



2025
Annual Report

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1 Key Figures

124.6 EURm

Total Income
+10.6% vs. 12M24

89.1%*

Cust. Perf. Index (CPI30)
vs. 87.1% 12M24
*Excluding Bank

53.6 EURm

EBITDA
+21.1% vs. 12M24

358.3 EURm

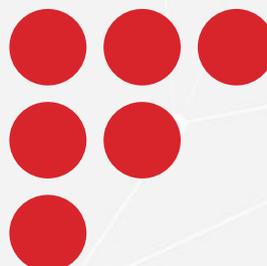
Net Loan Portfolio
+20.4% vs. YE24

3.0%

NPLs in Net Portfolio vs. 5%
YE24

274,000

Active Customer Pool
+4.5% vs. YE24



2 General information and contacts

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Main activity:	Holding company
Auditor:	KPMG Baltics OÜ
Reporting period:	1 January 2025 – 31 December 2025

Abbreviations and keys

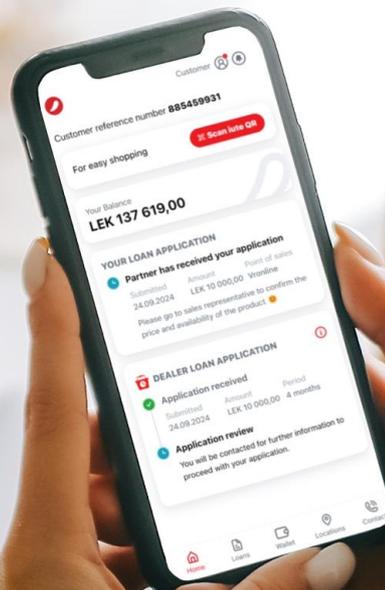
The following abbreviations are used in current Annual Report:

GAAP	Generally Accepted Accounting Principles
IASB	International Accounting Standards Board
Interpretations Committee	IFRS Interpretations Committee (formerly International Financial Reporting Interpretations Committee (IFRIC))
EOY	End-of-year
YOY	Year-on-year
APR	Annual percentage rate
EIR	Effective interest rate
OCI	Other comprehensive income
CGU	Cash generating unit
FVTPL	Fair value through profit or loss
FVOCI	Fair value through other comprehensive income
SPPI	Solely payments of principal and interest
ECL	Expected credit loss
12mECL	12 month expected credit loss
LTECL	Lifetime expected credit loss
PD	Probability of default
LGD	Loss given default
EAD	Exposure at default
POCI	Purchased or originated credit impaired (financial assets)
GLP	Gross loan portfolio
NLP	Net loan portfolio
NPL	Non-performing loans (defaulted)



iute's mission is to create the greatest experience in personal finance, by combining fintech with the warmth of the human touch.

To help customers to become financially and digitally stronger.



Management report for 2025

Statement of the Management

In 2025, lute Group advanced decisively toward our ambition of becoming a digital bank powered by the most used financial superapp in every market where we operate. We achieved both qualitative and quantitative growth while carefully balancing current profitability with the investments required to build future banking capabilities. At the same time, we worked to reshape outdated perceptions of lute as a traditional consumer finance company, replacing them with expectation of lute as a fully digital, customer-centric bank for everyday life.

Despite macroeconomic and geopolitical turbulence, our momentum strengthened as we expanded the six spokes of our growth flywheel: the customer experience engine, our personal finance superapp, customer-obsessed products, a growing partner ecosystem, data science and AI capabilities, and geographic expansion.

We continued to execute our view that customer experience is a bundle – a set of commercial and non-commercial products that makes every customer financially and digitally stronger. This bundle now includes a broad range of features and journeys within lute's ecosystem, each showing measurable increases in usage. These journeys generate rich data that feeds our personalisation and engagement engine. To support this complexity, we reshaped our internal product organisation into more specialised teams, ensuring sharper focus and greater efficiency in each market.

As a result, our active customer base grew 4.5% to 273,607 people – customers who rely on our value proposition and finance our growth. We like to say, that “customers pay our bills,” if our work is meaningful and valuable.

Digital engagement continued to rise. Our superapp is named Myiute. Myiute has evolved into a standalone product that competes with physical branches and integrates partner services. Our goal is clear: sweet-spot customers should be fully digital. We aim for at least 70% of all active customers using the app by the end of 2026 and target smartphone-only operations by 2028. By the end of 2025, 53% of active customers qualified as truly active mobile users. The superapp model has proven its feasibility, but customer habit transformation and journey optimisation remain ahead. Increasing operational efficiency and delivering the benefits of digitalisation instantly to customers will be key.

A superapp earns its name only when it bundles services that customers value and willingly pay for. In 2025, we added several insurance products and wallet services. We expanded Loan Protection Insurance and launched fully digital MTPL Insurance in Albania. We also prepared our first subscription-based product offering Travel & Life insurance combined with Roadside Assistance. Our Wallet demonstrated its ability to retain customers and generate revenue through payments, FX operations, and cash transactions. In total, the Group generated EUR 124.6 million in revenue – 86% from loans, 4% from Wallet, and 5% from insurance intermediation – with all segments growing.

Our partner ecosystem embraced 3,500 active points of sale in 2025. A strong ecosystem is essential for customer engagement, lifetime value, and profitability. Transactional activity grew by more than 27%, surpassing 206,000 transactions and reaching a total gross merchandise value of over EUR 113 million – still only the beginning of what we can achieve.

Our scale is made possible only through data science and artificial intelligence. In 2025, we deployed predictive models that enabled automated loan decisions, personalised offers, and more efficient customer interactions. Better data means better experiences, higher customer lifetime value, and stronger relationships. This approach improved CPI30, loan repayment discipline, by 1.9 percentage points to 89.1% year-on-year in December. On a EUR 200 million Finco loan portfolio, this alone translates to at least EUR 3 million in additional profit. Operational efficiency improved as well: the adjusted opex-to-revenue ratio fell to 35% (down from 39% in 2024). Annual revenue per active customer increased 5%, and revenue per employee rose to EUR 137.5 thousand. Remarkably, all of this was achieved while the average loan yield fell by 5 percentage points to 33%, meaning customers paid EUR 10 million less in fees and interest – savings we offset through efficiency and lower credit risk. Net profit increased accordingly.



Tarmo Sild
Chief Executive Officer

Statement of the Management

Our geographic expansion efforts materialised in Ukraine, where we were qualified by the National Bank of Ukraine as a bank shareholder and subsequently won the tender for shares of the bridge bank "luteBank." This enables us to build a fully digital bank in Ukraine in 2026 from carefully selected assets and resources. We see Ukraine, once it returns to peace, as a future European growth engine. Our capital allocation remains tightly controlled until the Ukrainian operation meets internal profitability and growth thresholds. Importantly, all expansion-related costs have been fully covered by revenue from our existing customer base.

Overall, our flywheel continued to strengthen. We reached a consolidated balance sheet of EUR 511 million – exceeding our target – and nearly achieved our ambitious revenue target with EUR 124.6 million. Net profit reached EUR 10 million, surpassing the previous year despite heavy investments. Our HQ team in Tallinn grew beyond 100 highly qualified professionals, complemented by strong local teams and inflow of international talent.

During the year, we invested over EUR 10 million into future technologies and new markets, with a corresponding impact on current net profit. We expect these investments to generate substantial returns over the next five years. We estimate that building a digital bank and superapp across six countries will require an additional EUR 80 million in investment, or roughly EUR 16 million annually over the next five years.

For 2026, we will continue expanding all six spokes of our flywheel. We expect Group revenue to reach EUR 150 million, even with loan yields declining by another 3 percentage points. Net profit is projected at EUR 12 million, the Opex-to-revenue ratio below 35%, the balance sheet above EUR 650 million, and the active customer base above 300,000 people.

Management remains confident in lute's future and extends its gratitude to the lute team, our customers, and our growth investors.

Group overview

lute Group AS (formerly luteCredit Europe) is a holding company which issues consumer and corporate credits and offers personal finance services via its owned operating subsidiaries in local markets (Subsidiaries). As at 31 December 2025 IG had thirteen subsidiaries:

1. ICSOMF luteCredit SRL (ICM) in Moldova,
2. luteCredit Albania SHA (ICA) in Albania,
3. luteCredit Macedonia DOOEL-Skopje (ICMK) in North Macedonia,
4. lutePay Bulgaria EOOD (lutePay Bulgaria) in Bulgaria,
5. luteCredit Bulgaria EOOD (ICBG) in Bulgaria,
6. MKD luteCredit BH d.o.o. Sarajevo (ICBH) in Bosnia and Herzegovina,
7. luteCredit Finance S.a.r.l. (ICF) in Luxembourg,
8. lutePay Sh.P.K. (IPA) (formerly VeloxPay SH.P.K, Velox) in Albania,
9. BC Energbank S.A (EB) in Moldova,
10. luteCredit Romania IFNSA (ICRO) in Romania,
11. lute Safe AD Skopje (ISMK) in North Macedonia.
12. lutePay Macedonia DOOEL-Skopje (IPMK) in North Macedonia (inactive),
13. lute Affinity OÜ in Estonia (inactive).

Subsidiary lutePay Bulgaria EOOD, MKD luteCredit BH d.o.o. Sarajevo and luteCredit Romania IFNSA were inactive during financial year 2024.

Subsidiary BC Energbank S.A was acquired by IG through step acquisition in 2022. The control over the subsidiary was obtained on 14th of February 2022.

lute Group AS and its subsidiaries form the lute Group or lute on a consolidated level. As at 31 December 2025, IG consisted of fourteen entities.

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

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

Subsidiaries implement the processes designed by HQ and offer customers the services. Furthermore, the individual subsidiaries develop the business in the local competition field according to strategic guidance and targets, financing and technology provided by IG.

Finally, subsidiaries consist of local teams, local customers, local loan portfolios, and develop local investor relations and relations with regulatory authorities and partners.

ICM is in operation since August 2008 and is authorized by the National Commission for the Financial Market. ICA started its activity in 2015, licensed from Central Bank of Albania, dated 31.03.2015 as Non-Bank Financial Institution of Microcredit. ICMK obtained the license from the local Ministry of Finance on 24.07.2017 and on 18.09.2017 approval of loans, issuing and administration of credit cards. ICBH got the license dated at the end of February 2019 and started business in May 2019. IPA got the license dated at the end of January 2022. lutePay Bulgaria obtained the payment institution license at the end of December 2024. ICBG obtained license dated at the end of April 2019 but full-scale business activities were launched only in the second half of year 2021. ISMK started business in September 2024. lutePay Macedonia obtained the Electronic Money Institution license in July 2025. EB was established in the Republic of Moldova on 16 January 1997 as a closed joint stock company. EB is principally engaged in retail banking operations in the Republic of Moldova. EB operates through its head office located in Chisinau, 18 branches located throughout Moldova.

We aim to achieve speed and comfort in the operations, including instant response to any submitted loan application. As we depend on our partners (banks, shops, mail, telecom, and other associates), we constantly strive to find new and innovative ways to achieve speed and to be the fastest credit provider in the markets.

Consolidated key financial parameters

in thousands EUR	2025	2024
EBITDA (profit/loss before taxes, depreciation, amortization and interest expense)	53,558	44,223
ROA (profit/assets)	1.95%	2.17%
ROE (profit/equity)	12.33%	12.13%
Assets/equity ratio	6.33	5.58
Equity per share (equity/number of outstanding shares)	7.56	7.20
Earnings per share (profit/number of outstanding shares)	0.93	0.87
Dividends paid per share (dividends paid/number of outstanding shares)	0.31	0.40

lute Group's policy is to distribute dividends to its shareholders up to 25% of the distributable profit. In 2025 the Group paid dividends 3,240 thousand EUR (2024: 4,001 thousand EUR).

Loan products

The Group's core loan products are unsecured instalment loans and buy-now-pay-later loans with maturities between 3 months and 60 months and pledge secured loans with maturities of up to 72 months. The median loan amount is above 500 EUR, while loan amounts range between 50 EUR and 16 thousand EUR. The weighted average annual percentage rate (APR) is 33% and effective interest rate (EIR) 45% depending on the loan amount, maturity, and customer status (new or recurring customer with good payment history).

lute Group aims to serve only customers with a permanent workplace and stable income. The loan underwriting process is based on personal identification, personal income assessment, and personal loan

performance data. Approximately 55% of loan applications by individual customers across the Group are approved on average.

Loans are handled via established partners network (such as shops, money transfer companies, and postal agencies), web portals, and other online channels, as well as lute branches (retail offices). By the end of December 2025, lute Group had 35 lute branches and 4600+ active points of sale, and 21 Energbank branches. Traditionally, lute Non-Bank handles money only via bank accounts or over the counter through its agents. With the introduction of lute ATMs, the operating country subsidiaries are increasingly carrying out cash transactions.

Wallet services

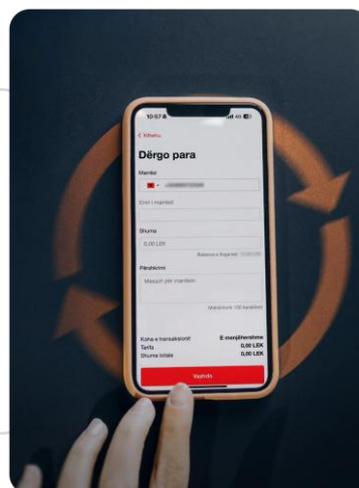
The Group's wallet services vary from country to country between full-range solutions provided as a bank, and partial solutions subject to the license issued in any given country. The Group operates its own ATM network that is accessible with the Mylute app.

Insurance intermediation

The Group provides insurance intermediation services across all countries where it operates. Primary focus is on Loan Protection Insurance (LPI), which accounts for the largest share of Group's commission revenue across all markets. In addition, the Group offers other insurance products such as home insurance, property insurance, travel insurance, motor insurance etc.



lute provides digital financial services including payments, banking, financing and insurance intermediation.





“

We envision a world where financial interactions are fast, seamless, and personalised, fitting into the rhythm of everyday life.

Revenue base

The Group's revenue consists of:

- i. fees and interest charged from customers under the terms of loan agreements;
- ii. fees charged from customers for various payment services (such as MasterCard issuance and transaction fees, Group's own ATM fees, processing payments from customers, transactions with debit cards and interbank transactions)
- iii. revenue from sale of assets, such as sale of defaulted loan portfolios.

The Group's revenue from loan agreements consists of:

- i. loan agreement commission fees which are charged for receiving, processing the loan application, and issuing the loan, or modifying the valid loan conditions,
- ii. interest, which is charged on the outstanding principal amount, and
- iii. various fees applied in case of different breaches or later modifications of loan agreement ("Secondary fees").

lute Group's lending business at lute Non-Bank is focused on performing customers and avoiding poorly performing or defaulting customers. Accordingly, fee income predominantly results from performing customers and primary fees. Primary loan agreement commission fees are charged for receiving, processing loan applications and issuing loans, or modifying valid loan conditions.

Interest is charged on the outstanding principal loan amounts. Other primary fees are charged for various services. Secondary fees are applied as a consequence of non-performance of loan repayment payments on the due date. Secondary fees are used to offset the Group's exposure to payments past due related to the original loan agreements. Secondary fees are accounted as collected, whereas primary fees are accounted as accrued.

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

Customer base and portfolio

By the end of 2025, lute Group has 1M individuals in its database. And in year 2025, approximately 70% of customers who have used our products are returning customers.

The net loan portfolio (i.e., the balance of all due receivables from customers, adjusted with allowances for loan impairment) has increased by 20% in 2025 up to 358,257 thousand EUR.

As at the end of 2025, approximately 38,24% of the loan portfolio was occupied by loan products with a longer maturity than 12 months (2024: 59,47%) and 61,76% of the loan portfolio was occupied by loan products with maturity of up to 12 months (2024: 40,53%).



At the end of 2025, the Group had over 270,000 active customers.

Customer experience

We built our experience around one clear belief: lasting relationships are created through trust, relevance, and meaningful engagement. This belief led us to design and launch our loyalty capability – not as an add-on, but as a natural extension of how we connect with our customers.

In 2025, we successfully established our loyalty functionality in two countries, transforming everyday interactions into opportunities for recognition and value. From the very beginning, the program has actively engaged 55 000 customers, encouraging them to return, explore more, and build stronger habits within the app. For us, loyalty is not about points alone; it is about acknowledging consistency, rewarding trust, and making customers feel seen. Our ambition is to embed loyalty into customers' everyday lives and support them become more financially capable.

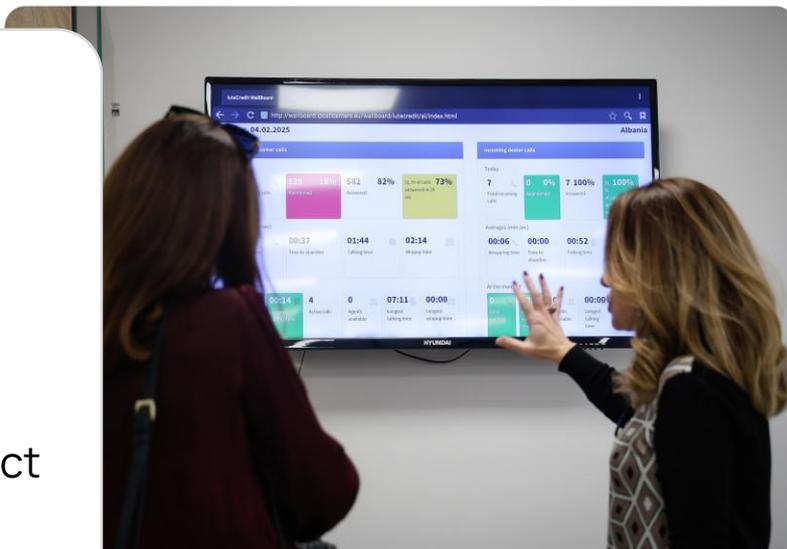
Digitalization is our key enabler and the foundation of our ambition to build a true financial Superapp. Myiute allows us to scale self-service, personalize experiences, and continuously improve based on real customer behavior and feedback. Today, it serves as a comprehensive digital platform that supports customers throughout their daily financial lives. Customers can freely explore Myiute, open a digital wallet, purchase insurance, explore loan terms, manage products, and engage with our broader ecosystem – all within a single, intuitive experience strengthened by loyalty-driven motivation. In 2025, Mylute users accounted for 53% of our active customers, with a clear ambition to reach 70%.

By bringing together loyalty, customer experience, and digital innovation, we are not simply increasing usage – we are building an ecosystem where engagement is rewarded, relationships are nurtured, and customers choose to stay because the experience genuinely works for them. In 2025, our group average monthly customer retention rate is 92.2%.

Throughout the entire customer journey, we continue to actively listen to feedback and measure satisfaction. Our Net Promoter Score for 2025 stands at 86.6, and we proactively engage with neutral and detractor feedback to address concerns and improve outcomes. In 2025, our customer care team supported customers through 10 different channels, serving 1.8 million inbound interactions and conducted 3.8 million outbound interactions, reinforcing our commitment to accessibility, responsiveness, and care. Compared to 2024, incoming interactions decreased by 10%, driven by our digitalization efforts. Through active migration to Mylute led by our Customer Advisors, app usage among active customers increased from 32% in 2024 to 53% in 2025.



lute maintains a strong presence across various customer communication channels. In 2025, our contact centre effectively handled over 5.6 million customer interactions via calls, e-mails and chats.



Team

In Talent acquisition and compensation

The Group is committed to attracting and retaining the best talent and supporting continuous professional development to maximize their potential. In 2025, the Group employed on average 906 employees (2024: 922).

Our commitment to employee well-being extends to their financial compensation. Salary levels, including bonuses, surpass local market averages and industry benchmarks, amounting to 23,691 thousand EUR in personnel expenses in 2025 (2024: 22,526 thousand EUR).

We have introduced the Shareholder Program in line with our dedication to cultivating a sense of ownership. This initiative enables employees to exchange bonuses for share options, aligning their interests with the success of lute Group. Employees gain a stake in the company's success by becoming shareholders and enjoying dividends and capital distributions.

Diversity and inclusion

lute prioritizes talent based on merit, ensuring equal opportunities regardless of gender, age, or cultural background. The C-level management has a balanced gender distribution, with 55% men and 45% women.

Our international team spans 17 nationalities across six countries, promoting cultural diversity, creativity, and innovation. We facilitate seamless relocation for employees joining our headquarters in Tallinn, Estonia, offering comprehensive support for a smooth transition, including assistance with applying for a residence permit or visa and work permit, information on kindergartens and schools contacts and fees, rental property search, covering moving expenses, and airline tickets for both the employee and their family members. In 2025, one employee used this opportunity.

Leadership development

Management in the Group means leadership: leading a group of people to the desired results. Our Management Book provides a comprehensive overview of our management system, supporting leaders to build and lead winning teams throughout their careers. The Group has conducted several leadership training courses in 2025 to build a stronger management team.

Employee development and well-being

Our employment policy serves as a guide, aligning HR practices with our mission and values. Investing in employee development is a key component of our HR strategy, offering training programs, English language courses, and the "Visit the World" program for extraordinary experiences. This program sends best-performing team members from all countries to visit locations and companies abroad to gain extraordinary experiences and gain valuable insight into other best-in-class performers. In 2025, 100 lute employees took part in the "Visit the World" program.

Motivation and recognition

To motivate our team, we organize regular events, recognize outstanding employees, host competitions, celebrate milestones, and provide financial support for life event celebrations.

Across the lute Group, we also value long-term commitment and loyalty. Employees who reach 5 years of continuous service with lute become lute Group Builders - a title that celebrates their contribution to building our culture and company. As a token of appreciation, lute Group Builders are rewarded with 5 extra calendar days of paid vacation per year, starting from the date they reach their 5-year milestone.

In addition to these group-wide initiatives, lute has additional benefits for employees that differ by country.

- In Estonia, all employees get one paid Friday off per quarter, and every employee whose position does not require business traveling gets a one-time opportunity to go on a trip to one of the lute countries to learn about the countries where lute does its business.
- In Moldova, lute has a Benefits program, which includes a series of benefits for employees, for example, daily meal tickets, and compensates costs for personal development, such as tuition fees, books, gym memberships, etc.
- In Albania, a supplementary pension fund and an extra vacation day for employees with more than 5 years of experience in the lute Group are being offered.
- In North Macedonia, lute co-finances scholarships for employees who have been in the Group for more than one year.
- In Bulgaria, lute offers comprehensive benefits, including additional health insurance, an annual health check, and food vouchers.

Employee satisfaction and transparent feedback

Clear goals aligned with our mission and values drive our team. Transparent feedback derived from individual targets, annual team surveys, and NPS research ensures alignment with our mission and values. Annual team surveys, with an 86,7% participation rate in 2025, guide management in making necessary adjustments for enhanced satisfaction.

