation). The determination of where any such company has its “center of main interests” is a question of fact on which the courts of the different EU Member States may have differing and even conflicting views.

The term “center of main interests” is not a static concept and may change from time to time. See *“Risk Factors—Risk Factors Relating to the Bonds—Relevant insolvency and administrative laws may not be as favorable to creditors, including Holders, as insolvency laws of the jurisdictions in which you are familiar and may limit your ability to enforce your rights under the Bonds and the Guarantees and the Issuer and the Guarantors are subject to risks relating to the location of their center of main interest (“COMI”).”* Although there is a rebuttable presumption under Article 3(1) of the EU Insolvency Regulation that any such company has its “center of main interests” in the EU Member State in which it has its registered office, Preamble 13 of the EU Insolvency Regulation states that the “center of main interests” of a debtor should correspond to the place where the debtor conducts the administration of its interests on a regular basis and “is therefore ascertainable by third parties.” In that respect, factors such as where board meetings are held, the location where the company conducts the majority of its business and the location where the large majority of the company’s creditors are established may all be relevant in the determination of the place where the company has its “center of main interests,” with the company’s “center of main interests” at the time of initiation of the relevant insolvency proceedings being not only decisive for the international jurisdiction of the courts of a certain Member State, but also for the insolvency laws applicable to these insolvency proceedings as each court would, subject to certain exemptions, apply its local insolvency laws (*lex fori concursus*).

If the “center of main interests” of a company is and will remain located in the state in which it has its registered office, the main insolvency proceedings in respect of the company under the EU Insolvency Regulation would be commenced in such jurisdiction and accordingly a court in such jurisdiction would be entitled to commence the types of insolvency proceedings referred to in Annex A to the EU Insolvency Regulation. Insolvency proceedings opened in one EU Member State under the EU Insolvency Regulation are to be recognized in the other EU Member States (other than Denmark), although secondary proceedings may be opened in another EU Member State. If the “center of main interests” of a debtor is in one EU Member State (other than Denmark) under Article 3(2) of the EU Insolvency Regulation, the courts of another EU Member State (other than Denmark) have jurisdiction to open “territorial proceedings” only in the event that such debtor has an “establishment” in the territory of such other EU Member State. The effects of those territorial proceedings are restricted to the assets of the debtor situated in the territory of such other EU Member State. If the company does not have an establishment in any other EU Member State, no court of any other EU Member State has jurisdiction to open territorial proceedings in respect of such company under the EU Insolvency Regulation. Irrespective of whether the insolvency proceedings are main or territorial proceedings, such proceedings will always, subject to certain exemptions, be governed by the *lex fori concursus*, i.e., the local insolvency law of the court which has assumed jurisdiction for the insolvency proceedings of the debtor.

In the event that the Issuer or any provider of collateral experiences financial difficulty, it is not possible to predict with certainty in which jurisdiction or jurisdictions insolvency or similar proceedings will be commenced, or the outcome of such proceedings. Applicable insolvency laws may affect the enforceability of the obligations of the Issuer and Guarantors and the collateral provided by the Issuer or any other company. The insolvency, administration and other laws of the jurisdictions in which the respective companies are organized or operate may be materially different from, or conflict with, each other and there is no assurance as to how the insolvency laws of the potentially involved jurisdictions will be applied in relation to one another.

2. Luxembourg

Insolvency

In the event that the Issuer becomes insolvent, insolvency proceedings (e.g., in particular, bankruptcy proceedings (*faillite*), controlled management proceedings (*gestion contrôlée*) and composition proceedings with creditors (*concordat préventif de la faillite*)) may be opened in Luxembourg to the extent that the Issuer has its center of main interest located in Luxembourg or an establishment in Luxembourg within the meaning the EU Insolvency Regulation (in relation to secondary proceedings assuming in this case that the center of main interests is located in a jurisdiction where the EU Insolvency Regulation is applicable). If a Luxembourg court having jurisdiction commences bankruptcy proceedings against the Issuer, all enforcement measures against such companies will be suspended, except, subject to certain limited exceptions, for enforcement by secured creditors. Holders will thus not be able to enforce the Guarantee once bankruptcy proceedings have commenced.

In addition, the Holders’ ability to receive payment on the Bonds may be affected by a decision of a Luxembourg court to grant a stay on payments (*sursis de paiement*) as provided by articles 593 et seq of the Luxembourg Code of Commerce or to put the Issuer into judicial liquidation (*liquidation judiciaire*) pursuant to article 1200-1 of Luxembourg Company Law. Judicial liquidation proceedings may be opened at the request of the public prosecutor against companies pursuing an activity violating criminal laws or that are in serious breach or violation

of the Luxembourg Code of Commerce or of the laws governing commercial companies, including Luxembourg Company Law and those laws governing authorization to do business.

Liability of the Issuer in respect of the Bonds will, in each case, in the event of a liquidation of the relevant company following bankruptcy or judicial liquidation proceedings, only rank after the cost of liquidation (including any debt incurred for the purpose of such liquidation) and those other debts that are entitled to priority under Luxembourg law.

Preferential debts under Luxembourg law include, among others:

- certain amounts owed to the Luxembourg Revenue Office;
- value-added tax and other taxes and duties owed to the Luxembourg Customs and Excise Agency;
- social security contributions; and
- remuneration owed to employees.

Luxembourg insolvency laws may also affect transactions entered into or payments made by the relevant Luxembourg company during the period before bankruptcy, the so-called “hardening period” (*période suspecte*) which is a maximum of six months (and ten days, depending on the transaction in question) preceding the judgment declaring bankruptcy, except that in certain specific situations the court may set the start of the hardening period at an earlier date pursuant to article 613 of the Luxembourg Code of Commerce.

In addition to the above, it should be noted that on 1 February 2013, the Luxembourg government has filed a bill to reorganize the Luxembourg insolvency proceedings. However, it cannot be foreseen when such bill will be passed by the Luxembourg Parliament and become law. As the bill may be substantially amended during the legislative process, the impact of the new law on the liability of the Issuer in respect of the Bonds cannot be foreseen at the present time.

3. Estonia

The fulfilment of obligations of the Guarantors under the Estonian Transaction Security Documents is subject to applicable laws relating to insolvency, bankruptcy, restructuring (*saneerimine*), force majeure, fundamental change of circumstances (*rebus sic stantibus*) and other laws capable of affecting creditors’ rights generally from time to time in effect, as well as the applicable prescription terms under the Estonian law, and the parties to Estonian Transaction Security Documents would be debarred from application of Estonian Transaction Security Documents in contravention to the Estonian law.

Upon institution of bankruptcy or restructuring proceedings against the Guarantor, the courts of Estonia may acquire exclusive jurisdiction over the case involving the Guarantor, regardless of the agreement of the parties to the contrary and refuse to recognize and/or enforce (or stop or postpone the enforcement thereof) as valid, final and conclusive judgment against the Guarantor in accordance with applicable EU law.

Restructuring proceedings

The ability to receive payments on the Bonds under the Guarantee issued by an Estonian entity may be negatively affected if restructuring proceedings are initiated against the Guarantor. The restructuring proceedings aim to allow companies with financial difficulties, and which have not yet discontinued their economic and commercial activities, to maintain and develop these activities, settle their debts and avoid bankruptcy. The restructuring

process may be commenced provided certain conditions under Estonian law are met, including that the sustainable management of the company is likely after the restructuring and the position of creditors would, with reasonable likelihood, be more beneficial compared to their position in case of bankruptcy. After the restructuring is commenced and until the approval of the restructuring plan, among others, the enforcement proceedings executed by a bailiff are, as a rule, suspended, calculation of default interest is suspended, court proceedings against the company for the performance of payment obligations may be suspended and deciding on the commencement of bankruptcy proceedings based on a creditor's application is suspended.

