



## DelfinGroup AS

Reg. No: 40103252854

LEI: 2138002PKHUJIMVMYB13

### Terms of the Notes Issue

ISIN:	LV0000870145
Type of security:	Subordinated Unsecured Notes
Nominal:	EUR 1,000
Nominal value of the issue:	EUR 5,000,000
Annual coupon rate:	3M EURIBOR + 11.00%
Maturity:	25 May 2029

*These Terms of the Issue do not constitute an offer to sell or a solicitation of an offer to buy the Notes in any jurisdiction to any person to whom it is unlawful to make such an offer or solicitation in such jurisdiction.*

*These Terms of the Issue are not a prospectus for the purposes of the Prospectus Regulation. These Terms of the Issue have been prepared on the basis that all offers of the debt securities that are issued by the Issuer according to the Terms of the Issue will be made pursuant to an exemption from the obligation to publish a prospectus under the Prospectus Regulation.*

*Although the issue of the Notes is a private placement, however there is intention of the Issuer to request admission to trading of the Notes on Nasdaq First North.*

*The Issuer is a company incorporated and existing under Applicable Law of the Republic of Latvia and said Applicable Law allow for the Issuer to record the issue with Nasdaq CSD.*

*Decision of the Issuer to organize the issue of the Notes has been passed in compliance with the Applicable Laws of the Republic of Latvia. The issue of the Notes including the relationship between the Issuer and Investors (or Potential Investors) or any third parties, and their respective rights and duties attached to the Notes such as voting rights, dividends and corporate actions is governed by the Applicable Laws of the Republic of Latvia.*

*These Terms of the Issue do not constitute a public offer for the purposes of the Prospectus Regulation and no competent authority of any Member State has examined or approved the contents thereof.*

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

*adopting or refining the manufacturer's target market assessment) and determining appropriate distribution channels. Before deciding to purchase the Notes, Potential Investors should carefully review and consider risk factors described herein. Should one or more of the risks materialize, this may have a material adverse effect on the cash flows, results of operations, and financial condition of the Issuer. Moreover, if any of these risks materialize, the market value of the Notes and the likelihood that the Issuer will be in a position to fulfil its payment obligations under the Notes may decrease, in which case the Investors could lose all or part of their investments.*

*Article 5f of Regulation (EU) No. 833/2014 (as amended by Council Regulation (EU) No. 2022/328) and Article 1f of Regulation (EC) No. 765/ 2006 (as amended by Council Regulation (EU) No 2022/398) prohibit the sale of euro denominated transferable securities issued after 12 April 2022 or units of undertakings for collective investment (UCIs) providing exposure to such transferable securities, to any Russian or Belarusian national, any natural person residing in Russia or Belarus or to any legal person, entity or body established in Russia or Belarus. This prohibition does not apply to nationals of a Member State or to natural persons holding a temporary or permanent residence permit in a Member State of the European Union.*

*Any previous discussions or presentations provided to Potential Investors were solely for information purposes and the Notes are issued in accordance with these Terms of the Issue. A Potential Investors should not make an investment decision relying solely upon the information provided in the Potential Investors presentation or otherwise.*

Arranger:



28 May 2024

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## Terms and abbreviations used

<b>Agent</b>	:	A person authorized to represent the Issuer and to perform certain tasks.
<b>Accounting Principles</b>	:	The international financial reporting standards (“ <u>IFRS</u> ”) within the meaning of Regulation 1606/2002/EC (or as otherwise adopted or amended from time to time).
<b>AML</b>	:	Anti-money laundering and counter terrorism and proliferation financing.
<b>Applicable Laws</b>	:	Any applicable law, including without limitation: (a) the regulations of the FSA, Nasdaq Riga and Nasdaq CSD; (b) corporate, securities, tax or other laws, statutes, rules, requirements or regulations, whether state, local, foreign, or EU; and (c) the laws and regulations of the Republic of Latvia and any legal acts in each other country in which the Company operates.
<b>Arranger</b>	:	Signet Bank AS (registration number: 40003043232, legal address: Antonijas iela 3, Riga, LV-1010, Latvia).
<b>Bank Debt</b>	:	A debt incurred by the Issuer or its Subsidiaries provided by the banks or other financial institutions to: (i) finance loan portfolio and secured with a pledge over assets, property, shares or receivables of the Issuer and/or its Subsidiaries: or (ii) finance repair, restructuring, development or improvement of property owned or leased by the Issuer or its Subsidiaries.
<b>Base Rate</b>	:	3-months EURIBOR reference rate (%) determined by the Calculation Agent on the Coupon Reset Date, and is fixed for the subsequent Base Rate Period. If on any Coupon Reset Date the 3-months EURIBOR rate is less than 0%, 3-months EURIBOR shall mean 0%.
<b>Base Rate Period</b>	:	The period of time between the First Settlement Date and the 25th date of the subsequent calendar quarter, which is 25 June 2024, or between the 25th dates of two calendar quarters.
<b>Business Day(s)</b>	:	The day when the Nasdaq CSD system is open and operational to effectuate T2S-eligible securities settlement transactions.
<b>Calculation Agent</b>	:	An expert with experience in corporate bonds appointed by the Issuer as the agent of the Issuer to determine amount of Base Rate and provide Base Rate amount instructions to the Issuer.
<b>Capitalization Ratio</b>	:	The result (expressed as a percentage) obtained by dividing Consolidated Net Worth of the Issuer (calculated as of the end of the Relevant Period covered by the most recent consolidated Financial Report) by consolidated Net Loan Portfolio as of such date of determination.
<b>Cash and Cash Equivalents</b>	:	Cash and cash equivalents according to the most recent Financial Report.
<b>Consolidated Net Worth</b>	:	The sum of paid in capital, retained earnings, reserves and Subordinated debt of the Issuer as set forth in the consolidated balance sheet as of the Relevant Period covered by the most recent Financial Report, less (without duplication) amounts attributable to disqualified stock of the Issuer.