Group-wide internal communication, facilitated through Intranet and newsletters, fosters collaboration and knowledge sharing across all lute countries. Representatives of all the lute countries actively contribute to sharing news from their countries each week.



iute Group is the main sponsor of the Estonian National Symphony Orchestra. iute's contribution allows the orchestra to take advantage of more opportunities and perform in new places and venues.

ESG at Iute Group

As a digital bank powered by a superapp for everyday financial life, Iute approaches sustainability as part of how everyday digital banking is built, delivered, and experienced. Digital-first banking services, automation, financial literacy, and responsible governance are core elements of how the Group creates long-term value for customers, partners, employees, investors, and communities across its markets.

In the double materiality assessment completed in 2024, the Group assessed the following topics as material from both impact and financial materiality perspectives:

- Climate Change Mitigation
- Social Inclusion of Consumers and Information related Effects for Consumers
- Corporate Culture

The following topics were assessed as material only from the impact perspective:

- Energy
- Working Conditions and Equal Treatment of Employees
- Economic, Social & Cultural Rights of local communities
- Corruption & Bribery, Political Engagement and Protection of Whistleblowers

In 2025, Iute Group continued integrating environmental, social, and governance considerations into its everyday business. Iute Group will further develop its ESG disclosures in line with applicable regulatory requirements and reporting obligations. The focus will remain on material topics identified through the 2024 double materiality assessment, with improvements to data quality and internal processes implemented where required. Disclosures focus on material topics where the Group has the most relevant impact and available data; other topics will be addressed as reporting requirements evolve.

Climate Change Mitigation

Responsible digitalisation as a means to reduce environmental impacts

Iute's primary environmental impact continues to stem from the digitalisation of everyday banking services. We focus on digital footprint; other environmental topics are not material. Energy use is recognised as an impact-related topic; however, due to the Group's digital-first operating model and limited direct energy consumption, it is managed indirectly and not reported separately.

By enabling customers to manage their financial lives through digital channels, the Group reduces reliance on paper-based processes, physical journeys, and plastic cards, while improving convenience and access.

In 2025, across Iute, 98.7% of customer agreements (payments, lending, insurance intermediation, etc.) were concluded digitally, either via the MyIute app or digital channels. We support digital-first access mobile apps, cardless services, and self-service solutions that allow customers to manage everyday banking needs without physical documents or plastic cards. This supports both environmental efficiency and customer convenience.

Country initiatives

Our digital innovation also received external recognition in 2025. Iute Moldova was awarded "Best NBF Digital Transformation Moldova 2025" by the Global Banking and Finance Review, reflecting progress in automated decisions, digital self-service, and electronic signatures. These developments strengthen operational efficiency while supporting environmentally lighter ways of delivering everyday digital banking.



We want to take care of the communities where we operate and be active citizens.

Social

Social inclusion through supporting financial confidence

Supporting customers' financial confidence and access to everyday digital banking services remains central to lute's social impact. As a digital bank focused on everyday financial life, lute combines digital self-service with access to human support, enabling customers to use digital services independently while receiving assistance when needed.

In 2025, the number of customer support interactions across the Group exceeded 5.6 million, reflecting regular use of digital services. Customers can access support through in-app chat, web chat, messaging platforms, social media, and partner-assisted channels. Personal support is available for customers who require additional guidance during onboarding, identity verification, or service use, helping ensure clarity, accessibility, and responsible use of digital financial services.

Financial literacy continued to support long-term customer confidence and informed financial behaviour. During 2025, the Group and its subsidiaries contributed to financial education initiatives targeting youth, customers, investors, and the wider public. These initiatives focused on improving understanding of everyday financial decisions, promoting transparency, and supporting responsible engagement with digital financial services.

Country initiatives

In Moldova, lute expanded the "Generation of Financial Intelligence" program, including the first edition of #YouthEconomy, powered by lute Moldova, which connected students with finance and entrepreneurship professionals and provided practical insight into financial planning, business development, and responsible decision-making. Energbank complemented this with interactive financial education sessions for schoolchildren, introducing core principles of money management and the role of banks.

In North Macedonia, lute leaders engaged with university students through lectures and discussions focused on digital channels, entrepreneurship, and the future of financial services. The initiatives focused on practical skills and understanding of everyday financial decisions.

At the Group level, lute supported investor education by sponsoring the Investor Toomas Conference and the Investing Festival, together reaching approximately 3,000 participants.

Well-being of our employees

The culture of lute is built around **trust, responsibility, and continuous development**. At the end of 2025, the Group employed 906 people across its countries.

Learning and development remain a priority for lute. In 2025, the Group delivered more than 230 trainings, totalling over

10,800 training hours, covering leadership, digital skills, compliance, data protection, information security, and risk management.

In addition to professional development, employees are supported through health and well-being initiatives across the Group. Private health insurance is provided in all operating countries, with family coverage available in selected subsidiaries. In 2025, our teams actively participated in various wellbeing, sports, and health awareness initiatives.

Country initiatives

In North Macedonia, lute marked Breast Cancer Awareness Month through internal Pink October activities, focusing on prevention, self-care, and mental well-being. Employees also participated in the Zegin Spectraton humanitarian race, supporting organisations working with people with autism spectrum disorders.

In Moldova, lute and Energbank teams jointly participated in the Chişinău Marathon under the #HopelnMotion initiative, supporting Hospices of Hope Moldova and contributing to the development of free palliative care services through sponsorship and employee participation.

In Bulgaria, sustained focus on employee well-being and workplace culture was reflected in external recognition. For the fourth consecutive year, lute Bulgaria was named among the Top 100 Best Employers, ranking 38th in 2025, based on public and expert evaluation and highlighting continued investment in team development, open communication, and a supportive work environment.

Social

Engaging our local communities

Community engagement at lute is primarily implemented at the local level. The Group supports social, cultural, and environmental initiatives that respond to identified community needs in its operating markets. Activities are carried out by local teams in cooperation with community partners and are aligned with the Group's broader approach to responsible business conduct.

Country initiatives

In Moldova, lute and Energbank supported local communities through food donation campaigns, holiday initiatives for children, and partnerships with organisations working with vulnerable families, children with disabilities, and palliative care patients. Additional activities included supporting youth education through Junior Achievement Moldova, donating equipment to schools, and a joint tree-planting initiative under the "Generația Pădurii" campaign, promoting environmental responsibility and community involvement.

In North Macedonia, lute responded to a local emergency following a toxic fire in Trubarevo by donating medical-grade air purifiers to a primary school, helping restore a safe learning environment for more than 350 students. The subsidiary also continued its “Growing Together” initiative, focusing on tree planting and improvements to public spaces in cooperation with municipalities and local partners.

In Albania, lute supported cultural heritage and public awareness through sponsorship of the Porto Palermo Festival, the cultural event “Tefta Tashko Koço – My Song to the Night”, and the restoration of the animated film Ilira, in cooperation with the Albanian National Film Archive, totaling 10,300 euros.

In Estonia, lute extended its long-term partnership with the Estonian National Symphony Orchestra, increasing its total support to 600,000 euros as ERSO prepares for its 100th season.

Corporate culture

lute Group’s corporate culture is built on accountability, simplicity, and disciplined execution, supporting the Group’s role as a digital bank that keeps life moving. The culture is customer-centric and focused on delivering everyday value through simpler banking, faster decisions, and a frictionless experience, while maintaining fair pricing, transparency, and accessible human support. This approach strengthens customer confidence and supports long-term, responsible relationships in everyday digital banking.

The Group promotes a culture of individual ownership. Employees are expected to take ownership of their roles in delivering consistent, reliable services. Corporate culture is reinforced through continuous learning, clear performance measurement that supports responsible behaviour, and consistent ways of working across all markets.

Governance

lute Group is committed to the highest standard of business ethics with a strong management board, clear management principles, and established governance practices.

Employees and external stakeholders are encouraged to report misconduct or irregularities. Effective internal communication across the Group is in place. Corporate responsibility is steered through internal policies, guidelines, and evaluation and feedback processes, including the Management Book, the Whistleblowing Channel, customer satisfaction surveys, annual team surveys, and Net Promoter Score (NPS) monitoring.

Within the Group, a universal Code of Conduct is set out in the Mission and Values document and the Management Book. It reflects the Group’s mission and core values and defines expectations for ethical behaviour, integrity, and responsible conduct, supported by additional internal policies and legal templates.

All organisations, and especially financial institutions, face the risk of breaches of legal or regulatory requirements or unethical conduct. A culture of openness is essential to prevent such situations and to address them appropriately when they occur.

lute has established a Group-wide Whistleblowing Procedure for reporting suspected misconduct or breaches. Whistleblowing includes reporting actual or potential irregularities or attempts to conceal breaches, such as fraud, bribery and corruption, discrimination, harassment, or other unethical conduct. Employees and external stakeholders are provided with guidance on how to raise concerns, and reports are handled confidentially. All reports are handled with strict confidentiality and are assessed in accordance with the Whistleblowing Procedure by designated Group-level functions.

The Group has an Anti-Bribery and Anti-Corruption Policy in place. All entities within the Group are committed to conducting business in compliance with applicable laws, rules, and regulations, and in line with the highest ethical standards. The policy reiterates the Group’s commitment to full compliance by its subsidiaries, officers, directors, and employees with applicable anti-bribery and anti-corruption laws in the countries where the Group operates.

The Group also applies Insider Information Rules governing the retention and disclosure of inside information, as well as transactions based on such information. These rules protect investor interests and support fair and transparent trading. They apply to Management Board and Supervisory Board members, employees of Group companies, and other persons who may have access to inside information.

Compliance expertise and professional development are actively supported across the Group. Several members of the Group’s legal leadership hold the internationally recognised Certified Anti-Money Laundering Specialist (CAMS) qualification and are members of the Association of Certified Anti-Money Laundering Specialists (ACAMS).

In 2025, lute Group further strengthened its governance and risk culture by launching an internal information security awareness program. This included regular phishing simulations and recurring short training modules designed to build everyday awareness of digital risks. This initiative is intended to reduce operational risk, support secure digitalisation, and reinforce shared responsibility for data security across the Group.

The Group communicates with shareholders through the Annual, Interim, and Half-Year Reports, press releases, the Group’s website, and social media channels. In addition, the Group engages with bondholders through earnings calls and investor meetings.



Our goal is to do business
in a way that makes a
positive contribution to
people and to society.



Consolidated financial statements

Consolidated statement of profit and loss and other comprehensive income

in thousands EUR	Notes	2025	2024
Interest and similar income	3	102,715	93,221
Interest expense	4	-35,541	-28,394
Net interest and similar income		67,173	64,828
Other fees and penalties	5	7,259	7,227
Total other fee income		7,259	7,227
Other income	5	15,201	12,673
Other expenses		-585	-434
Net other income		14,616	12,239
Foreign exchange gains/losses		478	1,249
Total operating income		478	1,249
Net income		89,527	85,544
Personnel expenses	6	-23,691	-22,526
Depreciation/amortization charge	14,15,16	-5,815	-4,231
Other operating expenses	7	-20,903	-21,170
Total operating expenses		-50,409	-47,928
Profit before impairment losses		39,119	37,615
Net allowances for loan impairment	11	-26,917	-26,017
Profit before tax		12,202	11,598
Income tax expense	9	-2,264	-2,563
Net profit for the reporting period		9,938	9,035
Other comprehensive income			
<i>Other comprehensive income to be classified to profit or loss in subsequent periods:</i>			
Exchange differences on translation of foreign operations		-1,668	1,720
Change in fair value of financial investments at FVOCI		180	-108
<i>Other comprehensive income not to be classified to profit or loss in subsequent periods:</i>			
Revaluation of property, plant and equipment		0	0
Total other comprehensive income		-1,488	1,613
Total comprehensive income for the period		8,450	10,648
Net profit for the reporting period attributable to:			
<i>Parent company share from net profit for the reporting period</i>		<i>9,853</i>	<i>8,960</i>
<i>Minority share from net profit for the reporting period</i>		<i>85</i>	<i>75</i>
Total comprehensive income attributable to:		8,450	10,648
<i>Parent company share from total comprehensive income</i>		<i>8,105</i>	<i>10,512</i>
<i>Minority share from total comprehensive income</i>		<i>345</i>	<i>135</i>

Notes on pages 24 to 82 are an integral part of the consolidated financial statements.

Consolidated statement of financial position

in thousands EUR	Notes	31/12/2025	31/12/2024
Assets			
Cash and cash equivalents	10	66,590	53,656
Debt securities at FVOCI	13	14,571	8,603
Loans to customers	8,11	358,257	297,631
Prepayments	12	3,010	2,856
Other assets	12	19,555	9,185
Assets held for sale		71	432
Other financial investments	13	20,134	20,132
Property, plant, and equipment	14	6,641	6,540
Right-of-use assets	15	2,253	2,482
Intangible assets	16	19,519	14,184
Total assets		510,601	415,701
Liabilities and equity			
Liabilities			
Deposits from customers	17	123,616	111,256
Loans and bonds from investors	17	287,274	214,122
Lease liabilities	17	2,314	2,533
Current income tax liabilities	18	589	508
Other tax liabilities	18	1,252	1,037
Other liabilities	18	14,935	11,779
Total liabilities		429,980	341,235
Equity			
Share capital	20	10,669	10,346
Own shares	20	-14	0
Share premium		1,402	741
Legal reserve		1,035	1,035
Reserves		6,157	7,729
Retained earnings		56,556	49,819
Parent company share in equity		75,805	69,669
Minority share in equity		4,816	4,797
Total equity		80,621	74,466
Total liabilities and equity		510,601	415,701

Notes on pages 24 to 82 are an integral part of the consolidated financial statements.

Consolidated statement of changes in equity

In thousands EUR	Share capital	Share premium	Legal reserve	Unrealized foreign exchange differences	Revaluation of property, plant and equipment	Fair value reserve	Retained earnings	Minority share	Total
01/01/2024	10,346	741	1 000	5 650	799	0	40,621	4,661	63,818
Profit for the year	0	0	0	0	0	0	8,960	75	9,035
Other comprehensive income									
Foreign currency translation	0	0	0	1,656	0	0	0	65	1,720
Revaluation change due to a sale of property, plant and equipment	0	0	0	0	-273	0	273	0	0
Change in fair value of investments at FTVOCI	0	0	0	0	0	-103	0	-4	-108
Total comprehensive income	0	0	0	1,656	-273	-103	9,232	135	10,648
Allocation to reserves	0	0	35	0	0	0	-35	0	0
31/12/2024	10,346	741	1,035	7,306	527	-103	49,818	4,797	74,466
01/01/2025	10,346	741	1,035	7,306	527	-103	49,818	4,797	74,466
Profit for the year	0	0	0	0	0	0	9,850	87	9,938
Other comprehensive income									
Foreign currency translation	0	0	0	-1,596	0	0	0	-72	-1,668
Revaluation change due to a sale of property, plant and equipment	0	0	0	0	-151	0	151	0	0
Change in fair value of investments at FTVOCI	0	0	0	0	0	173	0	7	180
Total comprehensive income	0	0	0	-1,596	-151	173	10,004	20	8,450
Issue of ordinary shares	323	690	0	0	0	0	0	0	1,013
Purchase of own shares	-14	-29	0	0	0	0	-25	0	-68
Dividends paid	0	0	0	0	0	0	-3,240	0	-3,240
31/12/2025	10,655	1,402	1,035	5,710	376	70	56,556	4,816	80,621

Additional information about share capital is disclosed in Notes 9 and 20. Additional information about revaluation of property plant and equipment change is disclosed in Note 14. Additional information about fair value reserve is disclosed in Note 13. Additional information about purchase of own shares and issue of ordinary shares is disclosed in Note 20.

Notes on pages 24 to 82 are an integral part of the consolidated financial statements.



In June 2025, we issued a EUR 140 million new senior secured bond, followed by a EUR 20 million tap issue in December.

Consolidated statement of cash flows

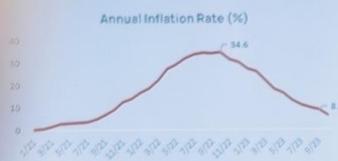
in thousands EUR	Notes	2025	2024
Prepayments to partners for issuance of loans		-13,142	-15,024
Received from partners		16,357	13,564
Paid trade payables		-33,172	-27,076
Received debts from buyers and received other claims		863	3,460
Received from collection companies		666	2,395
Paid net salaries		-18,529	-17,044
Paid tax liabilities, exc. CIT		-10,730	-8,764
Corporate income tax paid (CIT)		-2,623	-2,730
Paid out to customers		-376,123	-323,647
Change in MasterCard (MC) settlement account		-136	-92
Principal repayments from customers		286,493	283,253
Interest, commission and other fees		133,072	84,042
Net cash flows from operating activities		-17,003	-7,663
Purchase of fixed assets		-5,331	-3,333
Received from the sale of assets		1,087	1,426
Paid for subsidiary's shares		-3	0
Payments for other financial investments		-25,427	-13,915
Receipts from other financial investments		20,473	12,909
Net cash flows from investing activities		-9,202	-2,913
Loans received from investors		195,988	89,142
Repaid loans to investors		-117,947	-63,706
Overdraft repaid	17,23	0	-1,621
Principal payments of lease contracts	17,21	-1,453	-1,277
Paid interests		-31,483	-23,353
Issue of ordinary shares	17,20	1,013	0
Paid for own shares	17,20	-68	0
Paid dividends		-3,240	-4,001
Receipts from other financing activities		43	38
Net cash flows from financing activities		42,853	-4,779
Change in cash and cash equivalents		16,648	-15,356
Cash and cash equivalents at the beginning of the year		43,621	59,252
Change in cash and cash equivalents		16,648	-15,356
Net foreign exchange difference		-807	-275
Cash and cash equivalents at the end of the year	16	59,462	43,621
		12/31/25	12/31/24
Cash and cash equivalents comprise			
Cash on hand		4,793	5,484
Non-restricted current account		54,669	38,137

The Group has classified: cash payments for the principal portion of lease payments as financing activities; cash payments for the interest portion as operating activities consistent with the presentation of interest payments chosen by the Group and short-term lease payments and payments for low-value assets as operating activities.

Notes on pages 24 to 82 are an integral part of the consolidated financial statements.



Republic of Moldova at a Glance



Threats our Country faced in the last years:

1. Political Instability
2. Economic Challenges
3. Corruption
4. Regional Tensions – war next to our border

Despite the threats, Moldova achieved several progresses:

1. **EU Integration:** Moldova obtained the "EU Candidate" status and recently EU Commission advised the member states to start accession direct negotiations.
2. **Reforms:** Continue implementing structural reforms, especially in governance and the economy, to enhance the country's attractiveness to foreign investors and improve internal conditions.
3. **Diversification of Economy:** Reduced dependence on a few key sectors and diversified the economy
4. **International Cooperation.**

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S&P Global Ratings assigned Moldova a 'BB-/B' rating with a stable outlook and a 'BB' transfer and convertibility assessment, marking a milestone for the country's financial development and investor confidence.

Corporate information and summary of material accounting policies

Adoption and interpretation of new revised standards and new accounting policies

The accounting policies adopted are consistent with those of the previous financial year except for the following amended IFRSs which have been adopted by the Group as of 1 January 2025. In the reporting period the Group has not adopted early any other standard, interpretation or amendment that has been issued but is not yet effective.

Amendments to IAS 21 - Lack of Exchangeability

In August 2023, the IASB amended IAS 21 to add requirements to help entities to determine whether a currency is exchangeable into another currency, and the spot exchange rate to use when it is not. Prior to these amendments, IAS 21 set out the exchange rate to use when exchangeability is temporarily lacking, but not what to do when lack of exchangeability is not temporary.

The amendments did not have a material impact on the Group.

Standards issued but not yet effective and not early adopted

The following new standards, interpretations and amendments are not yet effective for the annual reporting period ended 31 December 2025 and have not been applied in preparing these consolidated financial statements. The Group plans to adopt these pronouncements when they become effective.

Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7

(Effective for annual periods beginning on or after 1 January 2026. Early application is permitted.)

On 30 May 2024, the IASB issued targeted amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures to respond to recent questions arising in practice, and to include new requirements not only for financial institutions but also for corporate entities.

These amendments:

- clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
- clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;
- add new disclosures for certain instruments with contractual terms that can change cash flows (such as some financial instruments with features linked to the achievement of environment, social and governance targets); and
- update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI).

In addition, a requirement has been introduced to require disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

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

Annual improvements to IFRS Accounting Standards - Volume 11

(Effective for annual periods beginning on or after 1 January 2026. Early application is permitted)

In July 2024, the IASB issued nine narrow scope amendments as part of its periodic maintenance of IFRS accounting standards. The amendments include clarifications, simplifications, corrections or changes to improve consistency in IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 7 Financial instruments: Disclosure and its accompanying Guidance on implementing IFRS 7, IFRS 9 Financial Instruments, IFRS 10 Consolidated Financial Statements and IAS 7 Statements of Cash Flows.

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

IFRS 18, 'Presentation and Disclosure in Financial Statements'

(Effective for annual periods beginning on or after 1 January 2027. Early application is permitted)

In April 2024, the IASB issued IFRS 18, which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new.

The standard requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and it also includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements (PFS) and the notes.

In addition, narrow-scope amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards.

The Group is currently working to identify all impacts the amendments will have on the primary financial statements and notes to the financial statements. The initial expected material impacts on Group's financial statements are, as follows:

- Foreign exchange difference will be classified in the category where the related income and expense form the item giving rise to the foreign exchange difference.
- New disclosure will be added: (a) management-defined performance measures; (b) specified expense by nature if expenses are presented by function in the operating category of the statement of profit or loss; and (c) a reconciliation for each line item in the statement of profit or loss between the restated amounts presented applying IFRS 18 and the amounts previously presented applying IAS1.
- Interest received and interest paid will be classified in the investing activities and financing activities, respectively, on the statement of cash flows.

IFRS 19, 'Subsidiaries without Public Accountability: Disclosures'

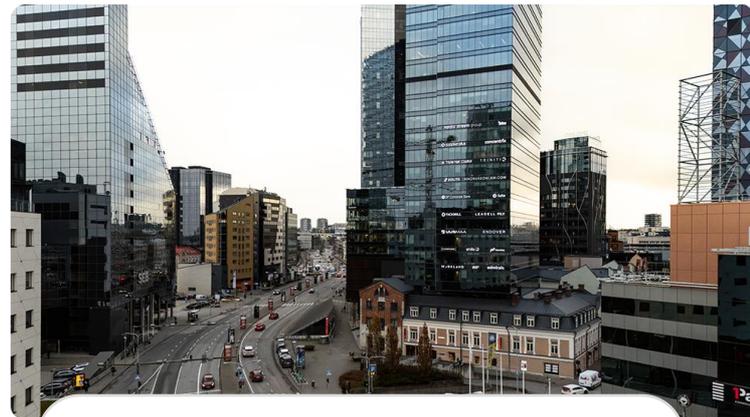
(Effective for annual periods beginning on or after 1 January 2027. Early application is permitted)

This new standard works alongside other IFRS Accounting Standards. An eligible subsidiary applies the requirements in other IFRS Accounting Standards except for the disclosure requirements; and it applies instead the reduced disclosure requirements in IFRS 19. IFRS 19's reduced disclosure requirements balance the information needs of the users of eligible subsidiaries' financial statements with cost savings for preparers. IFRS 19 is a voluntary standard for eligible subsidiaries.