The restructuring plan may include rules for the transformation of claims, including extension of payment terms and reduction of debt amounts. As a general rule, the restructuring plan must be accepted by the creditors (by way of voting, subject to certain majority requirements) and approved by the court. Under certain conditions, the court may approve the restructuring plan even if it was not accepted by the creditors (including that less than half of the creditors voted on the restructuring plan).

The restructuring plan may be revoked by the court, should the debtor fail to perform its obligations stipulated in the restructuring plan to a material extent. In that case creditors' claims shall be restored in the initial amount, subject to respective deduction if any payments were effected during the restructuring process.

Bankruptcy proceedings

In case of institution of bankruptcy proceedings against the Guarantor, the court will appoint a bankruptcy trustee who shall assume control over the assets of the Guarantor. Bankruptcy proceedings may result in the revocation of the Transaction Security (in case the bankruptcy trustee brings a corresponding action and sufficiently proves to the court that granting of the Transaction Security harmed the interests of other creditors of the Guarantor) and considering that the costs of bankruptcy proceedings shall be covered prior to satisfaction of any claims of creditors, including those of preferred rank creditors, bankruptcy proceedings may have several negative impacts.

The bankruptcy trustee may choose to dispute the pledges – grounds and arguments for doing so depend on the particular trustee (e.g. the trustee may claim in a particular case that the pledge agreement is invalid, etc.). Such decision of the bankruptcy trustee can be challenged in court by the secured creditors.

The bankruptcy trustee shall organize the sale of the assets of the company.

Proceeds from the sale of the assets pledged as the Transaction Security would be allocated (i) firstly, for the settlement of the costs of bankruptcy proceedings (but not more than 15 per cent from the proceeds) and (ii) secondly, for the settlement of the claims of creditors which claims were secured with particular pledges, but not exceeding the amount of the Transaction Security. Accordingly, secured creditors are regarded as first rank creditors with regard to proceeds received from the sale of the respective pledged assets. In case the funds received from the sale of the pledged property do not cover the claims of the secured creditor, then the creditor shall acquire the status of a non-secured (i.e. second rank) creditor regarding the unsatisfied part of the claim.

The court shall determine the exact amount of the fee payable to the bankruptcy trustee. However, according to Estonian law, in any case the fee shall not, as a rule, be less than 1 per cent of the funds which have been received and included in the bankruptcy estate as a result

of the sale and recovery of the bankruptcy estate and other activities of the bankruptcy trustee.

Limitations for granting Guarantees and sureties

Under Estonian law, a person engaged in an economic or professional activity (guarantor) may, by a contract, assume an obligation (Guarantee), according to which the person undertakes to perform obligations arising from the Guarantee on the demand of the obligee. However, financial assistance restrictions apply. While a subsidiary may guarantee debt obligations of its parent undertaking if this does not harm the financial status of the subsidiary or the interests of creditors, the subsidiary may not guarantee debt obligations for the acquisition of its share. Violation of this restriction does not result in the nullity of the transaction, but the parent undertaking must compensate for the damage caused to the company by the provision of the security. The management of the subsidiary may also be held liable for the damages caused by the breach.

If the Estonian Guarantor goes bankrupt and the Issuer has not yet become obligated to fulfill under the Bonds, enforcement of the Guarantee in respect of that Guarantor may become restricted. Among other, (i) there is a risk that the Guarantee may be revoked if insolvency proceedings of the Guarantor are initiated and (ii) even if the Guarantee is not revoked, creditors demanding performance of the Guarantee obligations shall not be regarded as preferred creditors (i.e. their claims shall be satisfied *pro rata* with other unsecured creditors). The bankruptcy trustee is obliged to examine agreements entered into by an insolvent company in order to establish, among other, whether these transactions have been detrimental to the interests of the company's creditors. If the bankruptcy trustee finds that the agreement in question has caused loss to the company (e.g., sale of assets under market value or granting certain rights without consideration), the bankruptcy trustee is entitled to bring an action against the other party to the agreement for revocation of such an agreement. Revocation of the agreement is decided by the court.

Moreover, intra-group transactions, including those granting the security to parent companies, subsidiaries or affiliated companies have to be concluded on an arm's length basis.

Distinction between a guarantee and a surety

Estonian law distinguishes between a Guarantee and a surety. The liability of a guarantor under a Guarantee does not depend on the validity of the principal secured obligation (despite that the latter is indicated in the Guarantee) and is limited to the amount indicated in the guarantee (if any). The guarantor's obligation to pay under the Guarantee arises in accordance with the terms of the Guarantee. The guarantor's liability is several. In case the security is qualified as a surety, the liability of the surety provider under the surety is joint and several (i.e. solidary). If an obligation subject to suretyship is secured by a right of security established with regard to the property of the principal obligor or if the creditor may exercise a right of security with regard to the property of the principal obligor, the surety may, until the principal obligor is declared bankrupt, require the creditor to satisfy the claim thereof out of the pledged property to the extent of the pledge.

4. Moldova

The fulfillment of obligations of ICM under the Moldovan Transaction Security Documents is subject to the Moldovan laws relating to insolvency, bankruptcy, restructuring, force majeure, fundamental change of circumstances and other laws capable of affecting creditors' rights generally from time to time in effect. The parties to Moldovan Transaction Security

Documents would be debarred from application of Moldovan Transaction Security Documents if in contradiction with Moldovan law.

Insolvency proceedings

The insolvency proceedings under the Moldovan legislation are regulated by the law no. 149 dated 29 June 2012. Pursuant to this insolvency law, the court, which shall have the jurisdiction to open the insolvency procedure in relation to a company, is specialized in insolvency proceedings and a first-level court within the area ICM has its registered address.

The reasons for the opening of insolvency proceedings against ICM are either (i) the illiquidity of ICM, in case ICM is unable to pay its debts that become due and (ii) the over indebtedness of ICM, meaning the financial situation of ICM, which liability is limited by law to a certain amount of the patrimony or in case the value of the assets of ICM do not cover its liabilities.

According to the abovementioned law, art. 11 there are 4 basis for the opening of insolvency proceedings:

- a) the size of the pecuniary obligations, including the amount of arrears for the delivery of goods, for the provision of services and for the performance of works to be paid by the debtor;
- b) the amount of credit, loan debt, plus the interest to be paid by the debtor;
- c) the amount of damages to be recovered from the debtor;
- d) the amount of obligations to the national public budget provided by law.

In case of an insolvency procedure, all creditors are required to meet in a creditors' committee and decide upon the procedure of insolvency.

The following types of creditors are regulated by the insolvency law in insolvency procedures:

- a) secured creditors (the creditors holding a contractual or statutory pledge in any assets of the insolvent entity, created prior to the insolvency proceedings); and
- b) unsecured creditors, including (i) creditors with general unsecured claims and (ii) creditors with inferior rank unsecured claims.

The secured creditors enjoy the right of prior satisfaction of the principal interest and related costs from the proceeds of sale of the pledged assets. The Moldovan Transaction Security Documents shall be considered as a secured claim and shall rank prior to unsecured claims of creditors and creditors with inferior unsecured claims.

If any of the insolvency proceedings are initiated against ICM, the ability to receive payments under the Bonds secured by the Moldovan Transaction Security Documents may be negatively affected. The petition to the insolvency court may be filed by any of the creditor or ICM itself.

In case of the opening of an insolvency procedure by the insolvency court against ICM, the insolvency court will appoint an insolvency administrator (trustee). The insolvency administrator shall be appointed by the insolvency court in both possible procedures of insolvency.

The opening of insolvency proceedings may lead to (i) bankruptcy, with the purpose of liquidation the debtor's assets and satisfying the liabilities or (ii) the restructuring of the debtor involving the preparation, approval, implementation and enforcement of a plan to show the financial and economic difficulties of the debtor. An accelerated restructuring

procedure is also available in certain circumstances, in case the debtor is in a financial difficulty, but does not meet the conditions for opening an insolvency procedure.