<b>Coupon</b>	:	Interest on Notes calculated in accordance with the Clause 3.2.7. "Coupon payments".
<b>Coupon Reset Date</b>	:	The second Business Day before the start of the Base Rate Period on which the Calculation Agent determines the Coupon rate for the following Base Rate Period.
<b>Custodian</b>	:	A Nasdaq CSD participant directly, or licensed credit institution or investment brokerage company that has a financial securities' custody account with Nasdaq CSD participant.
<b>EBITDA</b>	:	<p>Consolidated net profit of the Group from ordinary activities for the Relevant Period covered by the most recent Financial Report:</p> <ul style="list-style-type: none"><li>a) before deducting any amount of tax on profits, gains or income paid or payable by any Group company;</li><li>b) before deducting any Net Finance Charges;</li><li>c) before taking into account any exceptional items which are not in line with the ordinary course of business;</li><li>d) before taking into account any gains or losses on any foreign exchange gains or losses;</li><li>e) after adding back any amount attributable to the amortization, depreciation or depletion of assets.</li></ul> <p>The measurement period of EBITDA is the period of trailing 12 (twelve) months, calculated from the most recent Financial Reports of four consecutive calendar quarters.</p>
<b>Equity Cure</b>	:	Has the meaning set forth in condition under Clause 4.2.3. "Covenant cure".
<b>EUR</b>	:	Euro (single currency of the member states of the European Monetary System).
<b>EURIBOR</b>	:	Means, in respect of any specified currency and any specified period, the interest rate benchmark known as the Euro zone interbank offered rate which is calculated and published by a designated distributor (currently Bloomberg) in accordance with the requirements from time to time of the European Banking Federation based on estimated interbank borrowing rates for a number of designated currencies and maturities which are provided, in respect of each such currency, by a panel of contributor banks (details of historic EURIBOR rates can be obtained from the designated distributor) and in case of negative rates, interest rate shall be zero.
<b>Event of Default</b>	:	Has the meaning set forth in Clause 4.2.
<b>Existing Debt</b>	:	All Financial Indebtedness of the Issuer and the Subsidiaries in existence on the Issue Date.
<b>Existing Subordinated Notes</b>	:	Means the following subordinated unsecured debt securities with ISIN LV0000802700 due on 25 July 2028 and an outstanding amount of EUR 5,000,000.
<b>Existing Unsecured Notes</b>	:	<p>Means the following unsecured debt securities:</p> <ul style="list-style-type: none"><li>(i) ISIN LV0000850055 due to 25 September 2024 and an outstanding amount of EUR 10,000,000;</li><li>(ii) ISIN LV0000802718 due to 25 February 2026 and an outstanding amount of EUR 15,000,000;</li></ul>