A subsidiary is eligible if:

- it does not have public accountability; and
- it has an ultimate or intermediate parent that produces consolidated financial statements available for public use that comply with IFRS Accounting Standards.

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



The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) and as adopted in the EU.

Summary of material accounting policies

Basis of preparation

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

In accordance with the Estonian Accounting Act, the parent company's unconsolidated financial statements (statement of financial position, statement of comprehensive income, statement of cash flows and statement of changes in equity) are disclosed in the notes to the consolidated financial statements. The unconsolidated financial statements of lute Group AS are presented in note 24. Unconsolidated financial statements of parent company are presented as a separate entity. The parent company's unconsolidated financial statements are prepared using the same

accounting policies and measurement bases as those applied on the preparation of the consolidated financial statements except that in the unconsolidated financial statements investments in subsidiaries are measured at equity method.

These financial statements have been prepared under historical cost basis, unless otherwise stated. The Group classifies its expenses by their nature. The Group presents its cash-flows according to direct method.

The consolidated financial statements provide comparative information in respect of the previous period.

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

Reporting currency

The consolidated financial statements are presented in euros and all values are rounded to the nearest euro (EUR), except when otherwise indicated. The functional currencies of group companies are as follows: luteCredit SRL and BC Energbank S.A- the Moldovan leu (MDL), luteCredit Albania SHA and lutePay S.H.P. K - the Albanian lek (ALL), luteCredit Macedonia DOOEL-Skopje, lute Safe AD Skopje and lutePay Macedonia DOOEL-Skopje - the Macedonian denar (MKD), luteCredit Romania IFNSA -the Romanian leu (RON), luteCredit Kosovo JSC - the euro (EUR), lutePay Bulgaria EOOD and luteCredit Bulgaria EOOD - the Bulgarian lev (BGN), MKD luteCredit BH d.o.o. Sarajevo - the Bosnian mark (BAM), lute Group AS, luteCredit Finance S.a.r.l. and lute Affinity OÜ - the euro (EUR).

Foreign currencies

The Group's consolidated financial statements are presented in euros, which is also the parent company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates and translated into the presentation currency using the average exchange rate for the period. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot exchange rates at the reporting date.

Non-monetary items that are measured in terms of

historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

On consolidation, the assets and liabilities of foreign operations are translated into euros at the rate of exchange prevailing at the reporting date and their income statements are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognized in statement of financial position in equity part as other reserves and change in the exchange differences is recognized as foreign currency translation in other comprehensive income.

Transactions denominated in foreign currencies are recorded in euros at actual rates of exchange of the European Central Bank at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into euros at the rate of exchange prevailing at the end of the period. Any gain or loss resulting from a change in rates of exchange after the date of the transaction is included in the income statement as a profit or loss from revaluation of foreign currency positions.

The principal rates of exchange (EUR to 1 foreign currency unit) set by the European Central Bank, the National Bank of Moldova, the Bank of Albania, and the National Bank of the Republic of Macedonia, used in the preparation of the Group's annual report were as follows:

Reporting date	MDL	USD	ALL	MKD	BGN	BAM
31 December 2025	19.7597	1.175	96.77	61.495	1.9558	1.9558
31 December 2024	19.3106	1.0389	98.15	61.495	1.9558	1.9558
Average period	MDL	USD	ALL	MKD	BGN	BAM
2025	19.5911	1.130	97.83	61.5876	1.9558	1.9558
2024	19.2550	1.0824	100.72	61.5325	1.9558	1.9558

Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position comprise balances with less than three months' maturity of the assets at acquisition dates including: cash, non-restricted balances with National

Bank of Moldova (NBM), amounts due from other banks, current accounts and deposits with banks and amounts due from quick payment systems.

Corporate income tax and deferred income tax

Deferred income tax is fully calculated, using the liability method, based on temporary differences that arise between the tax base of assets and liabilities, and their book value presented in the financial statements. Deferred income tax is determined using tax rates (and laws) which have been in force or partially in force at the balance sheet date and are expected to be applied when the deferred income tax asset is realized or when the deferred income tax liability is paid off.

The main temporary differences arise from depreciation of fixed assets, provisions for loans and advances to customers and other assets and liabilities. The rates in force or partially in force at the balance sheet date are used to determine deferred income tax. However, deferred income tax is not recognized if it arises from the initial recognition of an asset or liability in a transaction other than a business order, which at the time of the transaction affects neither the accounting profit nor the tax gain or loss.

The Group's deferred income tax liability arises in relation to the companies in the countries where the profit for the financial year is taxable.

The Group's deferred income tax liability also arises on investments in Estonian subsidiaries except where the timing of the reversal of taxable temporary differences can be controlled by the Group and it is probable that the temporary differences will not reverse in the foreseeable future. The examples of the reversal of taxable temporary differences are payment of dividends, sale or liquidation

of an investment, and other transactions.

Due to the nature of the taxation system, neither deferred income assets nor liabilities arise for the companies registered in Estonia, other than the contingent income tax liability on their investments in subsidiaries. Since the Group controls the dividend policy of its subsidiaries, it is also able to control the timing of the reversal of temporary differences related to this investment. When the parent company has made a decision not to distribute the subsidiary's profit in the foreseeable future, it shall not recognise the deferred income tax liability. If the parent company expects to pay out dividends in the foreseeable future, the deferred income tax liability shall be measured to the extent of the planned dividend payment under the assumption that as of the reporting date there will be sufficient funds and equity available for the payment of dividends from which to distribute profits in the foreseeable future.

Deferred tax assets are recognized where it is probable that future taxable profit will be available, against which the temporary differences can be utilised.

Tax variances

In Estonia, the corporate income tax arising from the payment of dividends is recognised as income tax expense in the income statement of the period in which dividends are declared, regardless of the period for which the dividends are declared or the actual payment date.

In the following table are given the tax rates on corporate income by countries considering also individual decisions made by local Tax Authorities where appropriate:

Corporate Income Tax rate	2025		2024	
	Corporate income tax rate paid on annual profits earned	Corporate income tax paid additionally on retained earnings distributed	Corporate income tax rate paid on annual profits earned	Corporate income tax paid additionally on retained earnings distributed
Subject to taxation				
Moldova	12%	6%	12%	6%
Albania	15%	5%	15%	5%
Macedonia	10%	10%	10%	10%
Bosnia	10%	5%	10%	5%
Bulgaria	10%	0%	10%	0%
Luxembourg	16%	10%	17%	10%
Estonia*	0%	22%	0%	20%

* Income tax rate on dividends and other retained earnings distribution was till 31 December 2024 20% (tax payable is calculated as 20/80 of the amount distributed as net dividend). Starting from 01 January 2025, the income tax rate on dividends is 22% (tax payable is

calculated as 22/78 of the amount distributed as net dividend). The maximum income tax liability which would accompany the distribution of Company's retained earnings is disclosed in Note 9 to the consolidated financial statements.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries (ICS OMF luteCredit SRL, luteCredit Albania SHA, lutePay S.H.P.K, luteCredit Macedonia DOOEL-Skopje, lute Safe AD Skopje, lutePay Macedonia DOOEL-Skopje, MKD luteCredit BH d.o.o. Sarajevo, lutePay Bulgaria EOOD, luteCredit Bulgaria EOOD, luteCredit Romania IFNSA luteCredit Finance S.a.r.l., BC Energbank S.A. and lute Affinity OÜ. See also Note 21.

The subsidiaries are consolidated from the date when control commences until the date when control ceases. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to impact its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it

has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Assets, liabilities, income, and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses, and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary and do not remain any investment in that subsidiary, the Group derecognizes the related assets (including goodwill), liabilities, non-controlling interest, and other components of equity, while any resultant gain or loss is recognized in profit or loss.

If the Group loses control of a subsidiary but remains investment in that subsidiary, the Group derecognizes the assets and liabilities of the former subsidiary from the consolidated statement of financial position, recognizes any investment retained in the former subsidiary at its fair value when control is lost and subsequently accounts for it and for any amounts owed by or to the former

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. The non-controlling interests in the acquiree is measured at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses all assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances, and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

subsidiary in accordance with relevant IFRSs. That fair value shall be regarded as the fair value on initial recognition of a financial asset in accordance with IFRS 9 or the cost on initial recognition of an investment in an associate or joint venture.

The accounting principles are applied consistently when consolidating ownership interests in subsidiaries and are based on the same reporting periods as those used for the parent company. When preparing the consolidated financial statements, intra-group transactions and balances, along with unrealized gains and losses on transactions between group entities, are eliminated.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is more than the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all the assets acquired, and all the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

Goodwill acquired in a business combination is not subject to amortisation. Instead, for the purpose of impairment testing, goodwill is allocated to cash-generating units and impairment test is performed at the end of each reporting period. The allocation is made to those cash-generating units that are expected to benefit from the synergies of the business combination in which the goodwill arose.



Customer satisfaction
is a key focus at Iute.



We believe a great customer experience is built on the foundation of the professional employees. That's why, at lute, we constantly invest in training and education of our employees, and we recognize the accomplishments in everything they do.

Investment in subsidiaries

Investments in subsidiaries in the parent's unconsolidated primary financial statements (Note 24) have been accounted for using the equity method. Under the equity method, the investment is initially recognized

at cost. The carrying amount of the investment is adjusted to recognize changes in the investor's share of net assets of the subsidiary since acquisition date.

Fair value measurement

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Fair values of financial assets or liabilities, including derivative financial instruments, in active markets are based on quoted market prices.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Fair value hierarchy for financial instruments is disclosed in Note 22.

Recognition of interest income

Interest and similar income

The Group calculates interest income by applying the effective interest rate to the gross carrying amount of financial assets other than credit-impaired assets and purchased or originated credit impaired (POCI) financial assets. Financial asset becomes credit-impaired and is, therefore, regarded as 'Stage 3' (NPL), the Group calculates interest income by applying the effective interest rate to the net amortized cost of the financial asset. If the financial asset cures and is no longer credit-impaired, the Group reverts to calculating interest income on a gross basis. For POCI financial assets, the Group calculates interest income by calculating the credit adjusted EIR and applying that rate to the amortized cost of the financial asset. The credit adjusted EIR is the interest rate that, at initial recognition, discounts the estimated future cash flows (including credit losses) to the amortized cost of the POCI financial asset.

The effective interest rate (EIR) method

Under IFRS 9 interest income is recorded using the effective interest rate (EIR) method for all financial instruments measured at amortized cost. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

The EIR (and therefore, the amortised cost of the asset) is calculated by taking into account any discount or premium on acquisition, fees and costs that are an integral part of the EIR. The Group recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loan. Hence, it recognises the effect of potentially different interest rates charged at various stages, and other characteristics of the product life cycle.

Recognition of other fees

Other fee income

The core principle of IFRS 15 is that an entity will recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This core principle is delivered in a five-step model framework:

- Identify the contract(s) with a customer
- Identify the performance obligations in the contract
- Determine the transaction price

- Allocate the transaction price to the performance obligations in the contract
- Recognize revenue when (or as) the entity satisfies a performance obligation.

Terms and conditions related to the loan contracts set each party's rights and obligations in the credit relation and are approved by both parties; this includes also after-sales services provided by the Group.

Other fees are recognized at a point in time when the Group satisfies its performance obligation, usually upon the execution of the underlying transaction.

Loyalty points programme

The Group has a loyalty points programme, lutePlus, which allows customers to accumulate points that can be redeemed for free products in online stores with which the Group has cooperation. The loyalty points give rise to a separate performance obligation as they provide a material right to the customer.

A portion of the transaction price is allocated to the loyalty points awarded to customers based on relative stand-alone selling price and recognised as a contract liability until the points are redeemed.

When estimating the stand-alone selling price of the loyalty points, the Group considers the likelihood that the customer will redeem the points. The Group applies statistical projection methods in its estimation using customers' historical redemption patterns as the main input. The Group updates its estimates of the points that will be redeemed on a quarterly basis and any adjustments to the contract liability balance are charged against revenue.

Financial instruments

Initial recognition

Financial assets and liabilities, with the exception of loans and advances to customers and balances due to customers, are initially recognized on the trade date, i.e., the date that the Group becomes a party to the contractual provisions of the instrument. Loans and advances to customers are recognized when funds are transferred to the customers' accounts. The Group recognizes balances due to investors when funds are transferred to the Group.

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value (as defined in Note 22), except in the case of financial assets and financial liabilities recorded at FVTPL, transaction costs are added to, or subtracted from, this amount.

Group classifies all its financial assets based on the asset's contractual terms, the Group's business model and SPPI assessments - measured at either:

- Amortized cost
- FVTPL
- FVOCI

Financial liabilities, other than loan commitments and financial guarantees, are measured at amortized cost or at FVTPL when they are held for trading and derivative instruments, or the fair value designation is applied.

Financial assets

The Group only measures Loans to customers and other financial investments at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely

payments of principal and interest (SPPI) on the principal amount outstanding.

The Group does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Group acquires, disposes of, or terminates a business line.

A financial asset is derecognised when the rights to receive cash flows from the financial asset have expired. The Group also derecognises the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

The Group has transferred the financial asset if, and only if, either:

- The Group has transferred its contractual rights to receive cash flows from the financial asset or
- It retains the rights to the cash flows but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement.

Financial liabilities

Financial liabilities are initially recognized on the balance sheet at their acquisition cost. After initial measurement, debt issued, and other borrowed funds are subsequently measured at amortized cost. Amortized cost is calculated by taking into account any discount or premium on issued funds, and costs that are an integral part of EIR.

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or repaid. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognized in profit or loss.

Impairment of financial assets

Overview of the ECL principles

The Group has been recording the allowance for expected credit losses for all loans and other debt instruments not held at FVTPL, in this section all referred to as financial instruments.

The Expected Credit Loss (ECL) is measured on either a 12-month (12M) or Lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. The Group's policies for determining if there has been a significant increase in credit risk are set out in Note 2.

The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Both LTECLs and 12mECLs are calculated on collective basis except for pledged/has collateral loans which are credit impaired, as described below in this section.

The Group has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Based on the above process, the Group groups its loans into Stage 1, Stage 2, Stage 3 and POCI, as described below:

- **Stage 1:** When loans are first recognized, the Group recognizes an allowance based on 12mECLs. Stage 1 loans also include facilities where the credit risk has improved, and the loan has been reclassified from Stage 2
- **Stage 2:** When a loan has shown a significant increase in credit risk since origination, the Group records an allowance for the LTECLs. Stage 2 loans also include facilities, where the credit risk has improved, and the loan has been reclassified from Stage 3.
- **Stage 3:** Loans considered credit impaired. The Group records an allowance for the LTECLs.
- **POCI:** Purchased or originated credit impaired (POCI) assets are financial assets that are credit impaired on initial recognition. POCI assets are recorded at fair value at original recognition and interest income is subsequently recognised based on a credit adjusted EIR. The ECL allowance is only recognised or released to the extent that there is a subsequent change in the expected credit losses.

For financial assets for which the Group has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a (partial) derecognition of the financial asset.

Impairment losses and releases are accounted for as an adjustment of the financial asset's gross carrying value.

The main parameters the Group uses in assessing credit risk are the probability of default (PD), loss given default (LGD) and exposure at default (EAD). The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

- **PD**

The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period if the facility has not been previously derecognised and is still in the portfolio. The probability of default reflects how high is the probability that the loan customer will experience a settlement default of more than 50 days during the 12th month after the assessment.

- **EAD**

The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.

- **LGD**

The Loss given default reflects the economic loss that may occur in the event of default of more than 50 days based on country specific loss rates identified using 5-years historical loss statistics. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realization of any collateral or credit enhancements that are integral to the loan and not required to be recognised separately. It is usually expressed as a percentage of the EAD.

Under IFRS 9, LGD rates are estimated for the Stage 1, Stage 2, Stage 3 and POCI receivables.

The mechanics of the ECL method are summarized below:

- **Stage 1:** The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

These expected 12-month default probabilities are applied to a forecast EAD (Note 1) and multiplied by the expected LGD and discounted by an approximation to the original EIR.

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

- **Stage 3:** For loans considered credit-impaired, the Group recognizes the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%.
- **POCI:** Purchased or originated credit impaired (POCI) assets are financial assets that are credit impaired on initial recognition.

In the individually impaired loans category, the Group include loans, which are included in Stage 3 and are pledged/has collateral. On a regular basis, at least once every six months, the Group evaluates pledged items that secure individually amortized loans, including:

- the updated market value of the pledged/mortgaged items;
- the estimated period of time for the sale of the pledged items at the market value, taking into account the previous practice of sale. The estimated period of time (number of years) for the sale of the pledged items is determined depending on the customer status.

Forward looking information

In its ECL models, the Group relies on the following forward-looking information as economic input (Note 1):

Impairment of other financial assets

For investment accounts with foreign banks, the impairment is calculated according to the rating of the bank's counterparties and the likelihood of default of corporate clients, according to the information provided by the rating agency. The Group uses ratings assessed by rating agencies Standard & Poor's, Moody's and Fitch (the weakest rating takes precedence). Counterparties not individually assessed by any of the rating agencies mentioned above, shall be assigned with a PD corresponding to the rating of the country of residence of the counterparty.

Fixed assets

Property, plant, and equipment

A tangible asset, excluding buildings, is initially recognised at its cost, which consists of the purchase price (incl. customs duties and other non-refundable taxes) and any directly attributable expenditure on bringing the asset to its operating condition and location. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance costs are

- Unemployment rate

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

Time horizon

Generally, time horizon used to analyse the information from the past is considered at least 12 months. 12-month-horizon is also used the other way for forward-looking estimates.

Write-offs

Financial assets are derecognized after 365 days past due (DPD), when collection is no longer considered probable. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to credit loss expense.

Placements in government securities with a maturity of up to 90 days are considered liquid instruments, as they are cash equivalents. The Group does not make any deductions for impairment losses related to them.

The Group uses a simplified approach to measure the deduction for losses equal to the lifetime expected credit losses for trade receivables or contractual assets arising from transactions that are subject to IFRS 15.

charged to operating expenses during the reporting period in which they are incurred.

Buildings are stated at revalued amounts, being its fair value at the date of revaluation, less accumulated depreciation.

Revaluation of assets stated at revalued amounts is carried out by the management of the Group with sufficient frequency to ensure that the carrying amount of a revalued assets does not differ materially from their fair value.

A revaluation surplus is recognised in other comprehensive income and accumulated in Revaluation reserves in equity. However, to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, the increase is recognised in profit and loss. A revaluation decrease is recognised in the statement of profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve. When an asset is revalued, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount is adjusted to the revalued amount of the asset. When an asset is sold or reclassified, any revaluation reserve relating to the asset is transferred to retained earnings. The revaluation reserve is used only when the asset is derecognised.

Land is not depreciated.

Other property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Depreciation is calculated using the straight-line method to expense the cost of each asset to their residual value over the estimated useful life of the asset. The following depreciation rates are applied:

Category	Annual rate
Buildings	1,3%-4%
Furniture and equipment	5%-50%

The appropriateness of the assets' residual values, depreciation methods used, and useful lives are reviewed, and adjusted if that has become appropriate, at each balance sheet date. The effect of changes in estimates is recognised in the current and subsequent periods.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The

amortization expense on intangible assets with finite lives is recognized in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Research costs are expensed as incurred. Development expenditures on an individual project are recognized as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale.
- Its intention to complete and its ability and intention to use or sell the asset.
- How the asset will generate future economic benefits
- The availability of resources to complete the asset.
- The ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete, and the asset is available for use. Amortization is calculated on a straight-line basis over 3–5 years.

The Group's loan management system and other IT systems internal development includes capitalized salary expenses of IT personnel which are based on employee time sheets and personnel involved in development dedicate up to 100% of their time on developing new functionality.

Acquired computer software licenses are recognized as intangible assets based on the costs incurred to acquire and implement the software. Amortization of software is calculated based on straight-line method, considering their useful life according to their description/benefits. Amortization is calculated on a straight-line basis over 3–10 years.

Impairment and derecognition of non-financial assets

Fixed assets are derecognized upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

The Group assesses at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

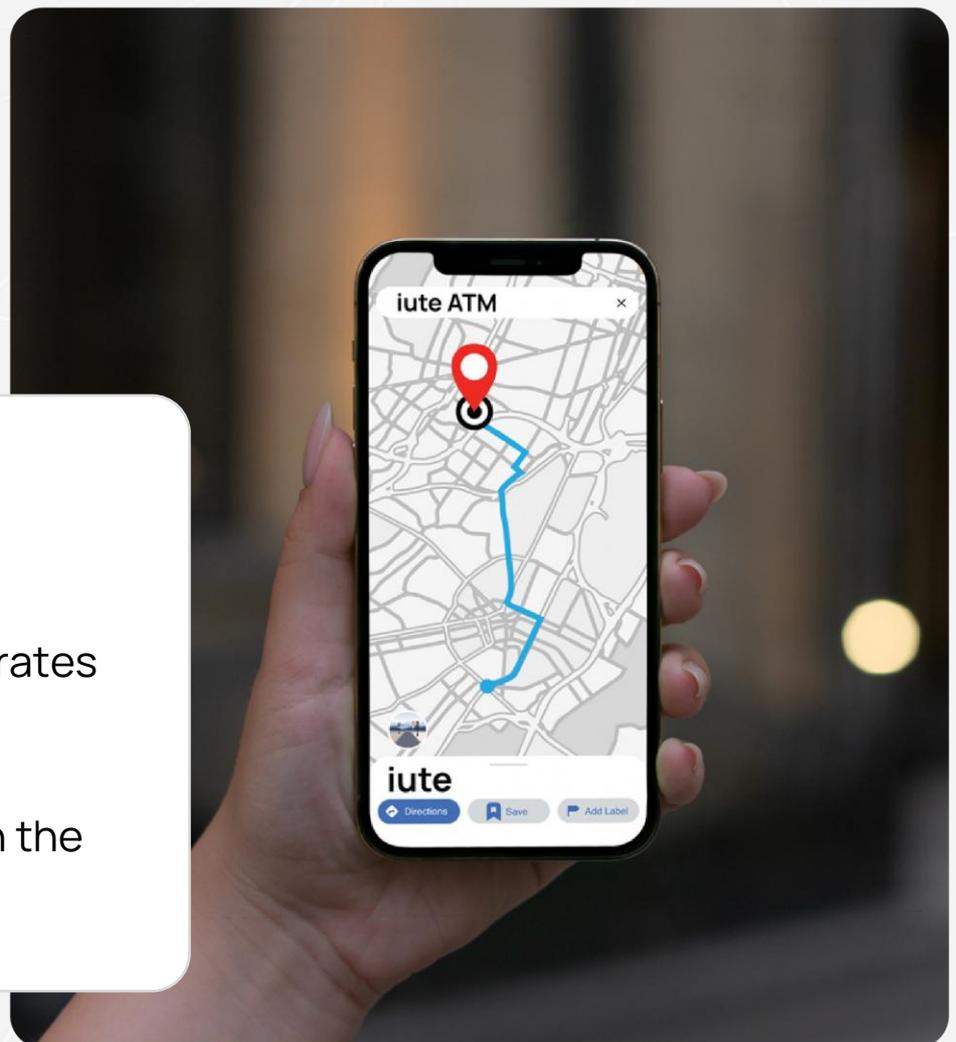
An item of property, plant and equipment and intangible assets are written down to their recoverable amount if the recoverable amount of the asset is less than its carrying amount. An asset impairment test is performed

to determine whether an asset may be impaired, and the recoverable amount of the asset is determined. Test is performed at least once a year at balance sheet date when signs of a possible changes in value occur. Impairment of assets is recognized as an expense in the reporting period.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit or loss on the same line item where the impairment loss was previously recognized.