Restructuring proceedings

The ability to receive payments on the Bonds secured by the Moldovan Transaction Security Documents may be negatively affected if the restructuring proceedings are initiated against ICM.

The restructuring plan may include rules of claims transformation, including the extension of payment terms and the reduction of debt amounts. As a general rule, the restructuring plan must be accepted by the creditors (by way of voting) and approved by the insolvency court.

The restructuring procedure depends on the will of the creditors and aims to allow companies with financial difficulties, and which have not yet discontinued their economic and commercial activities, to maintain and develop these activities and settle their debts, which implies the approval of a plan to change the situation of the debtor, so that its activity will not be stopped. In case this procedure fails and the debtor does not show positive returns for the financial statement, the insolvency court will decide upon applying and initiating the bankruptcy procedure.

The restructuring process may be initiated, given that certain conditions under the Moldovan law are met, including the sustainable management of the company is likely to be restored after the restructuring.

After the restructuring is commenced and until the approval of the restructuring plan, any enforcement proceeding initiated by a bailiff, calculation of default interest, and court proceedings against the debtor for performance of payment obligations should be suspended. The restructuring plan may be revoked by the insolvency court, in case the debtor fails to perform its obligations stipulated in the restructuring plan to a material extent.

Bankruptcy proceedings

The bankruptcy procedure shall be applied to the debtor, when the financial statements of the debtor do not show any possible recoveries or it can be taken by decision of the creditors. In this case, the liquidation of the debtor's patrimony will take place in order to cover the liability.

Bankruptcy proceedings may result in the revocation of the Moldovan Transaction Security Documents (in case the insolvency administrator brings a corresponding action and sufficiently proves to the insolvency court that granting of the Moldovan Transaction Security Documents harmed the interests or other creditors of ICM) and considering that the costs of the insolvency procedure (in general) shall be covered prior to satisfaction of any claims of creditors, including those of prior ranking creditors, bankruptcy proceedings may have several negative effects.

Upon initiation of bankruptcy or restructuring proceedings against ICM, the insolvency court may exclusively decide over the case involving ICM, regardless of contrary agreements of the parties.

If the relevant insolvency court initiates bankruptcy proceedings against ICM, all enforcement measures against the Moldovan debtor will be suspended, except subject to certain limited exceptions. It will not be possible to enforce outside insolvency procedure the Moldovan Transaction Security Documents once bankruptcy proceedings is ongoing.

In the bankruptcy proceedings, the insolvency administrator shall organize the sale of the assets of ICM. He may choose to dispute the Moldovan Transaction Security Documents and other securities created by ICM under any provisions established by the Moldovan insolvency law. In particular, the insolvency administrator may challenge: (i) any illegal act of ICM concluded within the last 2 years prior to the insolvency procedure, (ii) gratuitous transfers performed by ICM within the last 2 years prior to the insolvency procedure (with some exceptions), (iii) transactions performed by ICM within the last 2 years prior to insolvency procedure, within which the debtor's obligations are clearly too excessive and (iv) transfer of property of ICM to a creditor for executing a debt, within the last 6 months prior to insolvency procedure, which increased the amount to be received by the creditor after the debtor's liquidations.

With regard to the pledge, under the Moldovan insolvency law, a pledge registered within the last 6 months prior the opening of the insolvency proceeding, shall be declared void upon request of the insolvency administrator or any creditor. However, the insolvency administrator is obliged to examine agreements entered into by ICM in order to establish, among others, whether these transactions have been detrimental to the interests of its creditors. If the insolvency administrator finds that the agreement in question has caused loss to ICM (i.e. sale of assets under the market value or granting certain rights without consideration), the insolvency administrator is entitled to bring an action against the other party of the agreement in order to revoke such an agreement. The insolvency court decides upon the revocation of the agreement.

Proceeds from the sale of the pledged assets created under the Moldovan Transaction Security Documents would be allocated (i) firstly, for the settlement of the costs of bankruptcy proceedings and (ii) secondly, for the settlement of the claims of secured creditors, but not exceeding the amount of the Moldovan Transaction Security Documents.

5. Albania

The fulfilment of obligations of the Guarantors under the Albanian Transaction Security Documents is subject to applicable laws relating to bankruptcy, company law, banking regulations applicable to non-bank financial institutions in Albania and other laws capable of affecting creditors' rights generally from time to time in effect, as well as the applicable statute of limitations terms under Albanian law.

Limitations under company law

Pursuant to the Albanian legal provisions, an Albanian commercial company (a joint stock or limited liability company) is permitted to enter into agreements and constitute rights and obligations only to the extent such agreements correspond to its corporate purpose, as set out in its articles of association.

The Albanian legal provisions do not contain any specific limitation applicable to the granting of intra-group security interests/guarantees, provided that such creation of security interests/Guarantees receives adequate corporate approval based on the corporate acts of the company acknowledging the corporate benefit of the guarantor in giving the Guarantee.

Certain legal provisions applicable to Albanian limited liability companies (SHPK), set out the general principle of corporate assets' preservation. According to this principle, the directors of a limited liability company are obliged to check the company's degree of solvency before issuing the certificate of payment of dividends. Specifically, a limited liability company can pay out dividends in favor of its shareholders only if after such payment the assets of the company still fully cover its obligations and the company has adequate liquidity to pay its financial

obligations due within the coming 12 months. This limitation is also extended to any type of distribution rendered by a company in favor of its shareholders, based on an agreement entered into between the company and the shareholder, if such agreement provides for conditions which are less favorable to the company if compared to market conditions.

On the other hand, the Albanian company law on joint stock companies (SHA) prohibits concealed distributions by requiring that the remuneration for any legal transactions undertaken by the company and its shareholder beyond his contribution may not exceed the market value of such transactions. By virtue of the law, shareholders are obliged to return to the company any advantage received contrary to the provisions of this law. This includes dividends received, if shareholders knew or ought to have known that these dividends or other advantages were received contrary to the law.

The above provisions altogether, provide a remote risk that intra-group Guarantees may qualify as concealed distributions for shareholders granted in contravention of the law and thus may only be created if the conditions for the distribution of dividends are met, however this risk is not tested by Albanian courts.

The violation of the legal restrictions referred to above does not immediately result in the nullity of the transaction, but the shareholder of the guarantor must compensate for the damage caused to the company by the provision of the security. The management of the subsidiary may also be held liable for the damages caused by the breach. In addition, in respect of joint stock companies, when the company has, during a period of 1 year before the opening of insolvency proceedings, repaid loans to the shareholders or has entered into other transactions that, from an economic perspective are similar to that of a loan (which may include Guarantees), the shareholder to whom the loan has been repaid, must return to the company the loan amounts paid the later.

Bankruptcy proceedings

The fulfilment of obligations of the Guarantors under the Albanian Transaction Security Documents may be limited by applicable legislation on bankruptcy in Albania.

In case of an insolvency of the Albanian Guarantor, the bankruptcy proceedings against the guarantor may be instituted by the debtor or any of the creditors of the Guarantor. Once the insolvency proceedings have been opened, secured and unsecured creditors cannot enforce their claims outside the insolvency proceedings. All claims against the insolvent debtor are suspended and writs of execution in respect of securities granted (such as securing charge over receivables or bank accounts) cannot be enforced. All new and pending claims are then submitted to the insolvency administrator appointed by the court.

The insolvency administrator obtains control over any immovable property and/or any movable property in the possession of the debtor (Guarantor) at the date the insolvency proceeding is opened. The administrator cannot sell any assets that are used as collateral if the value of such assets is lower or equal to the amount owed to the secured creditor and the execution expenses.

In case the insolvency administrator decides not to dispose the assets, or in case the court, upon the request of the secured creditor, decides to remove certain restrictions provided by the insolvency law noted above, the secured creditor may commence or continue to enforce the security outside of the insolvency proceeding (although this procedure is not tested by Albanian courts).