	(iii)	ISIN LV0000860146 due to 25 November 2026 and an outstanding amount of EUR 15,000,000.
<b>Existing Security</b>	:	All Security provided by the Issuer or its Subsidiaries in existence on the Issue Date.
<b>Fair Market Value</b>	:	With respect to any asset, the value that would be paid by a willing buyer to an unaffiliated willing seller in a transaction not involving distress of either party, determined in good faith by the management board of the Issuer.
<b>FSA</b>	:	The Latvian Financial Supervision Authority ( <i>Latvijas Banka</i> ), is an autonomous public institution of the Republic of Latvia, which carries out, but not limited to, the supervision of Latvian banks, capital markets, payment institutions and electronic money institutions ( <a href="http://www.bank.lv">www.bank.lv</a> ).
<b>Finance Charges</b>	:	For the Relevant Period, the aggregate amount of the accrued interest, commission, fees, discounts, payment fees, premiums or charges and other finance payments in respect of Financial Indebtedness whether paid, payable or capitalized by any Group entity according to the latest Financial Report (calculated on a consolidated basis) without taking into account any: (a) costs related to the Notes issue; (b) unrealized gains or losses on any derivative instruments other than any derivative instruments which are accounted for on a hedge accounting basis; (c) losses arising on foreign currency revaluations of intercompany balances.
<b>Financial Indebtedness</b>	:	Any interest-bearing financial indebtedness for the Issuer or its Subsidiaries, including: <ul style="list-style-type: none"><li>a) monies borrowed and debt balances at banks or other financial institutions;</li><li>b) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument, including the Notes, Existing Subordinated Notes and Existing Unsecured Notes;</li><li>c) the amount of any liability in respect of any finance lease;</li><li>d) any monies borrowed from any shareholder of the Issuer;</li><li>e) any amount under any transaction having the commercial effect of a borrowing, including forward sale, purchase, assignment agreements with peer-to-peer marketplace lending platforms, including any obligations of the Issuer and its Subsidiary under Mintos Finance No. 20 SIA (reg. No. 40203392233) Base Prospectus dated 26.04.2022<sup>1</sup> (under the referred Base Prospectus the Issuer in accordance with the guarantee agreement signed with Mintos Finance No. 20 SIA guarantees DelfinGroup's Subsidiary's obligations towards the Mintos Finance No. 20 SIA);</li><li>f) any counter-indemnity obligation issued by a guarantor, bank or a financial institution.</li></ul>
<b>Future Financial Indebtedness</b>	:	Any Financial Indebtedness after the Issue Date and it is not part of Existing Debt except for creditors in ordinary course of business including issue of new unsecured or secured notes.

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<sup>1</sup> <https://uzraudziba.bank.lv/en/market/financial-instruments-market/issuers/sia-mintos-finance-no-20/>

<b>Financial Report</b>	:	The annual audited consolidated financial statements of the Issuer and the quarterly interim unaudited consolidated reports of the Issuer prepared in accordance with the Accounting Principles.
<b>First North</b>	:	Multilateral Trading Facility (MTF) First North operated by Nasdaq Riga.
<b>Force Majeure Event</b>	:	Has the meaning set forth in Clause 4.7.
<b>Group</b>	:	The group of the legal entities comprising of the Issuer and its direct or indirect Subsidiaries.
<b>Interest Coverage Ratio</b>	:	The ratio of EBITDA to Net Finance Charges.
<b>Investor(s) or Noteholder(s)</b>	:	A private person or legal entity that is an owner of one or more Notes and has a claim against the Issuer as stipulated by the Applicable Laws.
<b>ISIN</b>	:	LV0000870145 (International Securities Identification Number), which was allocated by Nasdaq CSD.
<b>Issue Date or First Settlement Date</b>	:	The date when interest on the Notes start to accrue and is 31 May 2024.
<b>Issuer or DelfinGroup or Company</b>	:	DelfinGroup AS (registration number: 40103252854, legal entity identifier: 2138002PKHUJIMVMB13, legal address: Skanstes 50A, Riga, Latvia, LV-1013) and its current website address is <a href="http://www.delfingroup.lv">www.delfingroup.lv</a> .
<b>Material Subsidiary(ies)</b>	:	Any current and future Subsidiary of the Issuer, which constitutes (total assets) more than 20% of total Net Loan Portfolio of the Issuer and/or which constitutes (by revenue) 10% of the total consolidated revenue of the Issuer.
<b>Maturity date</b>	:	The date when the Notes shall be repaid in full at their Nominal amount by the Issuer, which is 25 May 2029.
<b>Minimum Settlement Unit</b>	:	The minimum amount which can be held/traded, which is equal to the Nominal.
<b>Mintos Finance</b>	:	SIA Mintos Finance (registration number: 40203022549, legal address: Skanstes iela 50, Riga LV-1013, Latvia) or any other Mintos group entity, or similar peer-to-peer or marketplace lending online platform, as the case may be including AS Mintos Marketplace, reg. No. 40103903643, and SIA Mintos Finance No.20, reg. No. 40203392233.
<b>Mintos Debt</b>	:	A debt incurred by the Issuer or its Subsidiaries provided by Mintos Finance.
<b>Mintos Debt Security</b>	:	A security over assets, property, shares or receivables not exceeding 120% of the outstanding principal amount provided in relation to the Mintos Debt.
<b>Nasdaq CSD</b>	:	Nasdaq CSD SE (registration number: 40003242879, legal address Valņu iela 1, Riga, LV-1050, Latvia).
<b>Nasdaq Riga</b>	:	Nasdaq Riga AS (registration number: 40003167049, legal address: Valņu iela 1, Riga, LV-1050, Latvia) and its current website address is: <a href="http://www.nasdaqbaltic.com">www.nasdaqbaltic.com</a> .
<b>Net Finance Charges</b>	:	For the Relevant Period, the Finance Charges according to the latest consolidated Financial Report, after deducting any interest