Iute Group operates its own ATM network that is accessible with the Myiute app.



Leases

Group as a lessee

IFRS 16 sets out the principles for the recognition, measurement, presentation, and disclosure of leases for both parties to a contract, i.e., the customer ('lessee') and the supplier ('lessor').

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities (present value of all lease payments) recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, the depreciation rates ranging from 14%-50% per annum.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. At the end of each reporting period, an entity is required to assess whether there is any indication that an asset may be impaired (i.e., its carrying amount may be higher than its recoverable amount). If there is an indication that an asset may be impaired, then the asset's recoverable amount must be calculated. If fair value less costs of disposal or value in use is more than carrying amount, it is not necessary to calculate the other amount. If fair value less costs of disposal cannot be determined, then recoverable amount is value in use. For assets to be disposed of, recoverable amount is fair value less costs of disposal. The impairment loss is recognized as an expense (unless it relates to a revalued asset where the impairment loss is treated as a revaluation decrease).

Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under

residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for

terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Group's lease liabilities are disclosed as part of the Right-of-use assets and lease liabilities (see Note 15, but also included in Financial liabilities (see Note 17)).

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Low value assets are assets which contract value does not exceed 5 thousand EUR. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Group as a lessor

As a lessor, the Group determines at lease inception whether the lease is a finance lease or an operating lease. If the Group determines that the lease transfers substantially all the risks and rewards of ownership of the underlying asset, the lease is a finance lease. Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Legal reserve

In case of a public limited company, the size of the statutory legal reserve shall not be less than 1/10 of the share capital in Estonia. Legal reserve is formed from annual net profit allocations, as well as from other provisions, which are transferred to the legal reserve based on law or the articles of association. At least 1/20 of net profit must be transferred to the reserve capital each year till the moment of the reserve capital will be 1/10 of the share capital.

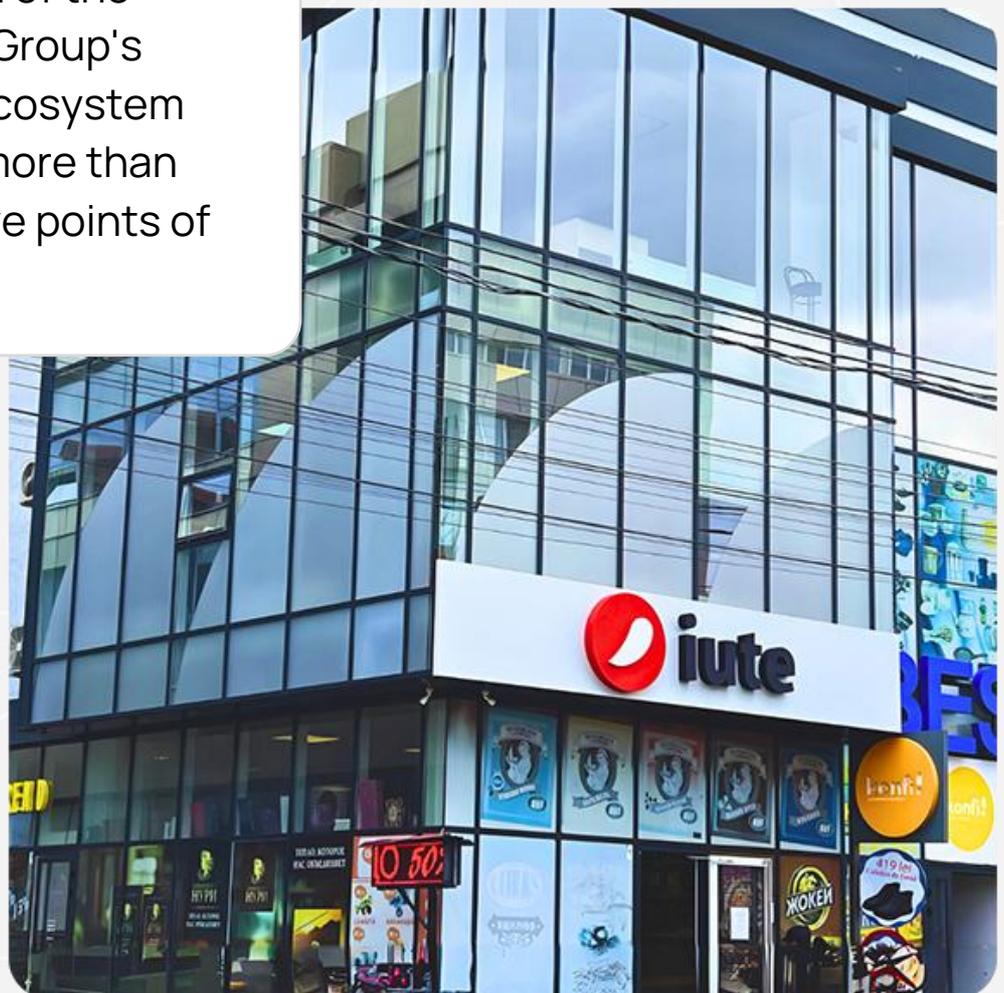
Related parties

For the purposes of the Group's annual report, related parties include:

- Owners (parent company and owners of the parent company)
- Executive and senior management
- Close family members of the aforementioned persons and companies connected with them.



By the end of the year, Iute Group's growing ecosystem included more than 3500 active points of sale.





Iute Group is a profitable company with a solid balance sheet.

Notes to consolidated financial statements

1 Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the accompanying disclosures, as well as the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. In the process of applying the Group's accounting policies, management has made the following judgements and assumptions concerning the future and other key sources

Impairment losses on financial assets

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 continuously monitors all assets subject to ECL. In order to determine whether an instrument or a portfolio of instruments is subject to 12mECL or LTECL, the Group assesses whether there has been a significant increase in credit risk since initial recognition. The Group considers an exposure to have significantly increased in credit risk when the IFRS 9 lifetime PD has doubled since initial recognition.

The Group also applies a secondary qualitative method for triggering a significant increase in credit risk for an asset, such as moving a customer/facility to the watch list, or the account becoming forborne. In certain cases, the Group may also consider that events are a significant increase in credit risk as opposed to a default. Regardless of the change in credit grades, if contractual payments are more than 30 days past due, the credit risk is deemed to have increased significantly since initial recognition.

When estimating ECLs on a collective basis for a group of similar assets, the Group applies the same principles for assessing whether there has been a significant increase in credit risk since initial recognition.

of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Existing circumstances and assumptions about future developments may change due to circumstances beyond the Group's control and are reflected in the assumptions if and when they occur. Items with the most significant effect on the amounts recognized in the consolidated financial statements with substantial management judgement and/or estimates are collated below with respect to judgements/estimates involved.

Group has used the following classification into stages:

- **Stage 1** – all non-defaulted loans with $DPD \leq 30$ (DPD - Days Past Due)
- **Stage 2** – all non-defaulted loans with $30 < DPD \leq 50$
- **Stage 3** – all defaulted loans ($DPD > 50$)
- **POCI**: Purchased or originated credit impaired (POCI) assets

The inputs and models used for calculating ECL may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are material.

The forward-looking adjustment is performed in a simplified way, by comparing the forecasted unemployment change for one year from reporting date, with the information available. The sensitivity of the forward-looking adjustments is presented in Note 8.

The Group reviews its models in the context of actual loss experience on a regular basis.

Provisions and other contingent liabilities

The Group operates in a regulatory and legal environment that, by nature, has a heightened element of litigation risk inherent to its operations. As a result, it is involved in various litigation, arbitration and regulatory investigations and proceedings both in Estonia and in other jurisdictions, arising in the ordinary course of the Group's business.

When the Group can reliably measure the outflow of economic benefits in relation to a specific case and considers such outflows to be probable, the Group recognises a provision. Where the probability of outflow is considered to be remote, or probable, but a reliable

estimate cannot be made, a contingent liability is disclosed. However, when the Group is of the opinion that disclosing these estimates on a case-by-case basis would prejudice their outcome, then the Group does not include detailed, case-specific disclosures in its financial statements.

Given the subjectivity and uncertainty of determining the probability and amount of losses, the Group takes into account a number of factors including legal advice, the stage of the matter and historical evidence from similar incidents. Significant judgement is required to conclude on these estimates.

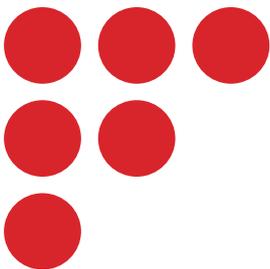
Capitalization of intangible asset

For capitalization of expenses in process of developing Group's new core system and other IT systems, which supports and enables the Group's economic growth and participates in expansion of services provided to existing and potential new customers, certain assumptions are used. Capitalization of salary expenses of IT personnel in the development phase is based on employee time sheets and personnel involved in development dedicate up to 100% of their time on developing new functionality. Therefore, up to 100% of salary expenses of involved

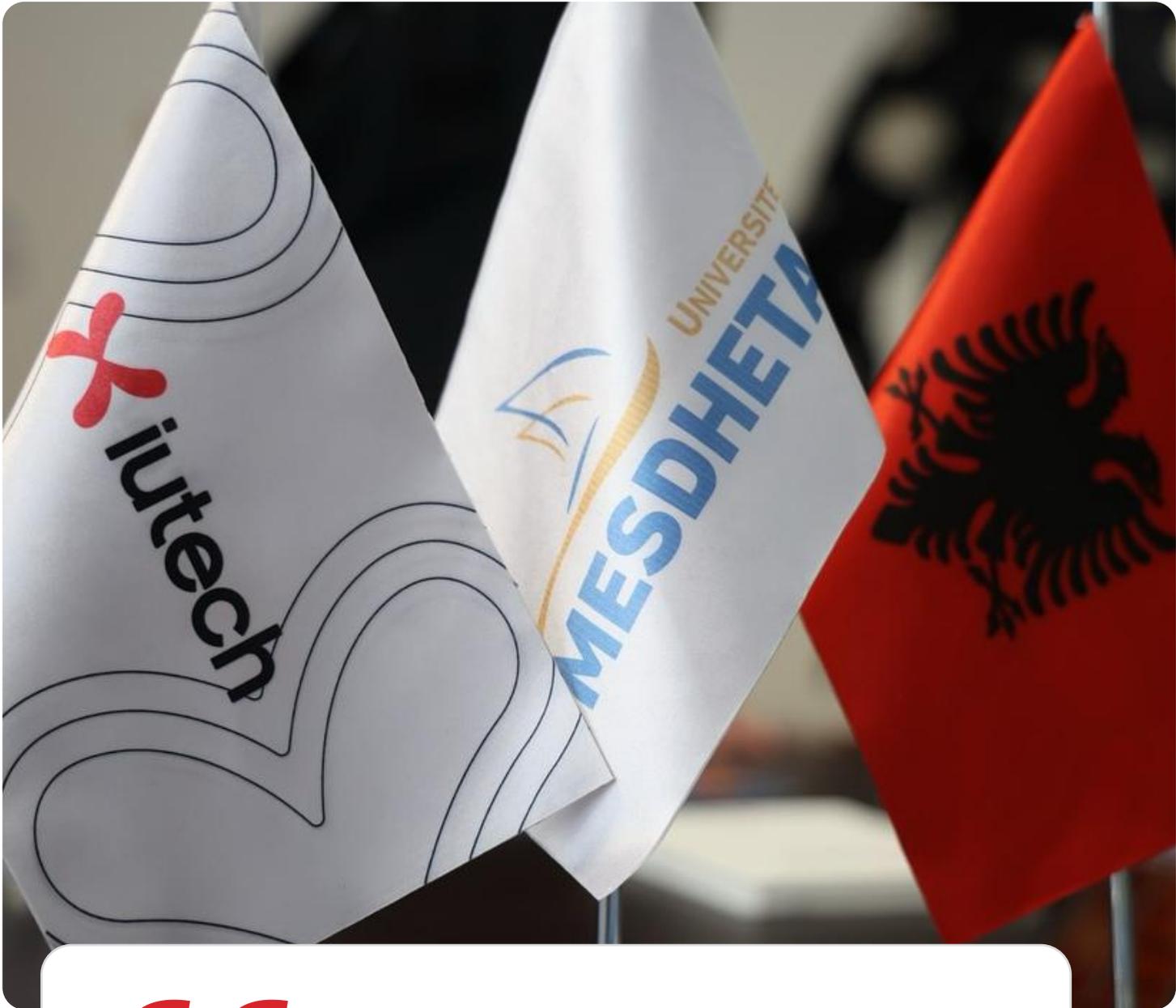
personnel are capitalized under intangible assets. External partners services used for developing new software or IT functionality are reviewed and evaluated regularly for applicability to be recognized as an intangible asset. When an asset is ready for its intended use, its useful life is determined and considered whether the asset is impaired (as certain assets will be abandoned soon). In the last case, the value of the asset is reduced accordingly through the impairment of the asset in the statement of comprehensive income.

124.6 EURm

Total Revenue



Iute has established constructive and healthy regulatory relationships in all markets in which it operates.



In Albania, we launched fully digital motor third-party liability insurance product, allowing customers to purchase, pay for, and manage policies entirely online. This replaced a previously paper-based and time-consuming process and marking a major step forward in digital insurance intermediation.

2 Financial risk management

Risk is defined as a potential negative deviation from the expected financial results. The Group encounters several risks in its day-to-day operations from which the main risks are credit risk, market risk, liquidity risk and operational risk.

The risk appetite established by Supervisory Board of the Group defines acceptable risks, their levels and nature and ensures that these risks are consistent with Group's business model and strategic goals.

The objective of risk management in the Group is to recognise these risks, to measure them appropriately and to manage them. More broadly, the aim of risk management is to optimize Group's risk/return trade-off and to increase the value of the Group through minimisation of losses and reducing of the volatility of results.

The first principle of Group's risk management framework is based on a solid risk culture and built on the principles of the three lines of defence. According to this principle, all employees in the Group are responsible for risk management, but each of employee has his certain role and responsibility.

The functions are divided into three lines of defence as follows:

- The first line of defence - the business units are responsible for taking risk and for day-to-day risk management.

- The second line of defence – risk controlling unit is responsible for the ownership continuous review, and implementation of a robust risk management framework
- The third line of defence - the internal audit, exercises independent supervision over the entire Group, including supervision over risk controlling unit.

In the Group, the risk management decisions are made on the following main levels:

- 1) Supervisory Board
- 1) Management Board
- 2) Credit Committee

The second principle of Group's risk management framework is based on managing risks in a centralised and cohesive structure on the basis of risk management system, which accounts for the possibility of correlation between different business lines and risks.

The Group reviews the risk identification and management policies and procedures according to the change of Group's activities and financial situation, several times a year. The usual review period is once a month, but extraordinary events (such as sharp exchange rate fluctuations or competition situation on the market) trigger immediate responses.

Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Within credit risk the Group identifies as sub risks concentration risk and country e.g. geographical location risk.

Credit risk arises from cash and cash equivalents, investments into government bonds and securities, but mainly from credit exposures to customers, including outstanding loans, issued guarantees, other receivables, and commitments.

The Group's maximum exposure to credit risk before collateral held is as follows:

<i>in thousands EUR</i>	31/12/2025	31/12/2024
Cash and cash equivalents	66,590	53,656
Debt securities at FVOCI	14,571	8,603
Loans to customers	358,257	297,631
Other assets	19,555	9,185
Other financial investments*	20,134	20,132
SUBTOTAL	479,107	389,207
Off-balance sheet items	9,581	11,036
TOTAL	488,688	400,243

*Excluding investments into unlisted shares.

See also Notes 10, 11, 12 and 13.

Credit risk measurement and distribution

Cash and cash equivalents

Management estimates that the credit risk exposure from cash and cash equivalents, held at the central bank and other correspondent banks is inherently low. Therefore, no expected credit loss is accounted for these financial instruments. The Group uses ratings assessed by rating agencies Standard & Poor's, Moody's and Fitch (the weakest rating takes precedence) for counterparties where the Group hold its cash and cash equivalents.

The Group's cash and cash equivalents held in counterparties are divided per ratings as follows:

<i>in thousands EUR</i>	31/12/2025	31/12/2024
Rating AAA to A	11,424	5,425
Rating BBB to B	55,075	47,760
Without Rating	91	470
TOTAL	66,590	53,656

Loans to customers

Group's loan products are:

- Unsecured consumer loans with maturities between 1 to 60 months. Median loan amount is above 430 EUR, whereas loan amounts range between 100 EUR and 18 thousand EUR. Weighted average annual percentage rate (APR) is 33,0% depending on the loan amount, maturity, and status of customer;
- unsecured corporate loans with maturities between 3 months and 48 months and pledge secured corporate loans with maturities between 3 month and 36 months. Median loan amount is above 8 thousand EUR, whereas loan amounts range between 2 thousand EUR and 500 thousand EUR. Weighted average annual percentage rate (APR) is 11,5% depending on the loan amount, maturity, and status of customer.

Credit risk related to loans granted to customers is the highest risk for the Group. For mitigating the risk, the Group:

- aims to serve only individual customers with a permanent workplace and stable income. Loans are based on personal identification and personal credit rating. For a new applicant, the credit rating depends on automated comparison of the applicant's relevant parameters with respective parameters of performing and poorly performing statistic customer groups and certain databases. For returning customers, Group applies personal credit rating which is based on individual performance data. The personal credit rating is reviewed periodically and adjusted based on

individual customer payment behaviour;

- aims to serve corporate customers with high solvency. Credit rating for new applicant is determined based on detailed analysis of all relevant information which is provided by the applicant, and which is available in public databases and registers. The credit rating is reviewed at least annually based on valuation of customer's solvency for which its annual financial statements are used.

For pledge secured loans, the pledge is evaluated by the Group during loan origination process and in case of a need, the Group uses external appraisers for valuations. The main pledge types are: mortgage, commercial pledge, goods/products pledge, surety of private person or legal entity, credit insurance.

To manage the Group's credit policy and portfolio risks Group has Credit Committee (CreCO). Credit Committee defines which loans are issued and to which customer groups taking into consideration also economic situation, such as unemployment rate.

There are two levels of CreCO:

- Group Credit Committee and
- Subsidiary Credit Committee.

Group Credit Committee (Group CreCO) has authority over following decisions:

- to determine the competence of Subsidiary Credit Committee;
- to determine loan parameters;
- to determine loan application checking and approval procedure;
- to determine overdue procedure.

Group CreCO members are CEO - Chief Executive Officer, CCO - Chief Commercial Officer, CFO - Chief Financial Officer, COO- Chief Operations Officer and CRO - Chief Risk Officer. The main responsibility to organize, record and communicate Group CreCO's work and decisions carry Group CRO. Group CreCO makes decisions at request of local subsidiary's management or on its own if necessary. Subsidiary CreCO consists of local management team or other relevant positions.

The Group consider a financial asset in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising collateral (if any is held);
- the borrower is more than 50 days past due on any material credit obligation to the Group;
- it is becoming probable that the borrower will restructure the asset as a result of financial difficulties due to the borrower's inability to pay its credit obligations.

Subsequently, the Group classifies its customers to following credit risk stages:

- Stage 1 – all non-defaulted loans with $DPD \leq 30$ (DPD – Days Past Due), credit risk has not significantly increased
- Stage 2 – all non-defaulted loans with $30 < DPD \leq 50$, credit risk has increased
- Stage 3 – all defaulted loans ($DPD > 50$), credit risk has significantly increased.

The main indicator for credit risk stage determination is the number of days in default (quantitative criteria). Additional qualitative criteria which may cause customer classification to higher group are

- there are indications, of unlikelihood to pay which show that the customer is in significant financial

difficulty and the Group will need to realize the collateral (if any is held);

- due to financial difficulties of the customer, the loan is restructured;
- agreement has been terminated.

Customer reclassification from higher credit risk stage to lower credit risk group is performed in the Group according to following principles:

- Customer contractual payments are done on time within last three months – customer is reclassified from Stage 2 to Stage 1.
- Customer contractual payments are done on time within last three months – customer is reclassified from Stage 3 to Stage 2.

The following table present a split of Group`s loans to customers per field of activity and credit risk stage (net).