Once the bankruptcy procedure has been initiated, (i) the insolvent Guarantor can approve the reorganization plan aiming the survival of the company or (ii) the company can be liquidated.

The ranking of creditors in case of liquidation of the borrower is the following:

- secured creditors up to the value of the collateral;
- preferred creditors (i.e. employees' claims for dismissal, work and health matters, tax obligations, etc.) subject to conditions and restrictions on amounts;
- unsecured creditors' claims;
- other creditors related to for example penalties as per Civil Code, Criminal Code, penalties for late payments accrued in respect of creditors' claims before initiation of the bankruptcy procedure;
- shareholders' claims.

The enforcement of the Guarantee/security instruments in bankruptcy proceedings may also be limited by the right of the insolvency administrator to challenge any transaction concluded by the insolvent debtor (guarantor) within 2 years prior to the opening of the bankruptcy proceedings if such transaction has (i) caused economic damage to the debtor or (ii) given unjustified preferential rights to a certain creditor.

An economic damage exists in such cases when the debtor enters into transactions the compensation for which is lower than equivalent benefit given by its counterparty to the contract. Such damage must be generally proved by the insolvency creditor challenging the transaction, within 3 years from the opening of the bankruptcy proceedings. There is a presumption of damage for transactions entered into with 'related persons' which include 'companies of the same group'.

The effects of the aforementioned claw-back provision are inter alia to remove securities granted to the creditors of the guarantor in financing transactions. The creditor and insolvent debtor have the burden of proof to prove that the transaction did not bring an economic damage to the debtor.

The Albanian insolvency court would also evaluate in a claw back claim (i) the good faith of the debtor in entering the transaction in order to continue its activity and if the debtor has reasonable grounds to believe that it would benefit from the transaction or (ii) the actions undertaken by the debtor within the framework of its normal activity or professional activity, under normal terms and conditions.

6. North Macedonia

The fulfilment of obligations of the Security Providers under North Macedonian Transaction Security Documents may be affected or limited by applicable laws relating to bankruptcy, reorganization, enforcement, account blockade, operations of financial companies and/or other laws capable of affecting creditors' rights generally from time to time in effect, including protective measures imposed by governmental bodies and institutions.

Bankruptcy proceedings

In case of opened bankruptcy proceedings against a Security Provider from North Macedonia, the court will appoint a bankruptcy trustee who shall assume control over the business and assets of such Security Provider. Any enforcement procedure initiated based on a Transaction

Security Document shall be stopped with the opening of the bankruptcy proceedings. In order to protect the interests of the creditors before the opening of bankruptcy proceedings, the court may appoint a temporary bankruptcy trustee, ban payments from the bank account, impose general ban on disposal with the property and/or ban or temporarily postpone the enforcement against the Security Provider.

The opening of bankruptcy proceedings may have several negative impacts, including the annulment of the Transaction Security provided by the local Security Provider. In particular, the bankruptcy trustee and creditors can request the annulment of payments or other legal actions and the return of any object of disposal made by the local Security Provider in a certain period prior to the commencement of the bankruptcy proceeding, up to 10 years backward. Some of these actions include legal transactions taken within 90 days before filing the petition on opening a bankruptcy proceeding, which provide security or settlement to a creditor, if the local Security Provider was insolvent at the time of taking this action and/or the creditor knew that the legal transaction harms the other creditors. Further, a legal transaction entered into or taken with the intent to damage one or more creditors within 10 years before submitting the petition for initiating bankruptcy proceeding or after that may be contested if the counterparty of the local Security Provider knew of such intent. If a challenge in the bankruptcy proceedings is successful, the creditor has to return the entire challenged amount to the insolvency estate, whilst it remains entitled to claim the appropriate indemnification amount in accordance with its ranking in the insolvency estate.

The bankruptcy trustee shall organize the sale of the assets of the bankruptcy debtor for the purpose of creditors' settlement. Proceeds from the sale of assets would be allocated in the following order:

- (i) costs of the bankruptcy procedure, followed by the obligations of the bankruptcy estate;
- (ii) claims of the bankruptcy debtor's employees for wages, mandatory contributions for the last three months prior to the opening of the bankruptcy proceedings, including any compensations for injuries or occupational disease and other employment related claims;
- (iii) other claims towards the bankruptcy debtor from its creditors;
- (iv) interest on the claims of the creditors that are due after the date of opening of the bankruptcy proceedings, costs for participation in the bankruptcy proceedings, etc.

Notwithstanding the above, creditors secured with specific assets of the bankruptcy debtor (mortgagees and pledgees), are entitled to separate settlement, out of the proceeds from realization of the secured asset. Accordingly, secured creditors are regarded as first rank creditors with regard to proceeds from the sale of the respective pledged assets. In case the funds received from the sale of the pledged property do not cover the claims of the secured creditor, the creditor shall acquire the status of a non-secured creditor regarding the unsatisfied part of the claim.

The bankruptcy trustee is obliged to examine agreements entered into by the bankruptcy debtor in order to establish, among others, whether these transactions have been detrimental to the interests of the company's creditors. If the bankruptcy trustee finds that the agreement in question has caused loss to the company or to the other company's creditors, the bankruptcy trustee is entitled to bring an action against the other party to the agreement for the annulment of such an agreement. The annulment of the agreement is decided by the court.

Reorganization proceedings

The ability to receive payments under the North Macedonian Transaction Security Documents may be negatively affected if reorganization proceedings are initiated against the local Security Provider. The bankruptcy debtor, the creditors or the bankruptcy trustee can submit a reorganization plan before or after the opening of bankruptcy proceedings.

The reorganization plan may include rules for the transformation of claims, including extension of payment terms and reduction of debt amounts. The reorganization plan must be accepted by the creditors (by way of voting) and approved by the court. The reduced claims or extended timeframes for payment under the reorganization plan shall not be binding for the respective creditors, should the debtor fail to perform its obligations stipulated in the reorganization plan to a material extent. In that case, creditors' claims shall be restored in the initial amount.

XX. SUBSCRIPTION, SALE AND OFFER OF THE NEW BONDS

1. The Offering

Subject to the Minimum Offer Condition (as defined below), in the course of the Offering (as defined below), the Issuer is offering between EUR 100 (the “**Minimum Offer Amount**”) and up to EUR 50,000,000 (the “**Maximum Offer Amount**”) New Bonds with the nominal value of EUR 100.00 each. The Offering is made by the way of public offer to retail investors in Estonia, Latvia, Lithuania and Germany following the effectiveness of the notification of this Prospectus by the CSSF according to Article 25 of the Prospectus Regulation (the “**Retail Offering**”). In addition, the Issuer may offer New Bonds by the way of non-public offer to qualified investors within the meaning of Article 2(e) of the Prospectus Regulation and other investors in compliance with Article 1(4) (a) and (b) of the Prospectus Regulation on terms and conditions described in this Prospectus (the “**Institutional Offering**” and, together with the Retail Offering, the “**Cash Offering**”) and by way of a public exchange offer (the “**Exchange Offer**”) addressed to the holders of the EUR 50,000,000.00 bonds, 2019/2023, with ISIN number XS2033386603 (the “**2019/2023 Bonds**” and their holders the “**2019/2023 Holders**”) in relation to their exchange with the New Bonds, in accordance with the terms and conditions contained in the Exchange Offer Invitation (as defined below) (the “**Exchange Offering**”) and, together with the Retail Offering and the Institutional Offering, the “**Offering**”). Institutional investors should contact the Manager for information on detailed rules governing the placement of Subscription Undertakings, in particular the documents required if an order is placed by a statutory representative, proxy or any other person acting on behalf of an investor. The New Bonds will be publicly offered only in Estonia, Latvia, Lithuania and Germany and not in any other jurisdiction.