	:	income relating to the Cash and Cash Equivalents of the Group which is generated outside Permitted Business.
<b>Net Loan Portfolio</b>	:	The sum of loans, securities, investments, receivables, inventories and reserves, minus allowances for losses of the Issuer and Subsidiaries as set forth in the consolidated balance sheet as of the Relevant Period ending on the last day of the period covered by the most recent Financial Report, prepared in accordance with the Accounting Principles.
<b>Nominal</b>	:	Face value of a single Note, which is EUR 1,000 (one thousand euro and 00 cents).
<b>Note(s)</b>	:	A debt security issued by the Issuer according to the Terms of the Issue with ISIN LV0000870145.
<b>Permitted Business</b>	:	Any businesses, services or activities that are the same as, or reasonably related, ancillary or complementary to, any of the businesses, services or activities in which the Issuer and its Subsidiaries are engaged on the Issue Date, and reasonable extensions, developments or expansions of such businesses, services or activities.
<b>Permitted Debt</b>	:	Any Financial Indebtedness incurred by the Issuer or its Subsidiaries.
<b>Permitted Security</b>	:	Any Security: <ul style="list-style-type: none"><li>a) which is an Existing Security;</li><li>b) provided in relation to any agreement under which the Issuer or a Subsidiary leases office space or other premises;</li><li>c) arising by operation according to the existing law or in the ordinary course of business (including, collateral or retention of title arrangements in connection with but, for the avoidance of doubt, excluding guarantees or security in respect of any monies borrowed or raised);</li><li>d) provided in relation to a derivative transaction;</li><li>e) incurred as a result of the Issuer or a Subsidiary acquiring another entity with existing encumbrances;</li><li>f) over assets or property of the Issuer or any Subsidiary securing Financial Indebtedness or other obligations of the Issuer or such Subsidiary owing to the Issuer or another Subsidiary, or Security in favour of the Issuer or any Subsidiary;</li><li>g) Mintos Debt Security, provided the Issuer shall not novate the Mintos Debt Security and shall reduce and/or amend the Mintos Debt Security so it meets the requirements described under the term 'Mintos Debt Security' of the Terms of the Issue;</li><li>h) any security in connection with Bank Debt;</li><li>i) any security in connection with new issue of notes.</li></ul>
<b>Potential Investor(s)</b>	:	A private person or legal entity that has, according to the terms stated in these Terms of the Issue, expressed interest or is planning to purchase for its own account one or more Notes and considers becoming the Investor, or has accepted the offer to become



		Investor and by informing the Arranger declares its intention to become the Investor, but has not yet become the Investor.
<b>Prospectus Regulation</b>	:	Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC, OJ L 168, 30.6.2017, at pp 12-82.
<b>Related Parties</b>	:	Any person (natural person or legal entity) as defined as a “reporting entity” by the International Accounting Standards (IAS 24 - Related Party Disclosures).
<b>Relevant Period</b>	:	Each period of 12 (twelve) consecutive calendar months.
<b>Sanctions</b>	:	AML, Sanctions, embargoes, restrictions and similar legislative measures adopted by OFAC, EU, UN and any governmental authority that has direct or indirect influence over affairs of the Group or Arranger.
<b>Subsidiary(ies)</b>	:	Both direct and indirect subsidiaries of the Issuer defined in accordance with the IFRS.
<b>Subordinated debt</b>	:	The debt of the Group in form of subordinated loans or subordinated notes including Notes and Existing Subordinated Notes.
<b>Taxes</b>	:	Any present or future taxes, duties, assessments or governmental charges of whatever nature.
<b>Terms of the Issue</b>	:	This document, which entitles the Issuer to execute the Issue and the initial offering of the Notes.

BELOW IS A DESCRIPTION OF THE RISK FACTORS THAT ARE MATERIAL FOR THE ASSESSMENT OF THE MARKET RISK ASSOCIATED WITH THE NOTES AND RISK FACTORS THAT MAY AFFECT THE ISSUER'S ABILITY TO FULFIL ITS OBLIGATIONS UNDER THE NOTES. SHOULD ONE OR MORE OF THE RISKS DESCRIBED BELOW MATERIALISE, THIS MAY HAVE A MATERIAL ADVERSE EFFECT ON THE CASH FLOWS, RESULTS OF OPERATIONS, AND FINANCIAL CONDITION OF THE ISSUER AND THE GROUP. MOREOVER, IF ANY OF THESE RISKS MATERIALISE, THE MARKET VALUE OF THE NOTES AND THE LIKELIHOOD THAT THE ISSUER WILL BE IN A POSITION TO FULFIL ITS PAYMENT OBLIGATIONS UNDER THE NOTES MAY DECREASE, IN WHICH CASE THE POTENTIAL INVESTORS COULD LOSE ALL OR PART OF THEIR INVESTMENTS.