<i>in thousands EUR</i>	Stage 1	Stage 2	Stage 3	Allowances for loan impairment	Total
31/12/2025					
Loans to individuals	295,404	3,933	25,076	-18,426	305,987
Loans to legal entities, incl:	48,771	1,496	2,347	-344	52,270
<i>Manufacturing and trade</i>	<i>14,271</i>	<i>0</i>	<i>2,111</i>	<i>-107</i>	16,275
<i>Agriculture and food industry</i>	<i>1,934</i>	<i>502</i>	<i>0</i>	<i>-44</i>	2,392
<i>Financial non- banking sector</i>	<i>11,586</i>	<i>0</i>	<i>0</i>	<i>-3</i>	11,583
<i>Construction and land improvements</i>	<i>10,699</i>	<i>994</i>	<i>147</i>	<i>-142</i>	11,698
<i>Loans to the energy industry</i>	<i>6,586</i>	<i>0</i>	<i>0</i>	<i>-5</i>	6,581
<i>Loans to service fields</i>	<i>3,679</i>	<i>0</i>	<i>18</i>	<i>-43</i>	3,654
<i>Other</i>	<i>16</i>	<i>0</i>	<i>71</i>	<i>0</i>	87
TOTAL GROSS	344,175	5,429	27,423	-18 770	358,257
Allowances for loan impairment	-4,763	-765	-13,243		
TOTAL NET	339,412	4,664	14,180		
31/12/2024					
Loans to individuals	245,797	3,894	26,292	-17,704	258,279
Loans to legal entities, incl:	39,255	0	2,360	-2,263	39,352
<i>Manufacturing and trade</i>	<i>10,345</i>	<i>0</i>	<i>2,111</i>	<i>-779</i>	11,677
<i>Agriculture and food industry</i>	<i>2,769</i>	<i>0</i>	<i>1</i>	<i>-106</i>	2,664
<i>Financial non- banking sector</i>	<i>9,776</i>	<i>0</i>	<i>0</i>	<i>-374</i>	9,402
<i>Construction and land improvements</i>	<i>9,800</i>	<i>0</i>	<i>155</i>	<i>-752</i>	9,203
<i>Loans to the energy industry</i>	<i>2,969</i>	<i>0</i>	<i>0</i>	<i>-114</i>	2,855
<i>Loans to service fields</i>	<i>3,596</i>	<i>0</i>	<i>18</i>	<i>-138</i>	3,476
<i>Other</i>	<i>0</i>	<i>0</i>	<i>75</i>	<i>0</i>	75
TOTAL GROSS	285,052	3,894	28,652	-19,967	297,631
Allowances for loan impairment	-4,212	-771	-14,984		
TOTAL NET	280,840	3,123	13,668		

The following table present a movement of Group`s loans to customers (gross) between credit risk stages.

<i>in thousands EUR</i>		Stage 1	Stage 2	Stage 3
	01/01/2025			
Transfer from stage 1 to stage 2		-119,573	119,573	0
Transfer from stage 1 to stage 3		-54	0	54
Transfer from stage 2 to stage 1		86,648	-86,648	0
Transfer from stage 2 to stage 3		0	-36,741	36,741
Transfer from stage 3 to stage 2		0	0	0
Transfer from stage 3 to stage 1		0	0	0
	31/12/2025	-32,980	-3,816	36,795
	01/01/2024			
Transfer from stage 1 to stage 2		-112,534	112,534	0
Transfer from stage 1 to stage 3		-524	0	524
Transfer from stage 2 to stage 1		59,135	-59,135	0
Transfer from stage 2 to stage 3		0	-36,392	36,392
Transfer from stage 3 to stage 2		0	0	0
Transfer from stage 3 to stage 1		0	0	0
	31/12/2024	-53,923	17,007	36,916



Loan repayment discipline, which we measure through Customer Performance Index, improved to 89.1% in December through the implementation of data science for risk modelling, risk-based loan amount determination and loan duration management.



23. 02. 2026

Signature / allkiri
KPMG, Tallinn

The following table present a split of Group's loans to customers per pledge (net).

in thousands EUR	Real estate pledge	Commercial pledge	Pledge of goods	Guarantee from individual or legal entity	Loans with pledge total	Loans without pledge	TOTAL
31/12/2025							
Loans to individuals	705	161	39	2,173	3,078	302,909	305,987
Loans to legal entities, incl.:	24,552	9,062	6,023	12,562	52,199	72	52,270
<i>Manufacturing and trade</i>	4,901	2,726	5,422	3,226	16,275	0	16,275
<i>Agriculture and food industry</i>	847	584	601	360	2,392	0	2,392
<i>Financial non- banking sector</i>	244	3,103	0	8,236	11,583	0	11,583
<i>Construction and land improvements</i>	11,691	0	0	7	11,698	0	11,698
<i>Loans to the energy industry</i>	4,639	1,941	0	0	6,581	0	6,581
<i>Loans to service fields</i>	2,230	708	0	716	3,654	0	3,654
<i>Other</i>	0	0	0	16	16	72	87
TOTAL	25,257	9,223	6,062	14,735	55,277	302,981	358,257
31/12/2024							
Loans to individuals	764	168	98	3,163	4,193	254,086	258,279
Loans to legal entities, incl.:	16,921	6,212	4,085	12,082	39,300	52	39,352
<i>Manufacturing and trade</i>	4,104	2,444	3,515	1,614	11,677	0	11,677
<i>Agriculture and food industry</i>	1,160	286	65	1,152	2,664	0	2,664
<i>Financial non- banking sector</i>	0	1,327	0	8,075	9,402	0	9,402
<i>Construction and land improvements</i>	8,779	15	371	38	9,203	0	9,203
<i>Loans to the energy industry</i>	721	1,912	0	222	2,855	0	2,855
<i>Loans to service fields</i>	2,156	228	134	958	3,476	0	3,476
<i>Other</i>	0	0	0	23	23	52	75
TOTAL	17,684	6,380	4,183	15,245	43,492	254,138	297,631

The following table present quality and value of the pledges of Group's loans to customers.

in thousands EUR	Loans to customers (gross)	Allowances for loan impairment	Loans to customers (net)	Nominal value of the pledge
31/12/2025				
Loans to individuals	4,568	-1,490	3,078	1,621
Loans to legal entities, incl.:	52,543	-344	52,199	72,924
<i>Manufacturing and trade</i>	16,382	-107	16,275	27,249
<i>Agriculture and food industry</i>	2,436	-44	2,392	4,183
<i>Financial non- banking sector</i>	11,586	-3	11,583	3,209
<i>Construction and land improvements</i>	11,840	-142	11,698	19,387
<i>Loans to the energy industry</i>	6,586	-4	6,581	7,932
<i>Loans to service fields</i>	3,697	-43	3,654	10,964
<i>Other</i>	16	0	16	0
TOTAL	57,111	-1,834	55,277	74,545
31/12/2024				
Loans to individuals	5,315	-1,123	4,193	1,755
Loans to legal entities, incl.:	41,563	-2,263	39,300	69,996
<i>Manufacturing and trade</i>	12,456	-779	11,677	28,368
<i>Agriculture and food industry</i>	2,770	-106	2,664	3,948
<i>Financial non- banking sector</i>	9,776	-374	9,402	2,014
<i>Construction and land improvements</i>	9,955	-752	9,203	26,626
<i>Loans to the energy industry</i>	2,969	-114	2,854	4,106
<i>Loans to service fields</i>	3,614	-138	3,476	4,935
<i>Other</i>	23	0	23	0
TOTAL	46,878	-3,386	43,492	71,751

In section "General information and summary of material accounting policies" under subsection "Impairment of financial assets" is described in more detail how the impairment analysis is performed and how impairment of financial assets is recognized by the Group.

To ensure an impartial estimation of expected credit losses, three scenarios are used: the baseline scenario, the adverse scenario and the mild scenario. The baseline scenario reflects the most probable outcome. In its expected credit losses models calculation, the Group relies on unemployment rate as economic input for forward looking expected credit loss component calculation.

	2025	2024
Unemployment rate (%) Group weighted average		
Base scenario	6.18	6.92
Negative scenario	8.68	9.42
Positive scenario	3.68	4.42

The Group performs stress tests on annual basis and results are presented to Group's Supervisory and Management Boards.

The impact of the described stress test to allowance is aggregated in the table below. The table includes loans, which have collective allowance.

<i>in thousands EUR</i>	2025	2024
LGD 1% increase	504	477
PD 1% increase	473	272

Loans to customers write-off policy

The Group writes off financial assets, fully after 365 days past due (DPD), when collection is no longer considered probable. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to credit loss expense.

The following table present quality and value of the Group's other financial investments (excluding investments to other shares).

<i>in thousands EUR</i>	31/12/2025	31/12/2024
State securities of Republic of Moldova	16,327	17,482
incl. maturity within 1 year	15,719	14,051
incl. maturity within 1 to 5 years	607	3,432
Expected credit loss of state securities of Republic of Moldova	-117	-118
Certificates issued by National Bank of Moldova	3,019	2,318
Expected credit loss of state certificates issued by National Bank of Moldova	-491	-247
Investment in debt securities	14,494	8,764
Expected credit loss of investment in debt securities	78	-161
Deposits	837	127
At the end of the year	34,146	28,165

Restructured loans to customers due to customer financial difficulties.

Restructured loans are such loans, which contractual terms have been changed due to customer financial difficulties to repay the loan. The purpose of the restructuring measure is to enable the customer to make full payments again or to maximize the repayment of outstanding loans. Changes in contractual terms include various forms of concessions such as amortization suspensions, reductions in interest rates to below market rates, forgiveness of all or part of the loan, or issuance of new loans to pay overdue amounts. Depending on when the restructure measures are taken and the severity of the financial difficulties of the customer, the restructured loan could either be treated as a performing restructured loan or a non-performing restructured loan.

The following table present Group's restructured loans to customers (gross) per credit risk stages.

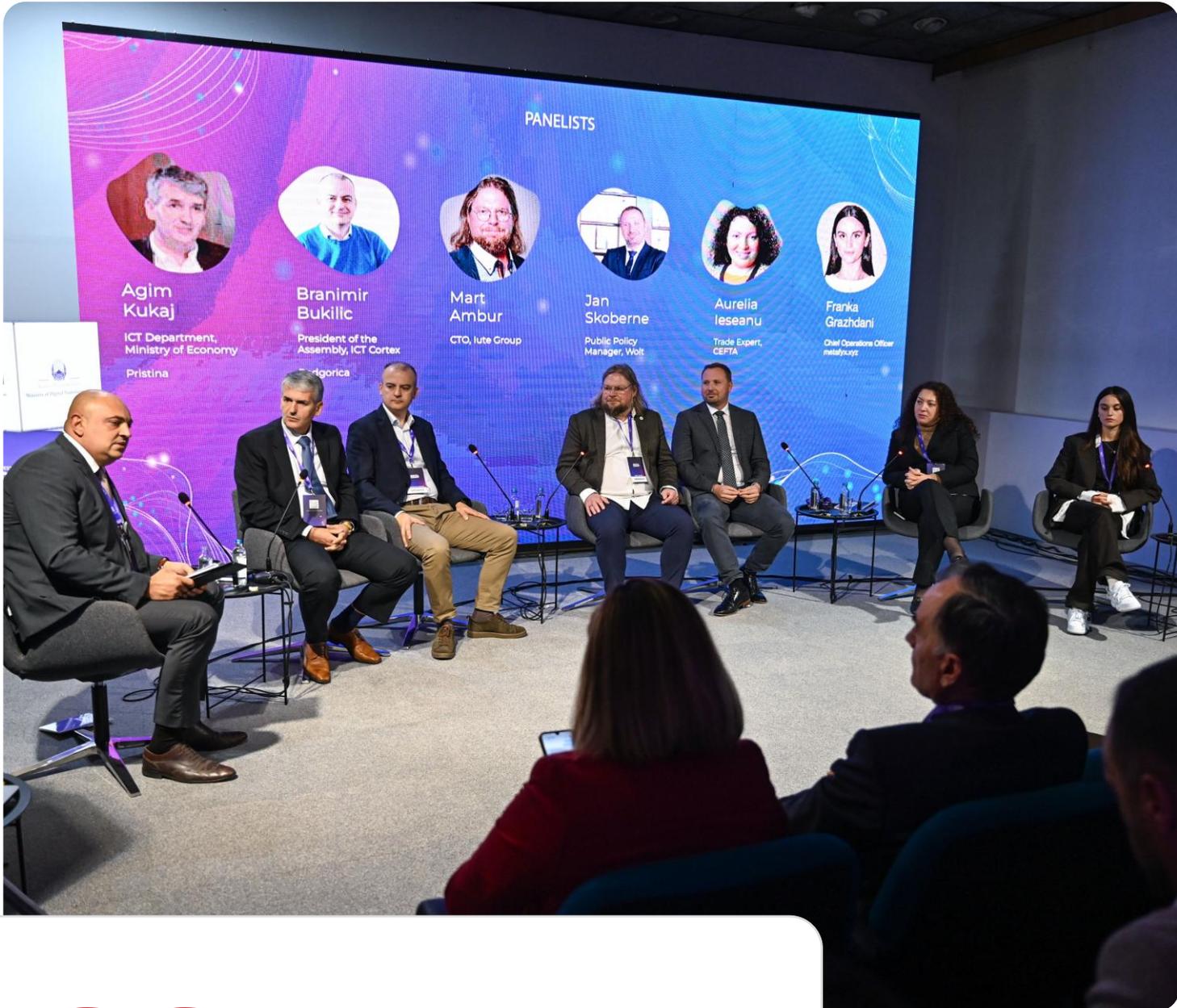
<i>in thousands EUR</i>	31/12/2025	31/12/2024
Stage 1	0	0
Stage 2	179	72
Stage 3	0	0
TOTAL	179	72

Other financial investments

Other financial investments, recognized at amortized cost, of the Group are:

- short- and medium-term state securities issued by the Ministry of Finance of the Republic of Moldova;
- certificates issued by the National Bank of Moldova with an initial maturity of 14 days and
- prepayments made by the Group.

Expected credit loss of financial assets is determined based on the same principles as for loans to customers.



In July 2025, Iute received Electronic Money Institution license in North Macedonia. The license enables Iute to offer a wide range of digital payment services to customers across the country.

Other assets

The Group accounts as other assets receivables from collection companies, deposits paid, and services provided to other counterparties which are not related to ordinary course of business. The expected credit loss is based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate. The expected credit loss from other assets is considered to be immaterial and no allowance has been recognized for these assets in the statement of financial position as at 31 December 2025.

Credit risk position related to off-balance sheet items

Group's subsidiary EB in the usual course of business, issues guarantees and letters of credit on behalf of its customers. The credit risk of guarantees is identical to that from lending. In the case of a claim against EB because of a customer's default on a guarantee these instruments also present a certain degree of liquidity risk to EB. Guarantees are initially recognised at their fair value, which is normally evidenced by the amount of fees received. This amount is amortised on a straight-line basis over the life of the financial guarantee. At the end of each reporting period, the financial guarantees are measured at the higher of (i) the amount of the loss allowance for the guaranteed exposure determined based on the expected credit loss model and (ii) the remaining unamortised balance of the amount at initial recognition.

Financing commitments represent EB commitments to grant loans and advances to customers. Financing commitments do not necessarily imply a future cash outflow since many of these commitments will expire or terminate without being funded. Such commitments are initially recognised at their fair value, which is normally evidenced by the amount of fees received. At the end of each reporting period, the commitments are measured at (i) the remaining unamortised balance of the amount at initial recognition, plus (ii) the amount of the loss allowance determined based on the expected credit loss model.

Concentration risk

Concentration risk, as an integral part of credit risk, arises from large exposures to individual counterparty which might result from inadequate diversification of the credit exposures. This risk is managed by actively measuring, reporting, and monitoring on a regular and ongoing basis, risk concentration levels against reasonable thresholds for counterparties and products.

In its everyday business activities, the Group's concentrations of risk are managed by customer/counterparty and by industry sector. In 2024, the Group had only small and medium loans to individuals.

The loans granted to 20 major customers of the Group as at 31 December 2025 amounted to 36,254 thousand EUR

(31 December 2024: 27,457 thousand EUR) representing 10,1% (31 December 2024: 9,8%) of Group's gross loan portfolio.

These are analysed by industries as follows:

<i>in thousands EUR</i>	31/12/2025	31/12/2024
Manufacturing and trade	14,163	10,904
Agriculture	4,238	2,792
Financial non- banking sector	10,118	8,722
Service field	1,618	1,711
Loans to the energy industry	5,978	2,966
Construction and land improvements	129	111
Other	9	250
At the end of the year	36,254	27,457

The Group's major part of operations are carried out in Moldova which is neighbouring country with Ukraine against which Russia started military invasion on 24th of February 2022.

The invasion has not had any significant negative impact on Group's business operations. The Group's management has assessed the possible negative impact on the loan portfolio outstanding as at 31 December 2025 which may occur due to the ongoing situation. The possible negative impact may occur in relation to loans granted to businesses which are related or dependant on economical situations and decisions made in countries involved in war. Based on Group's management assessment, the impact will not be significant on Group's operations.

The Group's geographical allocation of assets and liabilities is set out below:

	Total assets	Total liabilities
<i>in thousands EUR</i>	31/12/2025	31/12/2025
Moldova	249,883	166,252
Albania	122,808	34,350
North-Macedonia	61,475	12,912
Bosnia & Herzegovina	318	183
EU member countries	73,163	215,923
USA	2,432	8
Other countries	522	352
TOTAL	510,601	429,980

	Total assets	Total liabilities
<i>in thousands EUR</i>	31/12/2024	31/12/2024
Moldova	223,774	149,864
Albania	97,249	34,952
North-Macedonia	40,824	12,125
Bosnia & Herzegovina	235	287
EU member countries	49,949	143,503
USA	3,244	134
Other countries	426	371
TOTAL	415,701	341,235

Liquidity risk

Liquidity risk is the risk that the Group will be unable to fulfil its obligations in a timely manner or to the full extent without incurring significant costs.

The level of risk acceptable for achieving the strategic goals of the Group (risk appetite) is decided by the Supervisory Board of the Group, while the Management Board of the Group is responsible for the implementation of the risk policy and risk appetite established by the Council. The Group's finance department has the overall responsibility to centrally manage the Group's liquidity. The main goal of the Group is to ensure sufficient and stable financing of core business activities with the help of own equity sources and raised funds.

Liquidity risk is measured both at the Group level and at the Group's subsidiaries level, using several methods and metrics both in normal market conditions and in the event of a liquidity crisis. One of the main goals of liquidity risk measurement is to find out the possible liquidity deficit in terms of different maturity dates. At the level of the Group's subsidiaries, a cash flow forecast covering the

following 30-day period is prepared weekly to ensure that the subsidiary has sufficient assets to cover its liabilities for the following 30 days. At the Group level, liquidity risk is measured at least once a quarter for the following 12-month period, to identify possible periods when the Group's liabilities may exceed the Group's assets and whether the Group needs additional external financing to cover its liabilities.

Due to stricter regulation applicable to the Group's subsidiary EB, the liquidity risk management is focused on maintaining an optimal ratio between effective liquidity and profitability, while complying with prudential requirements for minimum reserves and regulated liquidity ratios. The liquidity risk management process is geared to anticipate crisis situations and managing them. EB monitors daily the liquidity risk indicators, analyses the liquidity risk profile on a monthly basis and assesses quarterly the impact of some crisis scenarios related to its liquidity



As a result of the ongoing investments, Iute Group has deployed predictive modelling that enables automated loan decisions, personalised product offers and more efficient interactions with customers.



The following table present Group`s financial assets and liabilities by contractual maturities undiscounted

<i>in thousands EUR</i>		Up to 1 year	1 to 5 years	over 5 years	Total	Carrying amount
Cash and cash equivalents, maturity*	31/12/2025	59,464	0	0	59,464	59,464
	31/12/2024	43,626	0	0	43,626	43,626
Loans to customers, maturity	31/12/2025	204,752	277,216	50,302	532,270	358,257
	31/12/2024	207,941	194,757	22,713	425,411	297,631
Other financial investments, maturity	31/12/2025	21,937	7,772	14,656	44,365	34,705
	31/12/2024	20,113	6,835	4,857	31,805	28,734
Other assets, maturity**	31/12/2025	19,555	0	0	19,555	19,555
	31/12/2024	9,185	0	0	9,185	9,185
Loans and bonds from investors, maturity	31/12/2025	116,821	309,247	3,127	429,195	283,909
	31/12/2024	45,217	224,864	505	270,586	210,162
Deposits from customers, maturity	31/12/2025	97,722	29,831	1,415	128,968	123,526
	31/12/2024	92,916	20,480	835	114,231	111,165
Other liabilities, maturity***	31/12/2025	16,187	0	0	16,187	16,187
	31/12/2024	12,837	0	0	12,837	12,837
Lease liabilities, maturity	31/12/2025	1,109	1,205	0	2,314	2,314
	31/12/2024	994	1,538	0	2,532	2,532
Guarantees, maturity	31/12/2025	2,404	1,196	0	3,600	0
	31/12/2024	2,315	3,451	0	5,766	0
Financing commitments, maturity	31/12/2025	2,360	3,211	409	5,980	0
	31/12/2024	2,382	2,798	88	5,268	0
Liquidity gap	31/12/2025	90,138	-59,702	60,007	90,443	
	31/12/2024	124,204	-51,539	26,142	98,807	

* Cash and cash equivalents do not include the liquidity and statutory reserves of the subsidiary EB.

** Other assets do not include prepayments and deferred tax assets.

*** Deferred income tax liabilities are not included in other liabilities.

In the case of assets and liabilities with a floating interest rate, the interest rate on the reporting date is taken into account, and the cash flows calculated for them may change in the future because the floating interest rate changes. The group's management estimates that the change in the floating interest rate does not require a significantly earlier term of cash flows than that reflected in the table above. Also, changes in the interest rate do not cause a violation of the financial conditions set for the

bonds issued by the Group, which could cause an earlier deadline for the redemption of the bonds.

The management of the Group considers the risk of realization of negative liquidity in period 1 to 5 years to be low. The Group monitors own liquidity on ongoing basis and with the focus on maintaining short-term positive liquidity.

Market risk

Market risk is the risk of loss resulting from unfavourable changes, correlations or volatility in market prices and rates (including changes in interest rates, foreign exchange rates and changes in products prices). Within market risk the Group has identified currency risk (foreign exchange risk) and interest rate risk.

Currency risk

Currency risk is defined as a risk arising from the differences in the currency structure of the Group's assets and liabilities. Changes in currency exchange rates cause changes in the value of assets and liabilities, as well as the amount of income and expenses measured in the functional currency.

Exchange rate volatility poses significant risks of loss, because all subsidiaries loan products are nominated, issued, and repaid according to domestic laws in the national currency (MDL, ALL, MKD), whereas the Group's major liabilities before investors are assumed in euros.

In order to measure and evaluate the currency risk, the Group uses monitoring of the open net foreign currency position and sensitivity analysis, which evaluates the impact of changes in exchange rates. The tested scenario is a simultaneous 10% adverse change in all major currencies in which the foreign currency position is open.

In 2025 and 2024, the group has not used hedging instruments to hedge currency risk.

Open currency exposures

The following table present the risks arising from open currency exposures. Assets and liabilities denominated in foreign currencies have been presented in euro equivalent in respective columns, according to the exchange rate prevailing at the end of the reporting period. Open currency exposure and the volume of financial assets and liabilities of the Group at the end of the reporting period do not significantly differ from the average exposure during the year.