“**Minimum Offer Condition**” shall occur if, at the expiration of the Offer Period, Subscription Undertakings have not been placed sufficient for the sale of at least the Minimum Offer Amount, the Offering will be withdrawn.

The division of the New Bonds between retail and institutional investors has not been predetermined and will be determined by the Issuer in accordance with the principles described in section “*Distribution and Allocation*” below.

The Issuer will, simultaneously with the Offering, apply for the listing and for the admission to trading of the New Bonds on the Baltic regulated market of the Nasdaq Tallinn Stock Exchange and on the Frankfurt Stock Exchange’s regulated market (*General Standard*), segment for bonds of Deutsche Börse AG.

The total amount of New Bonds may decrease in case part of the Offering is cancelled – please see the section “*Cancellation of Offering*” for further details.

The timetable set forth below provides certain indicative key dates for the Offering:

Publication of the Exchange Offer Invitation on the Issuer’s website and communication thereof via the Clearing System	1 March 2023
Start of the Exchange Period	1 March 2023
Start of the Offer Period	6 March 2023
End of the Exchange Period	29 March 2023
Announcement of the results of the Exchange Offering	30 March 2023

End of the Offer Period and announcement of the results of the Cash Offering	31 March 2023
Settlement of the Offering	6 April 2023
Commencement of trading	6 April 2023

2. Exchange Offering

Exchange Offer

The board of managers of the Issuer decided to give the 2019/2023 Holders the opportunity to exchange their 2019/2023 Bonds for the New Bonds and for an amount of cash that corresponds to (A) an exchange fee of one per cent. (1%) of the nominal value of each exchanged 2019/2023 Bond, it being EUR 10.00 per exchanged 2019/2023 Bond, (B) to the unpaid accrued interest for each exchanged 2019/2023 Bond, and (C) to the difference between the issue price of each New Bond, it being EUR 96.50 (the “**Exchange Issue Price**”) and its nominal value, it being EUR 35.00 per exchanged 2019/2023 Bond (the “**Cash Settlement Amount**”) pursuant to an exchange offer invitation which will be published on 1 March 2023 on the website of the Luxembourg Stock Exchange (www.luxse.com), the Nasdaq Tallinn Stock Exchange (<http://www.nasdaqbaltic.com>), the Frankfurt Stock Exchange (www.boerse-frankfurt.de) and the Issuer’s website (<https://iutecredit.com/prospectus/>) and communicated through Euroclear Bank SA/NV or Clearstream Banking S.A. (the “**Clearing System**”) in accordance with the terms and conditions of the 2019/2023 Bonds (the “**Exchange Offer Invitation**”).

The 2019/2023 Holders who accept the Exchange Offer may also subscribe in cash for New Bonds which shall be settled on a delivery-versus-payment basis (the “**Option to Purchase**”).

The Exchange Offer Invitation contains the terms and conditions of the Exchange Offering and is incorporated into this Prospectus in section XV. *Exchange Offer*.

Exchange Offer Period

The period during which Offer Instructions may be made (the “**Exchange Period**”) begins on 1 March 2023 and ends on 29 March 2023 at 14:00 EET (the “**Participation Deadline**”).

The Issuer may at any time during the Exchange Period extend or shorten it or withdraw the Exchange Offer.

Exchange Ratio

The exchange of the 2019/2023 Bonds for the New Bonds should take place at an exchange ratio of one to ten (1:10), so that for each 2019/2023 Bond with a nominal value of EUR 1,000.00 the relevant 2019/2023 Holder shall receive ten (10) New Bonds (the “**Exchange Ratio**”).

Offer Instructions and their acceptance

2019/2023 Holders who wish to exchange their 2019/2023 Bonds can do so by submitting their instructions (the “**Exchange Instruction**”) with their depositary institution or relevant intermediary, to forward such instructions to the Clearing System as further provided in the Exchange Offer Invitation. 2019/2023 Holders who wish to make use of the Option to Purchase can do so by submitting their instructions for the purchase of additional New Bonds within the Exchange Period, with their depositary institution or relevant intermediary, to forward such instructions to the Clearing System (the “**Subscription Instruction**”). A Subscription Instruction can be submitted only along with an Exchange Instruction.

References to “**Offer Instruction**” contained herein shall refer to an Exchange Instruction and, if applicable, to a Subscription Instruction

It is in the sole and absolute discretion of the Issuer not to accept Offer Instructions in whole or in part without stating reasons.

Settlement of the Exchange Offer and the Cash Settlement Amount

The execution and settlement of the Exchange Offer, namely the exchange of the 2019/2023 Bonds and the New Bonds between the 2019/2023 Holders and the Issuer and the payment of the Cash Settlement Amount (the “**Settlement**”) shall take place on 6 April 2023 (the “**Settlement Date**”) via the Clearing System and the New Bonds allocated to investors are expected to be transferred to their securities accounts through the “free of payment” method but concurrently with the transfer and delivery of the 2019/2023 Bonds to the Issuer.

The above timeline may change at the absolute discretion of the Issuer, so that the Settlement will occur at the date indicated by the Issuer via a publication on the website of the Luxembourg Stock Exchange (www.luxse.com), the Nasdaq Tallinn Stock Exchange (<http://www.nasdaqbaltic.com>), the Frankfurt Stock Exchange (www.boerse-frankfurt.de) and the Issuer’s website (<https://iutecredit.com/prospectus/>) (the “**Alternative Settlement Date**”).

Tender Agent

BPER Bank Luxembourg SA, will act as tender agent for the purpose of the Exchange Offer (the “**Tender Agent**”).

3. Right to participate in the Cash Offering

The Retail Offering is directed to all natural and legal persons in Estonia, Latvia, Lithuania and Germany and the Institutional Offering is directed to all other eligible investors.

4. Offer Period of the Cash Offering

The offer period commences on 6 March 2023 at 10:00 EET and ends on 31 March 2023 at 14:00 EET, unless shortened or extended in accordance with section “*Cancellation of Cash Offering and Extension or Shortening of the Offer Period*” below (the “**Offer Period**”). The Offer Period is the period during which the persons who have the right to participate in the Cash Offering may submit Subscription Undertakings (please see section “*Submitting Subscription Undertakings*” for further details) for the New Bonds.

5. Nominal Value

The nominal value of each New Bond is EUR 100.00.

6. Disclosure of Principal Amount and Offer Price

The aggregate principal amount of the New Bonds are expected to be determined on 31 March 2023 based on the subscription orders received in the course of the Exchange Offer and the Institutional Offering and will be communicated to investors on 31 March 2023 in a pricing notice, which will also contain an indication of the net proceeds of the Offering, the total aggregate principal amount of the New Bond, the offer price for the New Bond, which will range between 96.5% and 99.5% (the “**Offer Price**”) and the final Issue Price (the “**Pricing Notice**”).

The Pricing Notice will be published on the website of the Luxembourg Stock Exchange (www.luxse.com), the Nasdaq Tallinn Stock Exchange (www.nasdaqbaltic.com), the Frankfurt

Stock Exchange (www.boerse-frankfurt.de) and the Issuer's website (<https://iutecredit.com/prospectus/>).

7. Subscription and Instructions to Investors

Submitting Subscription Undertakings

The order to acquire a certain amount of New Bonds, including in cases where 2019/2023 Holders make use of the Option to Purchase by submitting their Subscription Instruction along with their Exchange Instruction (the “**Subscription Undertaking**” and, together with the Offer Instruction, the “**Subscription Offer**”) may be submitted only during the Offer Period.

Submitting Subscription Undertakings through financial institutions in Estonia, Latvia and Lithuania

In order to submit a Subscription Undertaking, an investor in Estonia, Latvia and Lithuania must submit the Subscription Undertaking through any financial institution that is a member of Nasdaq Tallin, Nasdaq Riga or Nasdaq Vilnius stock exchanges. A complete and up to date list of the financial institutions can be found at the following address: www.nasdaqbaltic.com/statistics/en/members.