BEFORE DECIDING TO PURCHASE THE NOTES, POTENTIAL INVESTORS SHOULD CAREFULLY REVIEW AND CONSIDER THE FOLLOWING RISK FACTORS, IN ADDITION TO ALL OTHER INFORMATION PRESENTED IN THE TERMS OF THE ISSUE, AND CONSULT WITH THEIR OWN PROFESSIONAL ADVISORS IF NECESSARY. MOREOVER, POTENTIAL INVESTORS SHOULD BEAR IN MIND THAT SEVERAL OF THE DESCRIBED RISK FACTORS CAN OCCUR SIMULTANEOUSLY AND TOGETHER WITH OTHER CIRCUMSTANCES COULD HAVE A POTENTIALLY STRONGER IMPACT ON THE ISSUER OR THE GROUP. THIS IS NOT AN EXCLUSIVE LIST OF RISK FACTORS, AND ADDITIONAL RISKS, OF WHICH THE ISSUER IS NOT PRESENTLY AWARE, COULD ALSO HAVE A MATERIAL ADVERSE EFFECT ON THE ISSUER AND THE GROUP.

## **1. Risk Factors**

### **1.1. Risk factors relating to the Issuer and its business**

The risks indicated in this clause may reduce the Issuer's ability to fulfil its obligations and cause its insolvency in the worst-case scenario. Potential Investors and Investors have to take into account that Notes are unsecured. This clause may not feature all the potential risks, which may affect the Issuer.

The order in which the risks are presented does not reflect the likelihood of their occurrence or the magnitude of their potential impact on the Issuer. In addition, Potential Investors and Investors should be aware that the risks described therein might combine and thus intensify one another. Additional risks and uncertainties, which are currently not known to the Issuer or which the Issuer currently believes are immaterial, could also impair the business, cash flows, results of operations and their financial condition.

#### **1.1.1. Changes in regulatory enactments and policies**

The Issuer carries out its activity in Latvia and most of the risks, which affect it, are related to the economic situation, legal and regulatory framework of Latvia, where the Issuer carries out its business.

Currently, the activity of the Issuer and other non-bank credit companies in Latvia is regulated by Cabinet Regulation No. 245 of 29 March 2011, "Regulations Regarding a Special Permit (Licence) of Consumer Credit Services", which, among other things, determines the need for a licence, as well as annual prolongation of licence operation. Other examples of regulations applicable to the Issuer are Cabinet Regulation No. 691 of 25 October 2016, "Regulations on Consumer Credit", Law On Out-Of-Court Consumer Dispute Resolution Bodies, Personal Data Processing Law; Unfair Commercial Practice Prohibition Law; Law On Extrajudicial Recovery of Debt, and Consumer Rights Protection Law.

Any material changes in the existing Applicable Laws or implementation of any new Applicable Laws in the Republic of Latvia or EU might negatively affect the business and solvency of the Issuer.

#### **1.1.2. Regulatory and licensing risk**

Consumer Rights Protection Centre (Regulator, <https://www.ptac.gov.lv/lv>) carries out supervisory functions for consumer finance and debt collection companies in the Republic of Latvia. Regulator issues the aforementioned licenses for companies in these sectors.

The Issuer is licensed consumer finance company and has obtained a non-terminated license.

Regulator is entitled to withdraw licenses in case there are breach of regulations set forth by Applicable Laws of the Republic of Latvia. The Issuer believes that the risk of losing license is managed by following Regulator's regulations and recommendations. Nevertheless, the risk that the regulator may interpret or enforce existing requirements in new ways that could restrict the Issuer's ability to continue its current way of operation or impose significant additional compliance costs on the Issuer cannot be ruled out.

Furthermore, the government and the Regulator may seek to impose new laws, regulatory restrictions or licensing requirements that affect the products or services the Issuer offers, the terms on which the Issuer offers them, and the disclosure, compliance and reporting obligations the Issuer must fulfil in connection with the Issuer's business.

The economic developments caused by Covid-19 spawned the risk of imposed moratoriums on loan payments, especially on principal and/or interest payments. Moratoriums give clients who are negatively impacted by a specific event, for example, Covid-19, and meet certain criteria, the opportunity to modify the credit repayment schedule and partly or fully defer payment obligations. During the Covid-19 pandemic multiple governments imposed or companies voluntarily signed moratoriums for consumer lending credit and/or bank credit payment deferrals, for example, in Latvia banks entered a moratorium for mortgage loan repayments. Imposed moratoriums may restrict or forbid the Issuer to initiate the collection process from defaulted clients. This may have a material adverse effect on the Issuer's business, financial condition, results of operations and cash flows.