31/12/2025

<i>in thousands EUR</i>	Notes	EUR	MDL	ALL	MKD	BGN	BAM	USD	Other	Total
Assets bearing currency risk										
Cash and cash equivalents	10	16,406	23,601	14,568	5,121	1,303	309	4,983	300	66,590
Loans to customers	8,11	6,317	177,990	104,940	53,229	15,299	0	479	2	358,257
Prepayments	12	405	825	510	1	1,269	0	0	1	3,010
Other assets	12	14,675	808	1,407	2,626	9	0	29	0	19,555
Other financial investments	13	11,782	18,867	0	1	0	0	4,054	2	34,705
Total assets bearing currency risk		49,586	222,091	121,425	60,978	17,879	309	9,545	305	482,117
Liabilities bearing currency risk										
Loans and bonds from investors	17	231,723	24,555	26,737	3,508	716	0	36	0	287,274
Deposits from customers	17	25,069	89,219	0	0	0	0	9,251	76	123,616
Lease liabilities	17	317	383	628	446	540	0	0	0	2,314
Current income tax liabilities	18	0	71	143	375	0	0	0	0	589
Other tax liabilities	18	410	199	324	185	92	27	0	15	1,252
Other liabilities	18	766	5,994	5,470	1,903	641	156	0	5	14,935
Total liabilities bearing currency risk		258,447	120,422	33,302	6,417	1,989	183	9,287	96	429,980
Open foreign currency position		-208,700	101,669	88,123	54,561	15,891	126	258	209	52,137

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31/12/2024

<i>in thousands EUR</i>	Notes	EUR	MDL	ALL	MKD	BGN	BAM	USD	Other	Total
Assets bearing currency risk										
Cash and cash equivalents	10	15,275	20,443	6,682	1,957	1,513	201	7,163	421	53,656
Loans to customers	8,11	4,696	150,815	87,546	36,641	16,223	0	1,709	0	297,631
Prepayments	12	247	1,498	368	1	740	2	0	2	2,856
Other assets	12	6,462	204	841	1,622	0	0	56	0	9,185
Other financial investments	13	5,776	19,575	76	49	0	0	3,256	1	28,735
Total assets bearing currency risk		32,456	192,535	95,513	40,271	18,477	203	12,184	424	392,064
Liabilities bearing currency risk										
Loans and bonds from investors	17	141,212	32,568	30,353	9,988	0	0	0	0	214,122
Deposits from customers	17	22,881	77,508	0	0	0	0	10,711	156	111,256
Lease liabilities	17	359	686	840	432	217	0	0	0	2,533
Current income tax liabilities	18	0	115	203	190	0	0	0	0	508
Other tax liabilities	18	323	330	230	28	70	33	0	25	1,037
Other liabilities	18	1,147	4,232	3,483	1,814	483	255	326	40	11,779
Total liabilities bearing currency risk		165,922	115,439	35,108	12,451	770	287	11,036	221	341,235
Open foreign currency position		-133,465	77,096	60,404	27,820	17,707	-84	1,148	203	50,829

Exchange rate volatility

The following table demonstrates the sensitivity to a reasonably possible change in the USD and EUR, MDL and EUR, ALL and EUR and MKD and EUR exchange rates with all other variables held constant. The effect on profit before tax is reflecting the proportion of untaxed profit considering exchange rate

unfavorable changes by -5% during reporting period. The current sensitivity analysis does not include the effect of the exchange rates of BGN and BAM, as for these currencies, the exchange rate for 1 EUR in 2025 and 2024 has been fixed, i.e. 1EUR = 1,95583 BGN/BAM.

	31/12/2025	31/12/2024
MDL exchange rate		
Open position (in thousands EUR)	101,669	77,096
Change in foreign currency rate	-5%	-5%
Effect on profit before tax (in thousands EUR)	-5,083	-3,855
USD exchange rate		
Open position (in thousands EUR)	258	1,148
Change in foreign currency rate	-5%	-5%
Effect on profit before tax (in thousands EUR)	-13	69
ALL exchange rate		
Open position (in thousands EUR)	88,123	60,404
Change in foreign currency rate	-5%	-5%
Effect on profit before tax (in thousands EUR)	-4,406	-3,020
MKD exchange rate		
Open position (in thousands EUR)	54,561	27,820
Change in foreign currency rate	-5%	-5%
Effect on profit before tax (in thousands EUR)	-2,728	-1,391



In 2025, we launched lutePlus loyalty program to strengthen customer relationships and encourage active engagement with the company's financial products and services.

Interest rate risk

Interest rate risk is the current or future risk that an unfavourable change in the interest rates of the Group's assets and liabilities may have a negative impact on the Group's profit and equity.

To ensure low interest rate risk, the Group limits and matches the structure and maturities of interest-sensitive assets and liabilities. Interest income from issued loans significantly exceeds the interest expense paid for deposits and borrowings, which allows to offset the potential adverse effect of interest rate risk to the Group.

The Group calculates and monitors interest rate risk positions on a monthly basis to ensure the lowest possible interest rate gap between assets with a floating interest rate and liabilities with a floating interest rate. The group has not used hedging instruments in 2025 and 2024 to hedge the interest rate risk.

The table below summarize the Group's exposure to interest rate risks. In the table are included the Group's financial assets and liabilities at carrying amounts categorized by maturity.

31/12/2025 <i>in thousands EUR</i>	Total	Maturity within 1 year	Maturity 1-5 years	Maturity over 5 years	Interest accrued	Loss allowance
Assets bearing fixed interest rate risk						
Cash and cash equivalents	0	0	0	0	0	0
Loans to customer	248,127	81,879	165,818	430	22,596	-16,687
Other financial investments	25,434	25,434	0	0	137	-117
Assets bearing fixed interest rate risk total	273,561	107,313	165,818	430	22,733	-16,805
Liabilities bearing fixed interest rate risk						
Loans and bonds from investors	273,040	69,964	202,059	1,017	3,171	0
Deposits from customers	0	0	0	0	0	0
Lease liabilities	2,314	1,109	1,205	0	0	0
Liabilities bearing fixed interest rate risk, total	275,354	71,073	203,264	1,017	3,171	0
Interest gap	-1,793	36,240	-37,445	-588		
Assets bearing floating interest rate risk						
Cash and cash equivalents	21,932	21,932	0	0	38	-2
Loans to customer	105,707	102,006	3,701	0	598	-2,084
Other financial investments	9,271	9,271	0	0	113	0
Assets bearing floating interest rate risk total	136,910	133,209	3,701	0	749	-2,087
Liabilities bearing floating interest rate risk						
Loans and bonds from investors	10,869	8,760	0	2,108	195	0
Deposits from customers	77,578	77,578	0	0	90	0
Lease liabilities	0	0	0	0	0	0
Liabilities bearing floating interest rate risk, total	88,446	86,338	0	2,108	285	0
Interest gap	48,464	46,871	3,701	-2,108		

31/12/2024 in thousands EUR	Total	Maturity within 1 year	Maturity 1-5 years	Maturity over 5 years	Interest accrued	Loss allowance
Assets bearing fixed interest rate risk						
Cash and cash equivalents	0	0	0	0	0	0
Loans to customer	203,089	120,183	82,905	0	20,502	-16,478
Other financial investments	25,219	24,588	631	0	101	-118
Assets bearing fixed interest rate risk total	228,308	144,771	83,537	0	20,604	-16,597
Liabilities bearing fixed interest rate risk						
Loans and bonds from investors	204,324	18,142	186,182	0	3,980	0
Deposits from customers	0	0	0	0	0	0
Lease liabilities	2,533	993	1,540	0	0	0
Liabilities bearing fixed interest rate risk, total	206,857	19,135	187,722	0	3,980	0
Interest gap	21,451	125,636	-104,185	0		
Assets bearing floating interest rate risk						
Cash and cash equivalents	27,643	27,643	0	0	32	-5
Loans to customer	93,309	93,309	0	0	699	-3,489
Other financial investments	3,516	3,516	0	0	30	0
Assets bearing floating interest rate risk total	124,467	124,467	0	0	761	-3,494
Liabilities bearing floating interest rate risk						
Loans and bonds from investors	5,839	5,334	0	505	72	0
Deposits from customers	71,022	71,022	0	0	92	0
Lease liabilities	0	0	0	0	0	0
Liabilities bearing floating interest rate risk, total	76,861	76,356	0	505	164	0
Interest gap	47,606	48,111		-505		

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings. With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings as follows:

Currency	Changes in base interest rate in bps	Loans to customers		Loans from creditors	
		Effect on profit before tax in 2025 in thousand EUR	Effect on profit before tax in 2024 in thousand EUR	Effect on profit before tax in 2025 in thousand EUR	Effect on profit before tax in 2024 in thousand EUR
EUR	+/- 100	+/-212	+/-214	+/-166	+/-175
EUR	+/- 300	+/-635	+/-642	+/-497	+/-524
EUR	+/- 500	+/-1,058	+/-1,071	+/-828	+/-873
USD	+/- 100	+/-65	+/-65	+/-55	+/-56
USD	+/- 300	+/-195	+/-196	+/-165	+/-168
USD	+/- 500	+/-324	+/-326	+/-276	+/-280
MDL	+/- 100	+/-1.092	+/-960	+/-658	+/-522
MDL	+/- 300	+/-3.276	+/-2,881	+/-1,975	+/-1,566
MDL	+/- 500	+/-5,460	+/-4,801	+/-3,292	+/-2,610
Total effect on profit before tax +/-100		+/-1,369	+/-1,239	+/-879	+/-753
Total effect on profit before tax +/-300		+/-4,106	+/-3,719	*/-2,637	*/-2,258
Total effect on profit before tax +/-500		+/-6,842	+/-6,198	+/-4,396	+/-3,763

Capital management

The capital management objectives are to ensure that the Group has an optimal structure of assets and liabilities and adequate capital to cover, at all times, all identified material risks and risk-related activities (capital adequacy) and that the Group complies with all capital adequacy requirements.

The Group's objectives when managing capital are the following:

Maintain a strong capital base by keeping it above 15%, supporting business development and to meet the Eurobond covenants. This objective was accomplished in 2025. See also Note 17.

Secure investors' claims in accordance with agreed terms. This objective was met in 2025.

To be compliant with the capital requirements set by regulators as applicable, including the Banking market in which subsidiary EB operates. According to requirements of National Bank of Moldova, each bank must hold the minimum level of regulatory capital of at least 13,5% which consists of total capital adequacy requirement of 10%, the capital conservation buffer of 2,5% and countercyclical buffer of 1%. The information about regulatory capital is filed on regular basis.

During 2025 and 2024 EB has complied with the regulatory capital requirements at any time throughout the reporting periods.

Capital adequacy is monitored at the Group level by the Group's finance department on a quarterly basis. In the Group's subsidiaries, the financial departments are responsible for ensuring that the company's equity meets all regulatory requirements and that the Group's capital management objectives are ensured.

The following table present the fulfilment of the Group's capital management objectives:

	31/12/2025	31/12/2024
Cash and cash equivalents as shown in the consolidated statement of financial position except mandatory reserve (in thousands EUR)	59,462	43,621
Total assets as reported in the consolidated statement of financial position (in thousands EUR)	510,601	415,701
Share of free cash in the group's total assets (%)	12%	10%
Equity as shown in the consolidated statement of financial position (in thousands EUR)	80,621	74,466
Loans and advances to customers as shown in the consolidated statement of financial position (in thousands EUR)	358,257	297,631
Capitalization rate (%)	22,5%	25,0%

Equity holders base any decisions regarding the distribution of dividends or increasing or decreasing the share capital on the financial position of the Group.

Operational risk

Operational risk is the risk of loss caused by inadequate or failed internal processes or systems, people or external events.

The Group's operational risk is divided into the following sub-risks:

External risk	Internal risk
Damage to physical assets or data	Internal user fraud or incapability
Customer fraud or incapability	System design errors
Anti money laundering (AML) and countering terrorist financing (CTF)	Workplace safety and efficiency
The macroeconomic and legal situation of the Group's countries of operation	

External risks

Damage to physical assets or data

The Group's work process includes data processing. Loss of data or damage to physical assets that support the work process must be mitigated to the effect that the Group is able to continue its work process without significant interruption.

All the Group's work process data processed in loan engine system (LES) is stored at a cloud server with daily backup. Backup is maintained separately and available for system restart within a day.

All the Group's work processes are supported by LES in such a manner that a team member can perform its tasks from any computer that has basic software and internet connection, independently of physical location. Therefore, loss of a computer or even computers can be mitigated within the same day; and loss of an office can be mitigated within two workdays at the latest (relocation of workplaces to a temporary rental office).

Main physical assets are also insured at their replacement value.

Customer fraud or incapability

A customer with original fraud intention, or inability to repay is the second biggest possible source of financial loss.

Measures to mitigate that risk belong to the Group's knowhow and are not disclosed in the notes to the annual report.

Group uses personal identification, personal contact verification, employment verification, cross verification of public databases, social links, and statistical analysis of performing/nonperforming customers (a scorecard) to make the credit approval/rejection decision.

Approximately 1/3 of new loan applications are rejected by the Group. Customer incapability or non-performance risk is mitigated by regulating loan product parameters (maximum loan amount, maximum loan duration and maximum monthly repayment in relation to the customer's salary) that particular customer qualifies for. Majority of new customers can get loans for up to a year, with a higher APR (annualized percentage rate) to cover the increased risk of loss. Returning customers' range of parameter limits is expanded, depending on their individual performance. The APR is reduced, and the maturity can also be lengthened in comparison with new customers.

Anti money laundering (AML) and countering terrorist financing (CTF)

The Group manages and supervises the activity of its subsidiaries across different locations to ensure that the Group in its entirety is committed to comply the applicable laws and regulations for prevention of criminal and terrorist activity, upholding the integrity of the financial system in all locations of its activity and internationally.

We acknowledge that money laundering and terrorist financing threats are dynamic and criminals are constantly seeking new techniques and try to exploit the easiest targets in the financial services sector. To mitigate the risk of being used for financial crime, the Group is systematically assessing and monitoring the risks its exposed to.

Our overall strategy in fighting financial crime is driven by a risk based approach, where the areas of greatest vulnerability are identified and we are able to focus on those areas the most. The risk based approach gives the Group the:

- Flexibility, as money laundering and terrorist financing risks vary across jurisdictions, counterparties, products and delivery channels, and over time;
- Effectiveness, as companies are better equipped than legislators to effectively assess and mitigate the particular money laundering and terrorist financing risks they face;
- Proportionality, because a risk-based approach promotes a common sense and intelligent approach to fighting money laundering and terrorist financing as opposed to "check the box" approach.

The Group has set the general rules in fighting money laundering and countering terrorist financing with its Group Financial Security Policy, which is applicable to the extent permissible under applicable laws governing the rights and obligations of the subsidiary. Each subsidiary has also their own, more specific policy, whereas should there be contradictions between the mentioned Group policy and the policy drafted based on the local regulations, the local policy and regulations prevail.

The governance of AML/CTF is built on the three lines of defense principle, where the first line of defense relies on the business operations, the second on the risk, compliance and other control functions, and the third on the advisory role, which includes both internal audit as well as the regulatory oversight.

Macroeconomic and legal situation in Moldova, Albania, Macedonia, Bosnia, and Bulgaria

The economic sustainability of these countries is the key to the Group's sustainability and profitability. The Group observes on a daily basis the media, exchange rates and developments related to important macroeconomic aspect in its domestic markets, such as:

- i. GDP and GDP per capita;
- ii. quarterly export volumes;
- iii. quarterly internal consumption volumes;
- iv. quarterly volume of money transfers home by Moldovans, Albanians, Macedonians, Bosnians, and Bulgarians working abroad;
- v. monthly unemployment and average salary rates;
- vi. quarterly data on banks' loan and deposits portfolios; and
- vii. changes in legislation or in the government.

viii. But, as it turned out, regular monitoring does not save us from unexpected events like what happened in Kosovo where the licence of ICKO was revoked by the regulator in 2019. Fortunately, our retained earnings were at this time and are strong to cope with such unexpected events.

ix. The Group is an active member of the Moldovan American Chamber of Commerce, which is one of the few private sector lobby organizations which is heard by the government in the issues of future economic policy or change in laws that govern finance sector, consumer finance, consumer protection laws or legal enforcement. Also, the Group's major competitors participate in AmCham.

x. Changes in macroeconomic situation affect the Group's lending policy. Due to overall macroeconomic instability in the Balkans and Southern Europe region, the Group has limited the maximum maturity of its loan products.

Internal risks

Internal user fraud or incapability

An internal user with authority to execute loan agreements, payments out or enter false data into system is the first possible source of financial loss.

Measures to prevent internal fraud are manifold and constantly under development:

- Selection of employees. The characteristics required include honesty and punctuality. Whereas honesty is a subjective criterion (until a fraud may be discovered), punctuality and correctness of individual performance are observed by LES.
- Individual responsibility and traceability. All important work operations at the Group (entering new loan application, application data checking, application approval, loan agreement execution, loan issue, accounting the loan repayments and debt collection process) are individually traceable by name, date, time, and content.
- System design. Several important operations are double-checked by LES and the user cannot proceed to the next operation unless the prior operation has been completed up to the parameters required by LES.
- Task diversification in loan issue process. Normally, it will take the input of at least three different employees to issue a loan. A single internal user cannot pursue fraudulent objectives.

- Task diversification in management. The Group's finances are managed by different persons, local CFO, CEO and also the Group's CFO, under direct supervision of shareholders.

System design errors

The Group's loan implementation system automatically generates tasks and other outputs for its users. A mistake in the system's source code or configuration can cause system malfunction, misreporting, slow or increased cost work process.

System design errors are discovered and corrected only by implementing any changes via testing before putting them into production.

General system design and performance is also counterchecked against randomly selected individual work processes and randomly selected system reports.

Workplace safety and efficiency

A safe workplace with enough space, controlled temperature and climate mitigates the risks related to loss of attention or concentration and deteriorating health or overall dissatisfaction thereafter.

Countermeasures have been, and will be, investments into ventilation and heating systems, function furniture, and optimization of work processes.

3 Interest and similar income

Interest and similar income		
in thousands EUR	2025	2024
Interest, commission and administration fees on loans to customers	102,715	93,221
TOTAL	102,715	93,221

4 Interest expense

Interest expense		
in thousands EUR	2025	2024
Interest on amounts due to creditors	-13,823	-9,438
Interest on amounts due to lease liabilities	-295	-250
Interest on bonds	-18,805	-16,631
Interest on amounts from deposits	-2,618	-2,074
TOTAL	-35,541	-28,394

5 Other fees and penalties and other income

Other fees and penalties		
in thousands EUR	2025	2024
Penalties under loans and delay interests	7,788	7,729
Dealer bonuses	-1,033	-904
Resigns under customer loans	395	402
TOTAL	7,150	7,227

Income from penalties under loans and delay interests are accounted on cash basis.

Other income		
in thousands EUR	2025	2024
Extraordinary income from debt collections	4,444	4,143
Income from sale of defaulted loan portfolio	2,719	3,534
Income from insurance brokerage	5,696	3,373
Other	0	1,622
TOTAL	12,858	12,673

The other income includes also income from related parties. See also Note 23.

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6 Personnel expenses

Personnel expenses		
in thousands EUR	2025	2024
Salaries and bonuses	-20,017	-18,770
Social security expenses	-2,926	-3,040
Medical insurance expenses	-122	-163
Other expenses	-626	-553
TOTAL	-23,691	-22,526
Annual average number of employees adjusted to full-time	906	922

On the row "Other expenses" are among other expenses recognized changes in vacation reserves. No other binding agreements for the Group with its employees, other than employment agreements, existed as at 31 December 2025 and 31 December 2024.

7 Other operating expenses

Other operating expenses		
in thousands EUR	2025	2024
Advertising expenses	-4,678	-5,167
Office lease expenses	-117	-146
Outsource services	-6,069	-5,890
Repair, maintenance of property and equipment	-374	-529
Utilities	-635	-515
Telecommunication and IT	-3,918	-3,281
Small items of equipment	-237	-230
Transportation	-584	-609
Withheld taxes	-1,109	-928
Regulatory tax expense	-784	-1,504
Other operating expenses	-2,398	-2,371
TOTAL	-20,903	-21,170

8 Allowance for impairment of loans to customers

Allowance for impairment of loans to customers		
in thousands EUR	2025	2024
At the beginning of the year	-19,967	-19,779
Arising during the year	-26,894	-25,632
Write-off	28,114	25,829
Exchange differences	-24	-386
At the end of the year	-18,771	-19,967

The Group has collected from written-off loans in 2025 4,444 thousand EUR (2024: 4,143 thousand EUR) and received income from sold written-off loans in 2025 2,719 thousand EUR (2024: 3,534 thousand EUR). The respective amounts are recognized as other income. See Note 5.

Table below demonstrates the sensitivity to a reasonably possible change in forward-looking input (unemployment rate) by +/-2.5% on that portion of loan portfolio and expected

31/12/2025	in thousands EUR			Favourable changes			Unfavourable changes		
	Gross portfolio in total	Sum of ECL in total	Sum of NLP in total	Gross portfolio in total	Sum of ECL in total	Sum of NLP in total	Gross portfolio in total	Sum of ECL in total	Sum of NLP in total
Albania	114,810	9,885	104,925	114,810	10,364	104,445	114,810	9,405	105,405
stage 1	100,774	2,249	98,525	100,774	2,651	98,123	100,774	1,847	98,926
stage 2	1,744	436	1,308	1,744	514	1,230	1,744	358	1,386
stage 3	12,292	7,200	5,092	12,292	7,200	5,092	12,292	7,200	5,092
Bosnia	79	79	-	79	80	0	79	79	0
stage 1	17	17	-	17	18	0	17	17	0
stage 2	-	-	-	-	-	-	-	-	-
stage 3	62	62	-	62	62	-	62	62	-
Macedonia	56,429	3,198	53,231	56,429	3,323	53,105	56,429	3,072	53,357
stage 1	50,639	814	49,825	50,639	923	49,716	50,639	705	49,934
stage 2	755	126	628	755	143	612	755	109	645
stage 3	5,035	2,257	2,778	5,035	2,257	2,778	5,035	2,257	2,778
Moldova	187,543	2,741	184,802	187,543	2,768	184,775	187,543	2,714	184,830
stage 1	182,206	978	181,228	182,206	1,002	181,204	182,206	953	181,253
stage 2	1,071	113	957	1,071	116	955	1,071	111	960
stage 3	4,266	1,650	2,617	4,266	1,650	2,617	4,266	1,650	2,617
Bulgaria	18,167	2,869	15,299	18,167	3,092	15,076	18,167	2,646	15,522
stage 1	13,981	678	13,303	13,981	875	13,106	13,981	481	13,500
stage 2	367	89	277	367	115	251	367	63	303
stage 3	3,819	2,101	1,718	3,819	2,101	1,718	3,819	2,101	1,718
Total change (+/-)	377,028	18,771	358,257	377,028	19,627	357,401	377,028	17,915	359,113
Total impact of change in thousand of EUR					856	- 856		- 857	856

Credit loss expense 2025	stage 1	stage 2	stage 3	Net impairment charges
Loans to customers	-4,763	-765	-13,243	-18,771
Total	-4,763	-765	-13,243	-18,771
Credit loss expense 2024	stage 1	stage 2	stage 3	Net impairment charges
Loans to customers	-4,212	-771	-14,984	-19,967
Total	-4,212	-771	-14,984	-19,967



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9 Income tax expense

Income tax expense		
in thousands EUR	2025	2024
Consolidated profit before tax	12,202	11,598
Current income tax expense from foreign jurisdictions	-2,630	-2,512
Change in deferred income tax	365	-51
Income tax expense reported in statement of comprehensive income	-2,264	-2,563
Deferred income tax asset		
in thousands EUR	2025	2024
At the beginning of the period	856	739
including on PPE and other tax base differences	98	0
On tax loss carry-forwards	758	739
Change in deferred income tax asset including on PPE and other tax base differences	378	117
On tax loss carry-forwards	-36	-121
On tax loss carry-forwards	414	238
At the end of the period	1,235	856
Deferred income tax liability		
in thousands EUR	2025	2024
At the beginning of the period	98	219
Change on deferred income tax liability	-13	-120
At the end of the period	86	98

The deferred income tax asset arising from PPE and other tax differences is recognized in subsidiary EB on the temporary differences arising from depreciation of fixed assets, provisions for loans and advances to customers and other assets and liabilities. Deferred income tax is determined by using tax rate 12%.