Submitting Subscription Undertakings through financial institutions in Germany

In order to submit a Subscription Undertaking, an investor in Germany must submit the Subscription Undertaking through any financial institution.

The treatment of Subscription Undertakings in the allocation is not determined on the basis of which institution they are made through.

Content of and Requirements for Subscription Undertakings

Forms for Subscription Undertakings will be provided by the financial institution through which the investor submits the Subscription Undertaking.

Subscription Undertakings may be submitted only during the Offer Period, only at the Offer Price, and only in euros. If multiple Subscription Undertakings are submitted by one investor, they will be merged for the purposes of allocation.

Each investor must ensure that the information contained in the Subscription Undertaking submitted by such investor is correct, complete and legible. Incomplete, incorrect, unclear or illegible Subscription Undertakings, or Subscription Undertakings that do not otherwise comply with the terms set out in this Prospectus, may be rejected at the sole discretion of the Issuer.

An investor may submit a Subscription Undertaking either personally or through a representative whom the investor has authorised (in the form required by the local law and by the relevant financial institution, as the case may be) to submit the Subscription Undertaking.

Costs and Fees

Investors must bear all costs and fees charged by the respective financial institution through which they submit their Subscription Undertaking. This may include costs and fees for the submission, amendment or cancellation of a Subscription Undertaking, or for the settlement of the transaction. These costs and fees may vary depending on the rules and prices established by the particular financial institution.

Submission of Subscription Undertakings through Nominee Accounts

An investor may submit a Subscription Undertaking through a nominee account only if such an investor authorises the owner of the nominee account to disclose the investor's identity, personal ID number or registration number, and address to the Issuer and the relevant financial institution where the investor holds its securities account. Subscription Undertakings submitted through nominee accounts without the disclosure of the above information will be disregarded.

Amendment and Cancellation of Subscription Undertakings

Investors have the right to amend or cancel their Subscription Undertakings at any time until the end of the Offer Period. This may result in costs and fees charged by the financial institution through which the Subscription Undertaking is submitted.

Legal Effect of Subscription Undertakings

By submitting a Subscription Undertaking, each investor:

- (i) confirms that he/she/it has read the Prospectus and the Prospectus summary translated into Estonian, Latvian, Lithuanian or German;
- (ii) accepts the terms and conditions of the Offering set out in this section "*Subscription, Sale and Offer of the New Bonds*", elsewhere in this Prospectus and agrees with the Issuer that such terms will be applicable to the investor's acquisition of any New Bonds;
- (iii) accepts that the number of the New Bonds indicated by the investor in the Subscription Undertaking will be regarded as the maximum number of the New Bonds which the investor wishes to acquire (the "**Maximum Amount**") and that the investor may receive less (but not more) New Bonds than the Maximum Amount subscribed for (please see section "*Distribution and Allocation*" below);
- (iv) undertakes to acquire and pay for any number of the New Bonds allocated to them up to the Maximum Amount;
- (v) authorises and instructs the financial institution through which the Subscription Undertaking is submitted to arrange the settlement of the transaction on their behalf (taking such steps as are legally required to do so) and to forward the necessary information to the extent necessary for the completion of the transaction;
- (vi) authorises the financial institution through which the Subscription Undertaking is submitted to process and forward information on the identity of the investor and the contents of the investor's Subscription Undertaking to the Issuer and/or its advisors, as the case may be, before, during and after the Offer Period;
- (vii) authorises the financial institution through which the Subscription Undertaking is submitted to amend the information contained in the Subscription Undertaking, including to (a) specify the value date of the transaction, (b) specify the number of the New Bonds to be purchased by the investor and the total amount of the transaction, up to the Maximum Amount times the Offer Price; (c) correct or clarify obvious mistakes or irregularities in the Subscription Undertakings, if any;
- (viii) confirms that he/she/it is not subject to the laws of any other jurisdiction which would prohibit the placing of the Subscription Undertaking and represents that he/she/it is authorised to place a Subscription Undertaking in accordance with the Prospectus; acknowledges that the Offering does not constitute an offer for the New Bonds by the Issuer within the meaning of Section 16(1) of the Estonian Law

of Obligations Act (*Võlaõiguseadus*), Section 1536. and Section 1537. of the Civil Law of Latvia, Section 6.167 (1) and (2) of the Lithuanian Civil Code (*Lietuvos Respublikos Civilinis kodeksas*) and Sections 145 et seq. of the German Civil Code (*Bürgerliches Gesetzbuch*) or otherwise, and that the submission of a Subscription Undertaking does not constitute the acceptance of a sales offer, and therefore does not in itself entitle the investor to acquire the New Bonds, nor results in a contract for the sale of the New Bonds between the Issuer and the investor.

8. Payment

By submitting a Subscription Undertaking to the financial institutions, an investor authorises and instructs the financial institution operating the investor's cash account connected to its securities account (which may or may not also be the investor's custodian) to immediately block the whole transaction amount on the investor's cash account until the settlement is completed or funds are released in accordance with these terms and conditions. The transaction amount to be blocked will be equal to the Offer Price multiplied by the Maximum Amount. Investors may submit Subscription Undertakings only when there are sufficient funds on the cash account connected to its securities account to cover the whole transaction amount for that particular Subscription Undertaking.

9. Distribution and Allocation

The Issuer expects to decide on the allocation of the New Bonds after the expiry of the Exchange Period and the Offer Period and on or about 31 March 2023. The New Bonds will be allocated to the investors participating in the Offering in accordance with the following principles:

- (i) New Bonds shall be first allocated to investors submitting Instruction Offers as part of the Exchange Offering, provided that they are accepted, and subsequently to investors submitting Subscription Undertakings;
- (ii) should an Over-Subscription occur, the Issuer will have the right to reduce or reject individual Subscription Offers under the Offering in its absolute discretion. For the purpose of the preceding sentence, an "Over-Subscription" will occur if the total amount of the Subscription Offers submitted exceeds the aggregate principal amount of the New Bonds offered. In the event of a reduction or rejection of Subscription Offers, investors will be repaid the respective subscription amount, if any. Investors will be informed via their deposit bank to which extent their subscriptions were accepted;
- (iii) the division of New Bonds between the retail and institutional investors has not been predetermined. The Issuer will determine the exact allocation in its sole discretion;
- (iv) under the same circumstances, all investors shall be treated equally, whereas depending on the number of investors and interest towards the Offering, the Issuer may set minimum and maximum number of the New Bonds allocated to one investor; which will apply equally to both – the retail investors and the institutional investors;
- (v) the allocation shall be aimed to create a solid and reliable investor base for the Issuer;
- (vi) the Issuer shall be entitled to prefer its existing Shareholders and bondholders of the Issuer to other investors;

- (vii) possible multiple Subscription Undertakings submitted by an investor shall be merged for the purpose of allocation; and
- (viii) each investor entitled to receive the New Bonds shall be allocated a whole number of New Bonds and, if necessary, the number of New Bonds to be allocated shall be rounded down to the closest whole number. Any remaining New Bonds which cannot be allocated using the above-described process will be allocated to investors on a random basis.

The Issuer expects to announce the results of the Offering and the allocation on or about 31 March 2023 through the information systems of the Nasdaq Tallinn Stock Exchange and the Frankfurt Stock Exchange and through the Issuer's website (<https://iutecredit.com/prospectus/>). The results of the Offering will be notified vis-à-vis the CSSF.

Investors will be informed via their relevant financial institution or the Issuer, as the case may be, to which extent their Subscription Offers were accepted.

10. Settlement and Trading

The New Bonds allocated to investors are expected to be transferred to their securities accounts on or about 6 April 2023 through the "delivery versus payment" method if subscribed via financial institutions, simultaneously with the transfer of payment for such New Bonds on terms announced for the Cash Offering. The title to the New Bonds will pass to the relevant investors when the New Bonds are transferred to their securities accounts. The New Bonds will be immediately consolidated with the Existing Bonds on the Issue Date.