### 1.1.3. Macroeconomic risk

In 2023, most of the Issuer's revenue was generated in the Republic of Latvia. Issuer launched pawn shop operations in Lithuania at the end of 2023, but at the time of signing the Terms of the Issue, Lithuania exposure is immaterial on the consolidated level. Therefore, the Issuer is currently largely dependent on the revenue streams generated in a single country and, by extension, dependent on the macroeconomic situation in Latvia.

The Latvian market, however, is not immune to regional and global macroeconomic fluctuations – it is closely linked with the economies of the EU and the Euro monetary union. A slowdown in the EU may negatively affect the economies of the Latvian market, causing an adverse effect on the Issuer's business operations.

	Latvia			
Year	2021	2022	2023	2024F
Real GDP (% yoy)	6.7	3.0	-0.3	1.7
CPI (% yoy)	3.2	17.2	9.1	2.2
Unemployment (%)	7.6	6.9	6.5	6.6

Source: Eurostat, European Commission and IMF

The global economy, including the Latvian market has seen strong headwinds since the beginning of 2020 because of the global pandemic, war in Ukraine and rising inflationary pressure, to which global central banks have responded by raising interest rates. In 2022, the Republic of Latvia had real GDP growth of 3.0% (three-point-zero per cent), which was a slower growth rate compared to 2021, when the Latvian economy grew by 6.7% (six-point-seven per cent), moreover during 2023 the Republic of Latvia had a negative real GDP growth of 0.3% (zero-point-three per cent).

Issuer launched pawn shop operations in Lithuania at the end of 2023, but at the time of signing the Terms of the Issue, Lithuania exposure is immaterial on the consolidated level.

An earlier than projected depletion of savings for purchases might limit consumption in the upcoming quarters however more significant recovery is expected in 2024 when the inflation rates decrease further. Overall, the uncertainty still remains elevated and future economic growth rates could turn out to be lower and/or inflation could become higher, resulting in lower demand for the

Issuer's products and/or higher cost base, and thus lower business and financial performance of the Issuer.

1.1.4. Competition risk

Issuer's principal competitors include other consumer lending providers and banks. As of the Issue Date there are 37 licensed consumer finance companies which operated in the territory of Latvia, offering different credit services; 5 of them offered loans against pledge of movable property (pawn loan). Among the licensed consumer finance companies a large part of lenders operate in a virtual environment, or only in a small geographic area.<sup>2</sup> The Issuer provides its services throughout the territory of Latvia - a total of 38 cities and rural areas, operating over 89 branches, as well as in the virtual environment. Taking into account the number of businesses that provide similar services, the Issuer's existing branch network, the quality of services and barriers to entry in the market, the Issuer risks of competition is not considered to be significant.

Issuer launched pawn shop operations in Lithuania at the end of 2023 and has 5 branches, but at the time of signing the Terms of the Issue, Lithuania exposure is insignificant to the Group on the consolidated level.

The Issuer's management has extensive experience in managing business, which is useful in adjusting to market changes and managing the company in changing conditions of external environment. Increased competition or more aggressive marketing and pricing practices on the part of the Issuer's competitors could result in lower revenues, margins, and turnover rates in the Issuer's operations, which may have a material adverse effect on the Issuer's business, financial condition, results of operations, prospects and cash flows.

1.1.5. Credit risk

The Issuer is exposed to the risk of loss through defaults on the loans granted. The default is contingent on the inability or unwillingness of the customer to make payments. This includes scenarios where the customer makes payments late, only partially, or not at all. Issuer's lending decisions are based partly on information provided to the Issuer by loan applicants and/or delivered by third parties (credit bureaus, agencies, appraisers and other partners). Prospective customers may fraudulently provide the Issuer with inaccurate information, or third parties might provide the Issuer with incomplete information which, if not alerted, may harm Issuer's credit scoring and respective risk decisions.

Any failure to correctly assess the credit risk of potential customers or to correctly assess the value of the collateral may have a material adverse effect on the Issuer's business, financial condition, results of operations, prospects and cash flows and may even invoke regulatory sanctions (including imposition of fines and penalties, suspension of operations, or revocation of the Issuer's licenses).

The Issuer operates according to its established credit risk policies and principles. If these policies and principles prove insufficient, which may be caused by an internal failure of the Issuer's risk management procedures or an external change of conditions beyond the Issuer's control and the quality of the Issuer's total loan portfolio deteriorates or the Issuer's collateral valuation principles become inadequate, the Issuer may be required to increase its impairments for the loan portfolio, which may have a material adverse effect on the Issuer's business, financial condition, results of operations, prospects and cash flows.