The deferred income tax asset arising from tax loss carry-forwards is recognized in subsidiaries ICBG and lutePay Bulgaria in respect of losses that can be carried forward against future taxable income to the extent that realisation of the related tax benefit through the future profits is probable. The deferred income tax asset can be used for unlimited period in Bulgaria to cover 70% of the year tax profit. Deferred income tax is determined by using tax rate 10%.

In 2025, shareholders declared dividends in amount of 0 thousand EUR (2024: 0 thousand EUR) and paid dividends in the amount of 3,240 thousand EUR (2024: 4,001 thousand EUR). As at 31 December 2025 0 thousand EUR (31.12.2024: 0 thousand EUR) remained unpaid.

As at 31 December 2025, the Group's retained earnings amounted to 56,556 thousand EUR (31.12.2024: 49,819 thousand EUR). The distribution of these retained earnings as dividends would be subject to income tax at the maximum rate of 22/78 on the net distribution.

As at the reporting date, the Group has received pre-taxed dividends and the balance of the dividends under tax exemption in amount of 6,869 thousand EUR (31.12.2024: 4,659 thousand EUR). When calculating the maximum income tax liability that may arise if all retained earnings were distributed, the Group considers that retained earnings must cover the net dividends distributed and arising income tax expense. Therefore, it is possible to distribute 38,637 thousand EUR (31.12.2024: 35,224 thousand EUR) of the retained earnings as at the balance sheet date as net dividends.

The corporate income tax on the payment of dividends would amount to 10,898 thousand EUR (31.12.2024: 9,935 thousand EUR).

See also Note 12 and Note 18.

10 Cash & cash equivalents

Cash and cash equivalents		
in thousands EUR	31/12/2025	31/12/2024
Cash on hand	4,793	5,484
Bank accounts	47,463	33,021
Overnight deposits	7,205	5,115
Liquidity and mandatory reserve	7,129	10,035
TOTAL	66,590	53,655
*cash and cash equivalents in the statement of cash flows	59,462	43,621
Due from banks and cash by ECL charges		
Stage 1	66,590	53,655
Stage 2	0	0
Stage 3	0	0

As at 31 December 2025, bank accounts include:

- cash in ATMs in the amount of total 4,332 thousand EUR (31 December 2024: 2,741 thousand EUR);
- in subsidiary EB liquidity and mandatory reserve in the amount of 7,129 thousand EUR (31 December 2024: 10,035 thousand EUR) as required by The National Bank of Moldova (NBM). NBM requires commercial banks to maintain for liquidity purposes a minimum reserves calculated as a certain percentage of the average funds attracted by banks in the previous month (between the 16th of the current month and the 15th of the following), including all customer deposits.

As at 31 December 2025 the rate for calculation of the minimum compulsory reserve in MDL was 20.0% (31 December 2024: 25.0%) in US Dollars (USD) and EURO (EUR) was 29.0% (31 December 2024: 34.0%).

As at 31 December 2025 the balance reserved in the current account held with the NBM amounted to 19,159 thousand EUR (31 December 2024: 16,480 thousand EUR). This balance included mandatory reserve on funds attracted in Moldovan Lei and non-convertible currencies. The balance reserved on USD and EUR compulsory reserve accounts amounted to 2,151 thousand USD and 5,300 thousand EUR (31 December 2024: 3,321 thousand USD and 6,857 thousand EUR) respectively.

The interest paid by NBM on the compulsory reserves during 2025 varied between 1,78% and 2,52% annually for reserves in foreign currency and 1,60% - 3,32% for

reserves in MDL (2024: 2,52% and 3,34% for reserves in foreign currency and 1,60%-2,75% annually for reserves in MDL). The compulsory reserves on funds attracted in USD and EUR are placed in Nostro accounts of NBM at correspondent banks incorporated in OECD countries.

The obligatory reserves held in the current account at NBM are available for use in EB day to day operations.

As at 31 December 2025 and 31 December 2024 overnight deposits balances are denominated in USD with Bank of New York. During 2025 the interest rate on overnight deposits varied around 3,0%-4,5% (2024: 1,60%-2,75%).

11 Loans to customers

Table below the credit quality and the maximum exposure to credit risk based on the Group's internal credit rating system and year end stage classification. The amounts presented are gross of impairment allowances.

31/12/2025				
in thousands EUR	Stage 1	Stage 2	Stage 3	Total
According to IFRS 9				
Gross loans to customers	328,271	3,410	22,153	353,834
Accrued interest from loans	19,350	523	3,321	23,194
Allowances for loan impairment	-4,763	-765	-13,243	-18,771
TOTAL	342,857	3,168	12,232	358,257
Total share in	96%	1%	3%	100%
Gross NPL ratio			7%	
Impairment coverage ratio			74%	
31/12/2024				
in thousands EUR	Stage 1	Stage 2	Stage 3	Total
According to IFRS 9				
Gross loans to customers	268,172	3,376	24,849	296,398
Accrued interest from loans	16,880	518	3,803	21,201
Allowances for loan impairment	-4,212	-771	-14,984	-19,967
TOTAL	280,840	3,123	13,668	297,631
Total share in loans to customers	94%	1%	5%	100%
Gross NPL ratio			9%	
Impairment coverage ratio			70%	

Additional information regarding allowances for loan impairment has been disclosed in Note 8.

Gross NPL ratio - non-performing loan portfolio (including accrued interest) with a delay of over 50 days (stage 3) / total gross loan portfolio (including accrued interest). Impairment coverage ratio – Total impairment (see Note 8) / Gross NPL (stage 3). See also note 2.

12 Prepayments and other assets

in thousands EUR	31/12/2025	31/12/2024
Deferred tax assets	1,235	856
Prepayments of rent	70	80
Prepayment of taxes	825	389
Prepayments to suppliers and deferred expenses	880	1,531
Prepayments in total	3,010	2,856
Receivables from collection companies	2,295	757
Other receivables	13,461	5,017
Deposit receivables from partners	3,799	3,411
Other assets in total	19,555	9,185
TOTAL	22,565	12,042

As at 31 December 2025 and 31 December 2024 on the row "Other assets" are recognized short term deposits and accrued interest on these deposits. The deposits carry interest rate 10% and maturity date is 31 December 2026.

Additional information about deferred tax assets movement is disclosed in Note 9.
See also note 23.



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13 Other financial investments

Other financial investments		
in thousands EUR	31/12/2025	31/12/2024
Other shares and securities at FVTPL	559	570
Deposit account	837	127
State securities and certificates at amortised cost	18,738	19,435
Financial assets at FVOCI	14,571	8,603
TOTAL	34,705	28,735

As at 31 December 2025 and 31 December 2024 on the row "Other shares and securities" are recognized investments into unlisted shares in companies luteCredit Kosovo JSC and Birou de Credit Srl. The fair value of the investments is determined by using discounted cash flow method. See also Note 2.

As at 31 December 2025 no cash has been deposited as long-term deposit for regulatory purposes (31.12.2024: 127 thousand EUR). As at 31 December 2025 the row „Deposit account" includes cash deposited as guarantee for future investments and will be returned after finalization of investment transaction in 2026.

State securities as at 31 December 2025 represent short- and medium-term securities issued by the Ministry of Finance of the Republic of Moldova with interest rate ranging from 4,75% to 9,91% annually (2024: 4,16%-13,0% annually). Certificates issued by the National Bank of Moldova as at 31 December 2025 are with an initial maturity of 14 days with an interest rate 5,0% annually (2024: 3,60% annually). As at 31 December 2025 the Group did not hold any state securities as mortgage.

As at 31 December 2025 financial assets at FVOCI represents Group`s investment into debt securities of the Government of Romania, issued by the Ministry of Finance, foreign banks and other foreign entities with the initial maturity of 2028-2053 and open ended maturity. Interest rate varies between 5,375%-10%.

Changes in the fair value of financial assets measured at FVOCI:

in thousands EUR	31/12/2025	31/12/2024
Opening balance	8,603	0
<i>Cash flow items:</i>		
Acquisition of new financial instruments	6,904	9,195
Redemption of financial instruments	-1,284	-481
<i>Non-cash flow items:</i>		
Accrued interest	236	75
Expected credit loss	-80	-79
Change in fair value	192	-107
TOTAL	14,571	8,603

14 Property, plant, and equipment

Buildings in thousands EUR	2025	2024
<i>Acquisition cost</i>		
At the beginning of the year	4,280	5,384
Additions	80	421
Revaluation	0	0
Disposals and write-offs	-210	-1,537
Exchange differences	-10	13
At the end of the year	4,140	4,280
<i>Amortisation and impairment</i>		
At the beginning of the year	-82	-9
Amortisation charge for the year	-73	-96
Disposals and write-offs	10	23
Exchange differences	2	0
At the end of the year	-142	-82
Net book value at 31.12.	3,999	4,198

In 2025, the Group has sold 6 buildings in the revalued value of total 466 thousand EUR (2024: 1,117 thousand EUR).

The book value of the buildings as at 31.12.2025 would be, if they would be accounted at cost less accumulated depreciation 3,161 thousand EUR (31.12.2024: 3,696 thousand EUR).

Land in thousands EUR	2025	2024
<i>Acquisition cost</i>		
At the beginning of the year	429	436
Additions	0	0
Disposals and write-offs	-114	0
Exchange differences	-4	-7
At the end of the year	311	429

Furniture and equipment in thousands EUR	2025	2024
<i>Acquisition cost</i>		
At the beginning of the year	4,311	3,647
Additions	1,833	1,142
Disposals and write-offs	-1,418	-555
Exchange differences	-49	77
At the end of the year	4,677	4,311
<i>Depreciation and impairment</i>		
At the beginning of the year	-2,398	-2,128
Depreciation charge for the year	-586	-522
Disposals and write-offs	587	291
Exchange differences	52	-39
At the end of the year	-2,345	-2,398
Net book value at 31.12.	2,332	1,913

15 Right-of-use-assets and lease liabilities

Right-of-use assets (offices) in thousands EUR	2025	2024
<i>Acquisition cost</i>		
At the beginning of the year	4,204	4,190
Additions	1,802	2,176
Disposals and write-offs	-1,558	-2,269
Exchange rate differences	-7	105
At the end of the year	4,440	4,204
<i>Depreciation</i>		
At the beginning of the year	-1,722	-2,608
Depreciation charge for the year	-1,218	-1,038
Disposals and write-offs	745	1,968
Exchange rate differences	8	-44
At the end of the year	-2,187	-1,722
Net book value 01.01.	2,482	1,582
Net book value 31.12.	2,253	2,482

Lease liabilities (office rent) in thousands EUR	2025	2024
<i>Short-term</i>		
At the beginning of the year	994	1,007
Additions	2,136	1,319
Accretion of interest	295	250
Repayments	-1,453	-1,277
Reclassifications and periodization	-863	-305
At the end of the year	1,109	994
<i>Long-term</i>		
At the beginning of the year	1,538	680
Addition from new agreements	1,802	2,177
Reclassifications and periodization	-2,136	-1,319
At the end of the year	1,205	1,538
Lease liabilities in total 01.01.	2,533	1,687
Lease liabilities in total 31.12.	2,314	2,533

Recognised in profit or loss in thousands EUR	2025	2024
Depreciation expense of right-of-use assets	-1,218	-1,038
Interest expense on lease liabilities	-295	-250
Expense relating to leases of short-term leases	-117	-146
Total amount recognised in profit or loss	-1,630	-1,434



Energbank, a universal commercial bank listed on the Moldova Stock Exchange, offers banking services to both individuals and SMEs.

16 Intangible assets

Computer software in thousands EUR	2025	2024
<i>Acquisition cost</i>		
At the beginning of the year	20,350	14,141
Additions	1,492	973
Additions-internally developed	5,908	2,666
Work in progress	7,699	5,188
Reclassification from work in progress to additions internally developed	-5,908	-2,666
Disposals and write-offs	-494	0
Exchange differences	-77	49
At the end of the year	28,970	20,350
<i>Amortisation and impairment</i>		
At the beginning of the year	-6,165	-3,219
Amortisation charge for the year	-254	-205
Amortisation charge for the year of internally developed asset	-3,070	-2,374
Disposals and write-offs	10	0
Exchange differences	28	-366
At the end of the year	-9,451	-6,165
Net book value at 31.12.	19,519	14,184

The total net book value of internally developed intangible asset is 12,324 thousand EUR as at 31 December 2025 (31.12.2024: 9,486 thousand EUR).

In 2025, the Group continued with investing into new software and software solutions which will support increasing business operations of the Group and expansion of services provided to existing and potential new customers. In 2025, the fourth stage of development works was finalized and as a result, the development costs in the amount 5,908 thousand EUR (2024: 2,666 thousand EUR) were recognized as intangible assets. In 2025, the total development costs amounted to 7,699 thousand EUR (31.12.2024: 5,188 thousand EUR). As at 31 December 2025, work in progress amount to 5,356 thousand EUR (31.12.2024: 3,565 thousand EUR). The next stage of development works is planned to be finalized in financial year 2026.

17 Financial liabilities

Maturity in thousands EUR	31/12/2025	Up to 1 year	1 to 5 years	over 5 years	Currency	Interest
Loans from investors and banks	87,344	31,342	54,984	1,019	EUR, MDL, USD, ALL, MKD	7%-19%
Loans from government	10,869	84	8,676	2,108	EUR, MDL, USD	0,6%-4,85%
Deposits from customers	123,526	82,460	39,651	1,415	EUR, MDL, USD, RON, RUB, GBP, CAD	0,1%-5,5%
Lease liabilities (IFRS 16)	2,314	1,106	1,208	0	EUR, MLD, ALL, MKD, BAM, BGN	8%-12%
Eurobonds	185,696	47,297	138,398	0	EUR	11% and 12%
Accrued interest	3,455	3,455	0	0	EUR, MDL, USD, ALL, MKD	
TOTAL	413,204	165,744	242,918	4,542		
Maturity in thousands EUR	31/12/2024	Up to 1 year	1 to 5 years	over 5 years	Currency	Interest
Loans from investors and banks	90,237	27,717	62,521	0	EUR, MDL, USD, ALL, MKD	7%-19%
Loans from government	5,839	108	5,226	505	EUR, MDL, USD	0,6%-12,6%
Deposits from customers	111,165	72,777	37,553	835	EUR, MDL, USD, RON, RUB, GBP, CAD	0,1%-5,5%
Overdraft	0	0	0	0	MDL	3-14%
Lease liabilities (IFRS 16)	2,533	994	1,538	0	EUR, MLD, ALL, MKD, BAM	8%-13%
Eurobonds	114,085	0	114,085	0	EUR	11% and 13%
Accrued interest	4,052	4,052	0	0	EUR, MDL, USD, ALL, MKD	
TOTAL	327,912	105,647	220,924	1,340		

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As at 31 December 2025 the loans from investors and banks are secured with pledges by the Group in amount 108,473 thousand EUR (31 December 2024: 102,965 thousand EUR). The pledges consist of the Group's subsidiaries ICM, ICA, ICMK and ICBG liquid assets.

Deposits from customers includes current accounts of the customers and term deposits accounts from the customers.

By 31 December 2024, the Group's subsidiary ICF had issued 125 000 thousand EUR of senior secured bonds (ISIN: XS2378483494) at Frankfurt Stock Exchange and on the Regulated Market of the Nasdaq Tallinn Stock Exchange with a fixed coupon rate 11% and with maturity on 6 October 2026. Interest is payable semi-annually on 6 April and 6 October of each year. Interest will accrue from the issue date by actual days. The obligations of the issuer are guaranteed and pledged on a senior secured basis by Iute Group AS and its subsidiaries taking into consideration all present and future receivables and bank accounts.

In the period 9 April 2025-7 May 2025, ICF carried out conditional exchange and cash tender offer for existing senior secured bonds (ISIN: XS2378483494). The offer was conditional upon, among other factors, reaching a minimum exchange and/or tender threshold of 75 000 thousand EUR of the outstanding senior secured bonds (ISIN: XS2378483494). The objective of the offer was to refinance the existing senior secured bonds (ISIN: XS2378483494) and issue new senior secured bonds (ISIN: XS3047514446) in a minimum amount of 125 000 thousand EUR.

As a result of the conditional offer, the minimum acceptance threshold of 75 000 thousand EUR was comfortably exceeded. Investors who held 520 248 bonds in the total amount of 52 025 thousand EUR, expressed their interest in the conditional exchange offer and investors, who held 256 778 bonds in the amount of total 25 678 thousand EUR, expressed their interest in the conditional cash tender offer.

Following the conditional offer, the Company carried out, in the period 20 May 2025-30 May 2025, the public offer for new senior secured bond (ISIN: XS3047514446) in total volume up to 175 000 thousand EUR.

As a result of the public offer, ICF issued 1 400 000 new senior secured bonds (ISIN: XS3047514446) in the amount total 140 000 thousand EUR. The new senior secured bonds (ISIN: XS3047514446) carry a fixed coupon rate of 12% and are with 5- and - a - half year maturity till 06 December 2030. Interest is paid semi-annually during the first 48 months (on 06 June and 06 December) and quarterly thereafter (on 06 March, 06 June, 06 September and 06 December). The new senior secured bonds (ISIN: XS3047514446) are listed at the Frankfurt Stock exchange and on the Regulated Market of the Nasdaq Tallinn Stock Exchange from 09 June 2025. obligations of the issuer are guaranteed and pledged on a

senior secured basis by Iute Group AS, the holding company of the group, and its subsidiaries taking into consideration all present and future receivables and bank accounts. See also Note 22.

In December 2025, the ICF additionally issued 200 000 new senior secured bonds (ISIN: XS3047514446) in the amount total 20 000 thousand EUR and increased by that the circulating volume of existing bonds (ISIN: XS3047514446) from 140 000 thousand EUR to 160 000 thousand EUR. The additional bonds were included in the existing listings on the Regulated Market of the Frankfurt Stock Exchange (General Standard) and on the Baltic Regulated Market of the Nasdaq Tallinn Stock Exchange.

Due to the bond issue the Group's activity is subject to the financial covenants on quarterly basis upon submission of the annual audited consolidated reports and interim unaudited quarterly consolidated reports.

The financial covenants are:

	Bond with maturity 06 October 2026	Bond with maturity 06 December 2030
Capitalization ratio is not less than	15%	15%
Interest coverage ratio is not less than	1,5	1,25

	31/12/2025	31/12/2024
Capitalization		
Equity/Net finance loans and advances to customers	22.5%	25.0%
	2025	2024
Profitability		
Interest coverage ratio (ICR) – Adjusted EBITDA/interest expenses	1.5	1.7

*The metric "Adjusted EBITDA" is used in the in unaudited financial reports presented to investors and it is identified as EBIDTA adjusted with foreign exchange gains and losses, with net gains and losses from financial investments and with one-time expenses occurred during period reported.

As at 31 December 2025 and 31 December 2024, the financial covenants related to bonds are met by the Group.

The dividends and similar distributions are not allowed to be made to shareholders, unless they do not exceed 25% of the distributable profit, the interest coverage ratio for the period ending on the last day of the period covered by the most recent financial report is not less than 1.65 and the capitalization ratio of the Group on a consolidated basis is not less than 20%, determined on a pro forma-basis (including a pro forma-application of the net proceeds there from).

The table on next page shows a reconciliation of movements of financial liabilities to cash flows arising from financing activities.

<i>in thousands EUR</i>	Loans from investors and banks	Loans from government	Over- draft	Lease liabilities	Euro- bonds	Share capital/ premium	Retained earnings	Total
Balance 01/01/2025	90,237	5,839	0	2,533	114,085	11,087	49,818	272,956
Changes from financing cash flows								
Loans received from investors	84,020	8,982	0	0	102,986	0	0	195,988
Repaid loans to investors	-88,146	-3,777	0	0	-26,024	0	0	-117,947
Principal payments of lease contracts	0	0	0	-1,453	0	0	0	-1,453
Issue of ordinary shares	0	0	0	0	0	1,013	0	1,013
Purchase of own shares	0	0	0	0	0	-68	0	-68
Dividends paid	0	0	0	0	0	0	-3,240	-3,240
Total changes from financing cash flows	-4,126	5,205	0	-1,453	76,962	945	-3,240	273
Other changes								
Liability-related								
New leases	0	0	0	1,174	0	0	0	1,174
Interest expenses	13,331	492	0	295	18,805	0	0	32,293
Change in EIR	0	0	0	0	-5,111	0	0	-5,111
Paid interests	-11,535	-667	0	-235	-19,045	0	0	-31,483
Total liability related other changes	1,796	-175	0	1,234	-5,351	0	0	-2,497
Other equity related changes	0	0	0	0	0	0	10,000	10,000
Balance 31/12/2025	87,907	10,869	0	2,314	185,696	12,032	56,578	280,732

<i>in thousands EUR</i>	Loans from investors and banks	Loans from government	Over- draft	Lease liabilities	Euro- bonds	Share capital/ premium	Retained earnings	Total
Balance 01/01/2024	64,929	3,710	1,621	1,687	109,831	11,087	40,621	233,436
Changes from financing cash flows								
Loans received from investors	70,739	2,109	0	0	16,294	0	0	89,142
Repaid loans to investors	-50,326	0	0	0	-13,380	0	0	-63,706
Principal payments of lease contracts	0	0	0	-1,277	0	0	0	-1,277
Dividends paid	0	0	0	0	0	0	-4,001	-4,001
Total changes from financing cash flows	20,413	2,109	0	-1,277	2,914	0	-4,001	20,158
Other changes								
Liability-related								
Overdraft received	0	0	0	0	0	0	0	0
Overdraft repaid	0	0	-1,621	0	0	0	0	-1,621
New leases	0	0	0	2,108	0	0	0	2,108
Interest expenses	11,159	228	126	250	16,631	0	0	28,394
Change in EIR	0	0	0	0	1,258	0	0	1,258
Paid interests	-9,033	-208	-126	-235	-13,750	0	0	-23,353
Total liability related other changes	2,126	20	-1,621	2,123	4,139	0	0	6,786
Other equity related changes	0	0	0	0	0	0	13,198	13,198
Balance 31/12/2024	87,468	5,839	0	2,533	116,884	11,087	49,818	272,956

18 Other liabilities and tax liabilities

Other liabilities and tax liabilities		
in thousands EUR	31/12/2025	31/12/2024
Trade payables	1,748	1,868
Payables to employees	855	718
Current Income Tax payables	589	508
Other Tax payables	1,252	1,037
Allocations and other accruals	4,382	4,160
Deferred revenue	3,006	2,241
Other liabilities	4,943	2,791
TOTAL	16,776	13,324

“Allocations and other accruals” consist of liabilities in front of the customers and settlements with business partners.