If an investor has submitted several Subscription Undertakings through several securities accounts, the New Bonds allocated to such investor will be transferred to all such securities accounts proportionally to the number of the New Bonds indicated in the Subscription Undertakings submitted for each account, rounded up or down as necessary. Trading of the New Bonds is expected to commence on the Nasdaq Tallinn Stock Exchange and on the Frankfurt Stock Exchange on or about 6 April 2023.

11. Return of Funds

If the Offering or a part thereof is cancelled, if the investor's Subscription Offer is rejected or if the allocation is less than the amount of the New Bonds applied for, the funds or the 2019/2023 Bonds blocked on the investor's account, on the Issuer's account or on the Paying Agent's account, as the case may be, (or the excess part thereof) will be released by the respective financial institution. Regardless of the reason for which funds or 2019/2023 Bonds are released, the Issuer shall never be liable for the release of the respective funds or 2019/2023 Bonds and for the payment of interest on the released funds or 2019/2023 Bonds for the time they were blocked (if any).

12. Cancellation of Cash Offering and Extension or Shortening of the Offer Period

The Issuer has the right to cancel the Cash Offering in full or in part in its sole discretion, at any time until the end of the Offer Period. In particular, the Issuer may decide to cancel the Cash Offering in the part not subscribed for.

Furthermore, the Issuer has a right to shorten or extend the Offer Period, at any time until the end of the Offer Period.

Any cancellation of the Cash Offering, or the shortening or extension of the Offer Period, will be announced through Nasdaq Tallin's website (www.nasdaqbaltic.com), Frankfurt Stock Exchange's website (www.boerse-frankfurt.de) and through the Issuer's website (<https://iutecredit.com/prospectus/>). All rights and obligations of the parties in relation to the

cancelled part of the Cash Offering will be considered terminated as of the moment when such announcement is made public.

13. Conflicts of Interests

According to the best knowledge of the board of managers of the Issuer, persons involved in the Offering do not have any personal interests in the Offering, which would be material to the Offering. The management is unaware of any conflicts of interests related to the Offering.

14. Listing and Admission to Trading

The Issuer will, simultaneously with the Offering, apply for the listing and for the admission to trading of the New Bonds on the Baltic regulated market of Nasdaq Tallinn Stock Exchange and on the Frankfurt Stock Exchange's regulated market (*General Standard*), segment for bonds of Deutsche Börse AG. The expected date of listing and the admission to trading of the New Bonds is on or about 6 April 2023. The Existing Bonds are already admitted to trading on Frankfurt Stock Exchange's regulated market (*General Standard*), segment for bonds of Deutsche Börse AG and on the Baltic regulated market of the Nasdaq Tallinn Stock Exchange.

While every effort will be made and due care will be taken by the Issuer in order to ensure the listing and the admission to trading of the New Bonds, the Issuer cannot ensure that the New Bonds are listed and admitted to trading on the Nasdaq Tallinn Stock Exchange's or on the Frankfurt Stock Exchange's regulated markets.

XXI.SELLING RESTRICTIONS

General

The Retail Offering is addressed to the general public in Estonia, Latvia, Lithuania and Germany following the approval of this Prospectus by the CSSF for the purposes of the Prospectus Regulation, and the effectiveness of the notification of this Prospectus by the CSSF to EFSA, FCMC, the Bank of Lithuania and BaFin in accordance with Article 25 of the Prospectus Regulation.

Subscription Undertakings may only be placed through financial institutions. Any persons who, at the moment of making a Subscription Undertaking, even if they are resident in Estonia, Latvia, Lithuania or Germany, may be considered as being resident in the United States or in any other country in which the offer of financial instruments is not permitted to be made unless it has been authorised by the competent authorities of such country (the “**Other Countries**”) are not entitled to subscribe for the New Bonds in the Offering.

If, according to the financial institutions, Subscription Undertakings were made by persons resident in Estonia, Latvia, Lithuania or Germany in breach of the provisions in force in the United States or in Other Countries, the financial institutions shall adopt any adequate measure to remedy the unauthorised Subscription Undertaking and shall promptly notify the relevant Sales Agent.

United States

The Bonds and the Guarantees have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and the Bonds may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S) except in certain transactions exempt from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act.

European Economic Area

The Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“**EEA**”), other than the offering contemplated in this Prospectus to the public in Estonia, Latvia, Lithuania and Germany from the time the Prospectus has been approved by the CSSF and published and notified to the relevant competent authorities in accordance with the Prospectus Regulation, and provided that the Issuer has consented in writing to use of the Prospectus for any such offers. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive (EU) 2016/97 (the “**Insurance Distribution Directive**”), where that client would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Regulation.

United Kingdom

This Prospectus is directed only at persons (i) who are outside the United Kingdom (the “**UK**”) or (ii) who have professional experience in matters relating to investments falling within article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the “**Order**”) or (iii) who fall within article 49(2)(a) to (d) (“high net worth companies, unincorporated associations etc.”) of the Order (all such persons together being referred to as “**Relevant Persons**”). Any person who is not a Relevant Person must not act or

rely on this communication or any of its contents. Any investment or investment activity to which this communication relates is available only to Relevant Persons and will be engaged in only with Relevant Persons.

XXII. GLOSSARY

2019/2023 Bonds, 2, 108, 228	FCMC, 3
2019/2023 Holders, 2, 228	Finance Documents, 131
2019/2023 Initial Bonds, 108	Group, 50, 56, 74
2019/2023 Tap Bonds, 108	Guarantee, 2
ALL, 18	Guarantees, 2, 191
Alternative, 230	Guarantor, 2
AML/CTF, 36	Guarantors, 2, 201
ATAD 1, 36	Holdco, 2, 50, 74
ATAD 1 Law, 36	ICA, 2, 8, 50, 74
BaFin, 3	ICB, 50, 74
BAM, 18	ICBH, 50, 74, 115
Bank of Tirana Facility Agreements, 109	ICC, 113
BLV, 18	ICE, 50, 74
Bonds, 1	ICK, 50, 74, 114
Cash Offering, 2, 228	ICM, 50, 74
Cash Settlement Amount, 229	ICNM, 50, 74
CBK, 114	IFRS, 25, 58, 64
CPI, 53, 76	Institutional Offering, 2, 228
CSSF, 2	Insurance Distribution Directive, 236
distributor, 59	IPB, 50, 74
EEA, 2, 236	Issue Date, 1
EFSA, 3	Issue Price, 1
Energbank, 50, 74, 114	Issuer, 1, 50, 74
EU Insolvency Regulation, 39	lute, 50, 56
Exchange Instruction, 13	luteCredit, 50, 56, 74
Exchange Instruction, 229	LITL, 37
Exchange Issue Price, 229	Luxembourg Company Law, 116
Exchange Offer, 2, 228	Luxembourg Guarantee Agreement, 191
Exchange Offer Invitation, 229	Maturity Date, 1
Exchange Offer Period, 3	Maximum Amount, 232
Exchange Offering, 2, 228	Maximum Offer Amount, 1, 228
Exchange Period, 14	MDL, 18
Exchange Period, 229	MiFID II, 59
Exchange Ratio, 229	Minimum Offer Amount, 1, 228
Existing Bonds, 1, 108	Mintos Debt, 110

MKD, 18

Moldinconbank, 109

Moldinconbank Facility Agreements, 109

New Bonds, 1

Offer Instruction, 13, 230

Offer Period, 2, 14, 230

Offer Price, 3, 13, 230

Offering, 2, 228

Option to Purchase, 13, 229

Participation Deadline, 14

Participation Deadline, 229

Pledgors, 2, 201

Pricing Notice, 1, 13, 230

Prospectus, 2

Prospectus Law, 2

Prospectus Regulation, 2

Retail Offering, 2, 13, 228

Sales Agents, 56

Securities Act, 3

Security Providers, 2, 201

Settlement, 230

Subscription Instruction, 13, 229

Subscription Offer, 13, 231

Subscription Undertaking, 13, 231

Subsidiaries, 50, 74

Subsidiary Guarantor, 2, 8

Terms and Conditions, 56

UK, 236

Victoriabank, 109

Victoriabank Facility Agreement, 109

VP, 50, 74, 114

XXIII. DOCUMENTS INCORPORATED BY REFERENCE

The following documents have been incorporated by reference in this Prospectus in order to comply with Section 11 of Annex 6 of the Commission Delegated Regulation (EU) 2019/980. They are published on Holdco's website at <https://iutecredit.com/>. The information not listed in the cross-reference list is not incorporated by reference as it is either not relevant for investors or covered elsewhere in the Prospectus.