1.1.6. Privacy and data protection breach risk

The Issuer's business is subject to a variety of laws and regulations that involve user privacy issues, data protection, advertising, marketing, disclosures, distribution, electronic contracts and other communications, consumer protection and online payment services. The introduction of new products or the expansion of the Issuer's activities in certain jurisdictions may subject the Issuer to additional laws and regulations. In addition, the application and interpretation of these laws and regulations are often uncertain, particularly in the new and rapidly evolving fintech industry in

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<sup>2</sup> <https://registri.ptac.gov.lv/registri/pateretaju-kreditesanas-pakalpojumu-sniedzaji>

which the Issuer operates, and may be interpreted and applied inconsistently and may also be inconsistent with the Issuer's current or past policies and practices. Existing and proposed laws and regulations can be costly to comply with and can delay or impede the development of new products, result in negative publicity, increase the Issuer's operating costs, require significant management time and attention, and subject the Issuer to inquiries or investigations, claims or other remedies, including demands which may require the Issuer to modify or cease existing business practices and/or pay fines, penalties or other damages. This may have a material adverse effect on the Issuer's business, financial condition, results of operations, prospects and cash flows.

1.1.7. AML and Sanctions compliance risk

As the Issuer carries out its activity in Latvia, the Issuer is a subject to the Law on the Prevention of Money Laundering and Terrorism and Proliferation Financing (*Noziedzīgi iegūtu līdzekļu legalizācijas un terorisma un proliferācijas finansēšanas novēršanas likums, pieņemts 17.07.2008*) and Law On International Sanctions and National Sanctions of the Republic of Latvia (*Starptautisko un Latvijas Republikas nacionālo sankciju likums, pieņemts 04.02.2016*) and complies with the international and local Applicable Laws which regulate prevention of legalization of proceeds derived from criminal activity and financing of terrorism and proliferation.

The Issuer takes all the measures necessary to reduce the probability of conducting business with customers involved in or allegedly involved in money laundering and terrorism and proliferation financing by adhering to all the legal requirements. Nevertheless, there is a risk that the measures adopted by the Issuer may be insufficient for prevention of money laundering and terrorism and proliferation financing, as a result of which the Issuer may incur losses, be subjected to legal Sanctions, or its reputation may deteriorate. This may have an adverse effect on the financial position and reputation of the Issuer.

1.1.8. Counterparty risk

The Issuer may advance loans to customers and collect repayments from customers through local bank accounts and/or payment providers. The Issuer's continuing relationships with the banks and payment providers with which the Issuer maintains accounts and with which the Issuer may in the future establish accounts are critical to the Issuer's business.

There is a risk that the access to services the Issuer uses to verify the identity and creditworthiness of a potential customer, appraise pledged items and to provide marketing services may be restricted or prohibited, or the costs for these services may be significantly increased, which may affect Issuer's activity for an indefinite period of time.

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

1.1.9. Liquidity risk

The Issuer is exposed to liquidity risks arising out of the mismatches between the maturities of the Issuer's assets and liabilities, which may prevent the Issuer from meeting its obligations in a timely manner. Although such mismatch is well managed by the fact that significant proportion of the Issuer's assets has short-term maturity while part of its liabilities are long-term, the Issuer's growth depends, to a significant extent, on its ability to obtain adequate funding from various sources. It is possible that these sources of financing may not be available in the future in the amounts the Issuer requires, or they may be prohibitively expensive and/or contain overly onerous terms. European and international credit markets have experienced, and may continue to experience, high volatility and severe liquidity disruptions, such as those that took place following the international financial and economic crisis in 2008-09. These and other related events have had a significant impact on the global financial system and capital markets and may make it increasingly expensive for the Issuer to diversify its funding sources, raise additional funds and refinance the Issuer's debt if necessary.

The Issuer may not be able to raise sufficient funds on terms that are favourable to it, if at all. If the Issuer fails to raise sufficient funds, its ability to fund operations, take advantage of strategic opportunities or otherwise respond to competitive pressures could be significantly limited, which may have a material adverse effect on the Issuer's business, financial condition, results of operations, prospects and cash flows.

1.1.10. Key employee risk

In the future, Issuer's duties will be affected by its ability to attract, preserve, and motivate highly qualified and experienced personnel. The market for qualified individuals in Latvia is highly competitive and labour costs for the hiring and training of new employees are increasing. Accordingly, the Issuer may not be able to attract and/or retain qualified executive officers or other specialists, which may have a material adverse effect on the Issuer's business, financial condition, and results of operations, prospects and cash flows.

1.1.11. Litigation risk

The Issuer may be adversely affected by contractual claims, complaints and litigation, resulting from relationships with counterparties, customers, competitors or regulatory authorities, as well as by any adverse publicity that the Issuer may attract. Any such litigation, complaints, contractual claims, or adverse publicity may have a material adverse effect on the Issuer's business, financial condition, results of operations, prospects and cash flows. Defence of any lawsuit, even if successful, could require substantial time and attention of the Issuer's management and could require the expenditure of significant amounts for legal fees and other related costs. The Issuer is also subject to a risk of regulatory proceedings, and the Issuer could suffer losses from the interpretation of applicable laws, rules and regulations in regulatory proceedings, including regulatory proceedings in which the Issuer is not a party. Any of these events could have a material adverse effect on the Issuer's business, financial condition, results of operations, prospects and cash flows.