“Other liabilities” consist of payment transactions in transit, customer over-/wrong payments, liabilities related to dealer loans and loans not paid out to customers.

“Other tax payables” includes as at 31 December 2025 also deferred tax liabilities in the amount of 86 thousand EUR (31 December 2024: 98 thousand EUR). See also Note 9.

19 Guarantees and other financial commitments

The aggregate amounts of outstanding guarantees, commitments, and other off-balance sheet items of the Group are:

Guarantees and other financial commitments		
in thousands EUR	31/12/2025	31/12/2024
Guarantees	3,600	5,766
Financing commitments and other	5,980	5,268

Group’s subsidiary EB, in the usual course of business, issues guarantees and letters of credit on behalf of its customers. The credit risk of guarantees is identical to that from lending. In the case of a claim against the Bank because of a customer’s default on a guarantee these instruments also present a certain degree of liquidity risk to EB.

Financing commitments represent EB commitments to grant loans and advances to customers.

Financing commitments do not necessarily imply a future cash outflow since many of these commitments will expire or terminate without being funded.

As at 31 December 2025 and 31 December 2024 the Group does not have any material ongoing disputes outstanding. Also no material raised claims against the Group existed which would have material impact on Group’s financial position and business operations.

20 Share capital

Share capital	31/12/2025	31/12/2024
	in EUR	in EUR
Share capital	10,668,686	10,346,100
Number of shares	10,668,686	10,346,100
Nominal value of share	1.00	1.00

In financial year 2025, the Group issued new 322 586 shares with nominal value 1 EUR per share. The sale price of one share was 3,14 EUR. As a result of issued new shares, AS lute Group recognized share premium in amount of total 690 thousand EUR

In financial year 2025, the Group purchased 13,500 own shares with nominal value 1 EUR per share. The purchase price of one share was 5 EUR. The own shares purchased were initially issued with share premium 2,14 EUR per share. As a result of purchase of own shares, lute Group AS derecognized share premium in amount of total 29 thousand EUR.

The amount exceeding nominal value and share premium was recognized as decrease of retained earnings.

All shares are fully paid as at 31 December 2025 and 31 December 2024. Each share carries one vote at meetings of the company, granting the holder the right to participate in the management of the company, the distribution of profits and the distribution of residual assets on the dissolution of the company.



Fitch Ratings reaffirmed the Long-Term Issuer Default Rating (IDR) at B- with a Stable Outlook, as well as B- Senior Secured Debt Rating for the 2021/2026 and 2025/2030 corporate bonds.

21 Investments in subsidiaries

Subsidiary	Country	Acquisition date	31/12/2025	31/12/2024
ICS OMF IuteCredit SRL	Moldova	11/28/08	100%	100%
IuteCredit Albania SH.A	Albania	8/4/14	100%	100%
IuteCredit Macedonia DOOEL	North Macedonia	7/24/17	100%	100%
IutePay Bulgaria EOOD	Bulgaria	12/12/17	100%	100%
Velox Pay S.H.P.K	Albania	10/9/20	100%	100%
IuteCredit Bulgaria EOOD	Bulgaria	3/11/19	100%	100%
MKD IuteCredit BH d.o.o. Sarajevo	Bosnia and Herzegovina	3/29/19	100%	100%
IuteCredit Finance S.a.r.l.	Luxembourg	7/1/19	100%	100%
BC Energbank S.A	Moldova	2/10/22	96%	96%
IuteCredit Romania IFN SA	Romania	8/28/23	100%	100%
Iute Safe AD Skopje	North Macedonia	9/15/24	100%	100%
Iute Pay DOOEL Skopje	North Macedonia	1/9/25	100%	0%
Iute Affinity OÜ	Estonia	11/27/25	100%	0%



Bulgaria



Moldova



Albania



North Macedonia



Estonia

Investments to subsidiaries in unconsolidated statements composed using equity method:

Investment in subsidiaries					
in thousands EUR	31/12/2024	Dividends received	Contribution to share capital	Profit/loss using equity method	31/12/2025
ICM	29,817	-800	0	801	29,818
EB	36,459	-2,535	0	2,232	36,156
ICA	25,869	-1,512	0	5,845	30,202
IPA	2,795	-595	0	2,113	4,313
ICMK	6,264	-676	0	3,898	9,486
IPBG	344	0	409	-159	594
ICBG	1,531	0	3,068	-3,933	666
ICBH	0	0	0	0	0
ICF	1,487	0	0	-1,157	330
ICRO	242	0	477	-547	172
ISMK	27	0	100	370	497
IPMK	0	0	700	20	720
IAF	0	0	3	-3	0
Investments in subsidiaries	104,836	-6,118	4,757	9,481	112,955

Investment in subsidiaries					
in thousands EUR	31/12/2023	Dividends received	Contribution to share capital	Profit/loss using equity method	31/12/2024
ICM	28,825	-1,100	0	2,092	29,817
EB	39,279	-4,520	0	1,700	36,459
ICA	21,836	-2,050	0	6,083	25,869
IPA	1,268	-249	0	1,776	2,795
ICMK	3,653	0	500	2,111	6,264
IPBG	247	0	256	-159	344
ICBG	1,661	0	1,023	-1,153	1,531
ICBH	150	0	0	-150	0
ICF	0	0	0	1,487	1,487
ICRO	201	0	549	-508	242
ISMK	0	0	50	-23	27
Investments in subsidiaries	97,121	-7,919	2,378	13,256	104,836

22 Fair value measurement

The Group uses the following hierarchy for determining and presenting the fair value of financial instruments by valuation method:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities;

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The following table present the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Prepayments and other assets (Note 12), deposits (Note 12), trade payables and other liabilities (Note 18) are not included in the table below. Their carrying amount is reasonable approximation of fair value.

	Date of valuation	Note	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total fair value	Total carrying value	Difference
<i>in thousands EUR</i>								
Financial assets at fair value through profit or loss								
Other shares and securities	31/12/2025	13	0	0	559	559	559	0
Total financial assets at fair value through profit or loss			0	0	559	559	559	0
Financial assets at FVOCI								
Investments in debt securities	31/12/2025	13	14,023	0	0	14,023	14,571	-548
Total financial investments at FVOCI			14,023	0	0	14,023	14,571	-548
Financial assets at amortized cost								
Due from banks and credit institutions	31/12/2025	10	0	37,582	29,008	66,590	66,590	0
Loans and interest receivables to customers	31/12/2025	11	0	0	455,964	455,964	358,257	97,707
State securities and certificates	31/12/2025	13	19,354	0	0	19,354	18,738	616
Total financial assets at amortized cost			19,354	37,582	484,972	541,908	443,585	98,323
Financial liabilities at amortized cost								
Loans from investors and banks	31/12/2024	17	0	9,639	101,991	111,630	98,213	13,417
Deposits from customers	31/12/2024	17	0	118,809	0	118,809	123,526	-4,717
Eurobonds	31/12/2024	17	0	0	251,089	251,089	185,696	65,393
Total financial liabilities at amortized cost			0	128,447	353,080	481,527	407,435	74,092

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KPMG, Tallinn

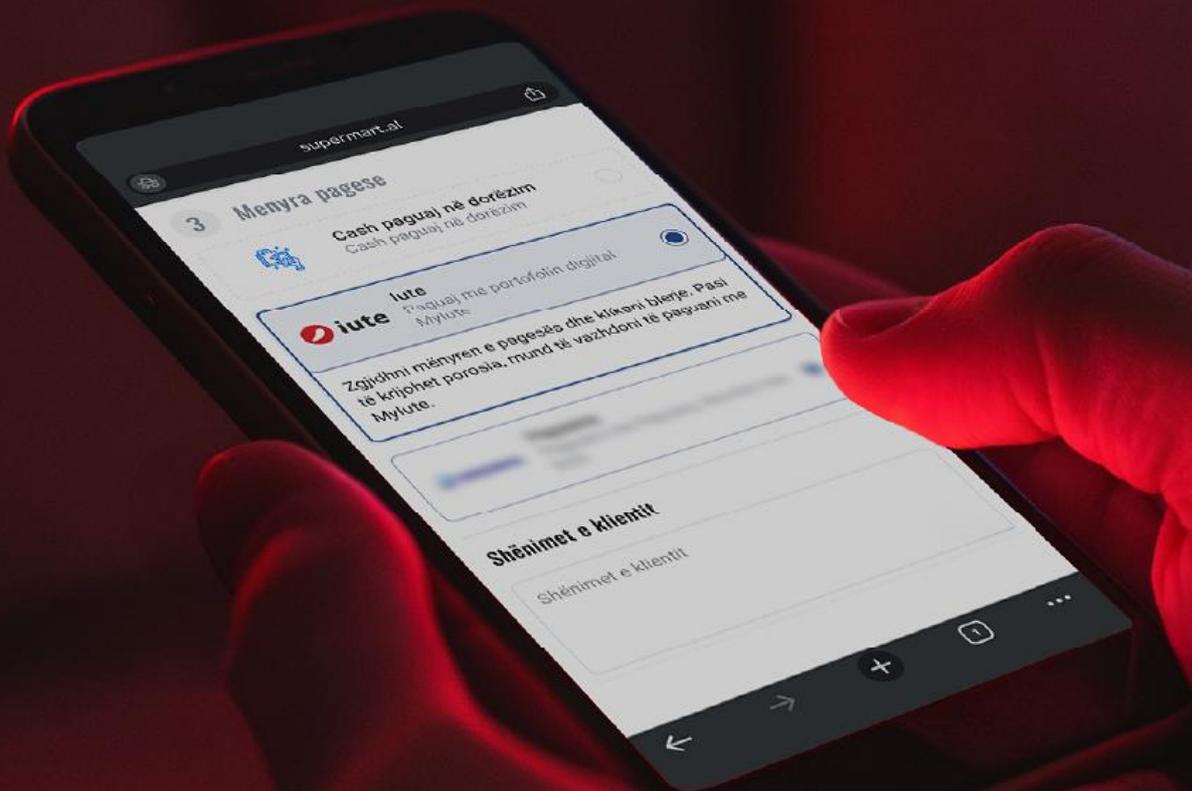
	Date of valuation	Note	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total fair value	Total carrying value	Difference
<i>in thousands EUR</i>								
Financial assets at fair value through profit or loss								
Other shares and securities	31/12/2024	13	0	0	570	570	570	0
Total financial assets at fair value through profit or loss			0	0	570	570	570	0
Financial assets at FVOCI								
Investments in debt securities	31/12/2024	13	7,661	0	0	7,661	8,603	-942
Total financial investments at FVOCI			7,661	0	0	7,661	8,603	-942
Financial assets at amortized cost								
Due from banks and credit institutions	31/12/2024	10	0	39,673	13,983	53,656	53,656	0
Loans and interest receivables to customers	31/12/2024	11	0	0	369,096	369,096	297,631	71,465
State securities and certificates	31/12/2024	13	19,810	0	0	19,810	19,876	-67
Total financial assets at amortized cost			19,810	39,673	383,079	442,562	371,163	71,398
Financial liabilities at amortized cost								
Loans from investors and banks	31/12/2024	17	0	5,499	105,601	111,101	96,363	14,737
Deposits from customers	31/12/2024	17	0	109,058	0	109,058	111,256	-2,199
Eurobonds	31/12/2024	17	0	0	131,651	131,651	120,291	11,360
Total financial liabilities at amortized cost			0	114,557	237,253	351,810	327,911	23,899

The following tables present the valuation techniques used in Level 3 fair values for financial instruments measured in the statement of financial position, as well as the significant unobservable inputs used.

Lever 3 financial instrument	Valuation technique	Significant unobservable inputs	Range of risk adjusted discount rate used	Inter-relationship between significant unobservable inputs and fair value measurement
Loans and interest receivables to customers	Discounted cash flows: The valuation model considers the present value of expected payments, discounted using a risk-adjusted discount rate	Expected cash flows (31 December 2025: 455,964 thousands EUR)	2025:8,57%-13,87%	The estimated fair value would increase (decrease) if: the risk-adjusted discount rate were lower (higher)
Other financial investments	Discounted cash flows: The valuation model considers the present value of expected payments, discounted using a risk-adjusted discount rate	Expected cash flows (31 December 2025: 33,378 thousands EUR)	2025:8,57%-13,87%	The estimated fair value would increase (decrease) if: the expected cash flows were higher (lower); or the risk-adjusted discount rate were lower (higher)
Loans, bonds, deposits and accrued interest payables	Discounted cash flows: The valuation model considers the present value of expected payments, discounted using a risk-adjusted discount rate	Expected cash flows (31 December 2025: 481,527 thousands EUR)	2025:8,57%-13,87%	The estimated fair value would increase (decrease) if: the expected cash flows were higher (lower); or the risk-adjusted discount rate were lower (higher)



In 2025, iutePay Bulgaria was successfully certified for participation in SEPA. The first SEPA payment from the Myiute app was initiated by Elmaz Ismail, CEO of iutePay Bulgaria, and received by Tarmo Sild, CEO of iute Group.



23 Related parties

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. Related parties are defined as shareholders, members of the Supervisory Board and the Management Board, key management personnel, their close relatives, and companies in which they have a controlling interest as well as associated companies.

The main shareholder of Iute Group AS with 87,2% of shares is Alarmo Kapital OÜ, registered in Estonia. Other shares belong to minority shareholders owning no more than 3% of each.

The Group's management has not identified significant transfer pricing risks as the Group's main income and

expenses are related to lending activities. The margin on investor loans can be declared at market price (see Note 18). The transactions made inside the Group are related to loan instalments in the ordinary course of business and are rated by market price. The effect of such transactions is eliminated from the consolidated financials. Management believes that there are no significant price and tax risks arising from transactions between the Group and related parties.

Transactions are entered into with related parties in the normal course of business. The volumes of related party transactions, outstanding balances at the year end and relating income and expense for the year are presented on next page:

<i>in thousands EUR</i>		Received loans	Repaid loans	Given loans	Given loans repaid	Receivables	Liabilities
Senior management and majority shareholders with significant influence over undertakings	2025	1,350	0	15,505	6,600	13,580	3,955
Close family members of the management with significant shareholdings and undertakings in their dominant or significant influence	2025	0	0	0	0	0	600
Senior management and majority shareholders with significant influence over undertakings	2024	0	0	2,380	2,605	4,413	2,827
Close family members of the management with significant shareholdings and undertakings in their dominant or significant influence	2024	0	0	0	0	0	600

<i>in thousands EUR</i>		Purchases	Provided services	Calculated interests from given loans	Interest received on given loans	Calculated interests from loans	Interest paid on loans
Senior management and majority shareholders with significant influence over undertakings	2025	712	0	937	326	342	400
Close family members of the management with significant shareholdings and undertakings in their dominant or significant influence	2025	0	0	0	0	67	91
Senior management and majority shareholders with significant influence over undertakings	2024	989	350	241	484	305	305
Close family members of the management with significant shareholdings and undertakings in their dominant or significant influence	2024	0	0	0	0	64	64

Remuneration of Group's Key Management Persons

<i>in thousands EUR</i>	2025	2024
Remuneration according to labor agreements	555	553
TOTAL	555	553

Group's Key Management Persons are considered to be Council Members, Board Members and Chief Financial Officer. See also Note 6.

24 Unconsolidated financial statements of parent company as a separate company

The parent company's unconsolidated financial statements have been prepared in accordance with the Accounting Act of the Republic of Estonia, and do not constitute parent company's separate financial statements in the meaning of IAS 27 „Separate financial statements”.

Statement of comprehensive income

in thousands EUR	2025	2024
Interest and similar income	21,805	18,223
Interest and similar expense	-21,036	-18,822
Interest income, net	769	-599
Other income	10,422	7,922
Net operating income	11,190	7,323
Personnel expenses	-4,094	-3,921
Depreciation/amortization charge	-3,312	-2,579
Other operating expenses	-5,295	-5,108
Total operating expenses	-12,700	-11,608
Foreign exchange gains/losses	2,599	79
Net income from subsidiaries using equity method, net	9,480	13,256
Total finance income, net	12,079	13,334
Profit before tax	10,569	9,049
Income tax expense	0	0
Profit for the reporting period	10,569	9,049
Other comprehensive income		
Other comprehensive income (classified profit or loss in subsequent period)	0	0
Exchange differences on translation of foreign operations	0	0
Other comprehensive income total	0	0
Profit attributable to:		
Equity holders	10,569	9,049
Total comprehensive income attributable to:		
Equity holders	10,569	9,049

Statement of financial position

in thousands EUR	31/12/2025	31/12/2024
Assets		
Cash and cash equivalents	2,772	469
Loans and receivables	134,218	73,838
Prepayments	389	247
Other receivables	4,753	4,301
Other financial investments	1,263	429
Property, plant, and equipment	147	37
Right-of-use assets	293	346
Intangible assets	17,690	13,061
Investments in subsidiaries	112,955	104,835
Total assets	274,480	197,563
Liabilities and equity		
Liabilities		
Loans and borrowings	206,960	140,527
Lease liabilities	317	359
Other liabilities	6,122	3,870
Total liabilities	213,399	144,756
Equity		
Share capital	10,669	10,346
Own shares	-14	0
Share premium	1,402	741
Legal reserve	1,035	1,035
Retained earnings	47,989	40,685
Total equity	61,081	52,806
Total liabilities and equity	274,480	197,563

Statement of changes in equity

	Share capital	Share premium	Legal reserve	Retained earnings	Total
01/01/2024	10,346	741	1,000	31,670	43,757
Profit for the year	0	0	0	9,049	9,049
Other comprehensive income	0	0	0	0	0
Total comprehensive income	0	0	0	9,049	9,049
Allocation to reserves	0	0	35	-35	0
31/12/2024	10,346	741	1,035	40,685	52,806
01/01/2025	10,346	741	1,035	40,685	52,806
Profit for the year	0	0	0	10,569	10,569
Other comprehensive income	0	0	0	0	0
Total comprehensive income	0	0	0	10,569	10,569
Issue of ordinary shares	323	690	0	0	1,013
Purchase of own shares	-14	-29	0	-25	-68
Dividends paid	0	0	0	-3,240	-3,240
31/12/2025	10,655	1,402	1,035	47,989	61,081

As the investments in subsidiaries are included in the unconsolidated financial statements of parent company using the equity method, no adjustments are made.

Statement of cash flows

in thousands EUR	2025	2024
Paid trade payables	-13,852	-13,008
Received debts from buyers and received other claims	24,043	18,535
Paid net salaries	-4,739	-3,724
Paid tax liabilities, excl. CIT	-2,209	-1,184
Paid out to customers	-75,580	-25,405
Principal repayments from customers	14,589	6,538
Interest, commission, and other fees	9,135	5,236
Net cash flows from operating activities	-48,612	-13,012
Purchase of fixed assets	-3,363	-1,815
Contributions to subsidiaries' share capital	-4,656	-2,378
Received dividends	6,118	7,919
Payments for other financial investments	-1,035	-24
Receipts from other financial investments	1,877	5,167
Net cash flows from investing activities	-1,060	8,869
Loans received from investors	69,957	18,228
Repaid loans to investors	-9,553	-6,673
Principal payments of lease contracts	-206	-173
Paid interests	-5,894	-7,163
Issue of ordinary shares	1,013	0
Paid for own shares	-68	0
Paid dividends	-3,240	-4,001
Net cash flows from financing activities	52,009	218
Change in cash and cash equivalents	2,337	-3,925
Cash and cash equivalents at the beginning of the year	469	4,414
Change in cash and cash equivalents	2,337	-3,925
Net foreign exchange difference	-34	-20
Cash and cash equivalents at the end of the year	2,772	469
	31.12.2025	31.12.2024
Cash and cash equivalents comprise		
Cash on hand	0	0
Non-restricted current account	2,772	469

25 Subsequent events

On 15 January 2026 the Group acquired banking licence from National Bank of Ukraine.

There have been no other events subsequently to reporting period till signing of the annual report which would cause corrections in reported financial information or which should be separately disclosed as subsequent event.



iute Group is committed to the highest standard of business ethics with a strong management board, clear management principles, and governance practices.

Profit allocation proposal

The Management Board of Iute Group AS makes a proposal to the shareholders to allocate profit to retained earnings as follows:

Group's retained earnings	
in thousands EUR	
Retained earnings as at 31/12/2025	56,556
Allocation to capital reserve	-32
Dividend distribution	-2,484
Balance of retained earnings after allocations	54,040

Signatures of the management board to 2025 annual report

The Company's Management Board has approved the management report and financial statements for 2025.

The annual report as compiled by the Management Board consists of the management report, financial statements, profit allocation proposal and independent auditor's report. The Company's Supervisory Board has reviewed the annual report and has approved it for submission to the general meeting of shareholders.

20 February 2026



Tarmo Sild
Member of the Management Board



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Our brand promise is to make our customers stronger through the fastest and most convenient financial solutions.



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Independent Auditors' Report

(Translation of the Estonian original)

To the Shareholders of lute Group AS

Opinion

We have audited the consolidated financial statements of lute Group AS (the Group), which comprise the consolidated statement of financial position as at 31 December 2025, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the year then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (Estonia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants (Estonia) (including Independence Standards) 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 opinion.

Other Information

Management is responsible for the other information. The other information comprises the Key Figures, General information and contacts, Abbreviations and keys, Management report and ESG at lute, but does not include the consolidated financial statements and our auditors' report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. In addition, our responsibility is to state whether the information presented in the management report has been prepared in accordance with the applicable legal and regulatory requirements.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard and we state that the information presented in the management report is materially consistent with the consolidated financial statements and in accordance with the applicable legal and regulatory requirements.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.



Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (Estonia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing (Estonia), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

KPMG Baltics OÜ
Licence No 17

Eero Kaup
Certified Public Accountant, Licence No 459
Tallinn, 23 February 2026