1. Audited consolidated financial statements of Holdco as of and for the financial year ended 31 December 2020, prepared in accordance with IFRS, and the independent auditor's report thereon contained in Holdco's 2020 Annual Report.

Link:

<https://iutecredit.com/wp-content/uploads/2021/08/ICE-Annual-report-2020.pdf>

- Consolidated statement of comprehensive income 2020 Annual Report page 12
- Consolidated statement of financial position 2020 Annual Report page 13
- Consolidated statement of changes in equity 2020 Annual Report page 14
- Consolidated statement of cash flows 2020 Annual Report page 15
- Notes to the consolidated financial statements 2020 Annual Report pages 16 to 64
- Independent auditor's report 2020 Annual Report pages 65 to 67 of the .pdf document

2. Audited consolidated financial statements of Holdco as of and for the financial year ended 31 December 2021, prepared in accordance with IFRS, and the independent auditor's report thereon contained in Holdco's 2021 Annual Report.

Link:

<https://iutecredit.com/wp-content/uploads/2022/08/IUTECREDIT-ANNUAL-REPORT-2021.pdf>

- Consolidated statement of comprehensive income 2021 Annual Report page 12
- Consolidated statement of financial position 2021 Annual Report page 13
- Consolidated statement of changes in equity 2021 Annual Report page 14
- Consolidated statement of cash flows 2021 Annual Report page 15
- Notes to the consolidated financial statements 2021 Annual Report pages 16 to 62
- Independent auditor's report 2021 Annual Report pages 63 to 65 of the .pdf document

3. Unaudited consolidated interim report of Holdco as of and for the financial year ended 31 December 2022, prepared in accordance with IFRS.

Link:

https://iutecredit.com/wp-content/uploads/2023/02/230221_ICE_Report-12M22-2.pdf

- Consolidated statement of comprehensive income Interim Report 2022 pages 20 to 22
- Consolidated statement of financial position Interim Report 2022 pages 23 to 25
- Consolidated statement of changes in equity Interim Report 2022 page 27
- Consolidated statement of cash flows Interim Report 2022 page 26
- Notes to the consolidated financial statements Interim Report 2022 pages 5 to 19

4. Audited financial statements of the Issuer as of and for the financial year ended 31 December 2020, prepared in accordance with IFRS, and the independent auditor's report thereon contained in the Issuer's 2020 Annual Report.

Link:

https://iutecredit.com/wp-content/uploads/2021/05/luteCredit-Finance-S.a-r.l._FS-31.12.2020_PDF_SIGNED.pdf

- Statement of comprehensive income 2020 Annual Report page 7
- Statement of financial position 2020 Annual Report page 8
- Statement of changes in equity 2020 Annual Report page 9
- Statement of cash flows 2020 Annual Report page 10
- Notes to the financial statements 2020 Annual Report pages 11 to 30
- Independent auditor's report 2020 Annual Report pages 31 to 34 of the .pdf document

5. Audited financial statements of the Issuer as of and for the financial year ended 31 December 2021, prepared in accordance with IFRS, and the independent auditor's report thereon contained in the Issuer's 2021 Annual Report.

Link:

https://iutecredit.com/wp-content/uploads/2023/01/luteCredit-Finance-S.a-r.l._FS-31.12.2021_PDF_SIGNED-1-1.pdf

- Statement of comprehensive income 2021 Annual Report page 7
- Statement of financial position 2021 Annual Report page 8
- Statement of changes in equity 2021 Annual Report page 9
- Statement of cash flows 2021 Annual Report page 10
- Notes to the financial statements 2021 Annual Report pages 11 to 32

- Independent auditor’s report 2021 Annual Report pages 33 to 37 of the .pdf document

6. Interim Report 2022 containing the interim financial statements of the Issuer as of and for the six-month period ended 30 June 2022. The interim financial statements are unaudited, prepared in accordance with IFRS, and consists of the statement of financial position as at 30 June 2022 and the related condensed statement of comprehensive income, the cash flow statement and notes for the six-month period ended 30 June 2022.

Link:

https://iutecredit.com/wp-content/uploads/2022/08/luteCredit-Finance_FS2022_06-interim.pdf

- Statement of comprehensive income Interim Report 2022 page 7
- Statement of financial position Interim Report 2022 page 8
- Statement of changes in equity Interim Report 2022 page 9
- Statement of cash flows Interim Report 2022 page 10
- Accounting policies and explanatory notes Interim Report 2022 pages 11 to 23

7. Audited financial statements of luteCredit Albania SH.A as of and for the financial year ended 31 December 2021, prepared in accordance with International Financial Reporting Standards, and the independent auditor’s report thereon contained in luteCredit Albania SH.A’s 2021 Annual Report.

Link:

<https://iutecredit.com/wp-content/uploads/2023/02/2021-IUTECREDIT-ALBANIA-ANNUAL-REPORT.pdf>

- Statement of comprehensive income 2021 Annual Report page 7
- Statement of financial position 2021 Annual Report page 6
- Statement of changes in equity 2021 Annual Report page 8
- Statement of cash flows 2021 Annual Report page 9
- Notes to the financial statements 2021 Annual Report pages 10 to 33
- Independent auditor’s report 2021 Annual Report pages 3 to 5

8. Audited financial statements of luteCredit Albania SH.A as of and for the financial year ended 31 December 2022, prepared in accordance with International Financial Reporting Standards, and the independent auditor’s report thereon contained in luteCredit Albania SH.A’s 2022 Annual Report.

Link:

<https://iutecredit.com/wp-content/uploads/2023/02/2022-IUTECREDIT-ALBANIA-ANNUAL-REPORT.pdf>

- Statement of comprehensive income 2022 Annual Report page 2
- Statement of financial position 2022 Annual Report page 1
- Statement of changes in equity 2022 Annual Report page 3
- Statement of cash flows 2022 Annual Report page 4
- Notes to the financial statements 2022 Annual Report pages 5 to 25
- Independent auditor's report 2022 Annual Report pages i to iii

ISSUER

IuteCredit Finance S.à r.l.
16, Rue Eugène Ruppert
L-2453 Luxembourg
Grand Duchy of Luxembourg

ORGANIZER OF THE PUBLIC PLACEMENT IN ESTONIA, LATVIA AND LITHUANIA

Signet Bank AS
Antonijas iela 3
Riga, Latvia

ISSUING AND PAYING AGENT AND CALCULATION AGENT

BPER Bank Luxembourg SA
30, Boulevard Royal, L-2449 Luxembourg

HOLDERS' AGENT AND SECURITY AGENT

Greenmarck Restructuring Solutions GmbH
Widenmayerstraße 16
80538 Munich

LEGAL ADVISER

To the Issuer and Security Providers as to Luxembourg law:

GSK Stockmann SA
Société Anonyme
(inscrite au barreau de Luxembourg)
44, Avenue John F. Kennedy
L-1855 Luxembourg

INDEPENDENT AUDITORS TO THE GROUP

KPMG Baltics OÜ, Narva mnt 5, 10117 Tallinn, Estonia