1.1.12. Interest rate risk

The Issuer earns a substantial majority of its revenues from interest payments on the loans the Issuer issues to its customers (consumers). Financial institutions, peer-to-peer platforms, bond issues and other funding sources provide the Issuer with the capital to fund these loans and charge the Issuer interest on funds that the Issuer draws down. In the event that the spread between the rate at which the Issuer lends to its customers and the rate at which it borrows from its lenders decreases, the Issuer's financial results and operating performance will suffer. The interest rates the Issuer charges to its customers and pay to the Issuer's lenders could each be affected by a variety of factors, including access to capital based on the Issuer's business performance, the volume of loans the Issuer issues to its customers, competition and regulatory requirements. Interest rate changes may adversely affect the Issuer's business forecasts and expectations and are highly sensitive to many macroeconomic factors beyond the Issuer's control, such as inflation, the level of economic growth, the state of the credit markets, changes in market interest rates, global economic disruptions, unemployment and the fiscal and monetary policies of the Republic of Latvia and/or European Union. Any material reduction in the Issuer's interest rate spread could have a material adverse effect on the Issuer's business, financial condition, results of operations, prospects and cash flows.

1.1.13. Risk of natural disasters and other business disruption

The Issuer's services and operations are vulnerable to damage or interruption from tornadoes, earthquakes, fires, floods, power losses, telecommunication failures, terrorist attacks, acts of war, human errors and similar events. A significant natural disaster, such as a tornado, earthquake, fire or flood, could have a material adverse impact on the Issuer's ability to conduct business. Although the Issuer has implemented business continuity plans, acts of terrorism, war, civil unrest, violence or human error could cause disruptions to the Issuer's business or the economy as a whole. Any of these events could cause consumer confidence to decrease, which could decrease the number of loans the Issuer issues to customers. Any of these occurrences may have a material adverse effect on the Issuer's business, financial condition, results of operations, prospects and cash flows.

1.1.14. Taxation risk

Changes to local tax regime or challenges to the current tax structures of the Issuer's business could have material adverse effect on the Issuer's business, financial condition, or results of operations. Additionally, certain tax positions taken by the Issuer require the judgement of management and, thus, could turn to be inefficient or challenged by tax authorities due to possible erroneous interpretation of tax legislation.

1.1.15. Early redemption risk

According to the Terms of Issue, the Notes may be redeemed prematurely at the initiative of the Issuer. If the early redemption right is exercised by the Issuer, the rate of return from the investment into the Notes may be lower than initially expected, as the Potential Investor might not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as the interest rate on such Notes being redeemed.

## 1.2. Risks factors related to Notes

1.2.1. Notes repayment risk

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

1.2.2. Subordination risk

Notes will be subordinated to: (i) any secured Future Financial Indebtedness up to the value of the Permitted Security that secures such Future Financial Indebtedness, (ii) any higher priority Future Financial Indebtedness, if the terms of the Future Financial Indebtedness explicitly assign it a higher priority, (iii) Existing Debt, (iv) Existing Security, (v) Existing Unsecured Notes and any other notes issued in the future by the Issuer unless the Issuer explicitly assigns a lower priority to any such new issue, (vi) any Future Financial Indebtedness (except for any future subordinated debt), and (vii) creditors in the ordinary course of business.

The Notes rank *pari passu* with Existing Subordinated Notes and other future subordinated notes and will be subordinated to other unsecured obligations of the Issuer. In case of the insolvency of the Issuer, the Investors will be entitled to recover their investment on the same terms as other creditors in the respective claims' group of other subordinated notes according to the relevant Applicable Laws, after the satisfaction of all claims of all secured creditors of the Issuer. There are no contracts or other transaction documents that would subordinate the claims of the Investors to other unsecured liabilities of the Issuer.

According to reported audited financial statements as of 31 December 2023, the Issuer and its Subsidiary (ViziaFinance SIA) have outstanding secured liabilities to Mintos Finance in the amount of EUR 29,410,334 (EUR 25,968,679 on 31 March 2024).

Moreover, according to reported audited financial statements as of 31 December 2023, the Issuer has outstanding secured liabilities to Signet Bank AS in the total amount of EUR 2,345,000 (EUR 2,345,000 on 31 March 2024).

Furthermore, according to reported audited financial statements as of 31 December 2023, the Issuer has outstanding secured liabilities to MULTITUDE BANK P.L.C. in the amount of EUR 5,000,000 (EUR 7,000,000 on 31 March 2024). To explain, Issuer has a debt (revolving credit line) to MULTITUDE BANK P.L.C. in the maximum total available credit line amount of EUR 11,000,000. At the moment of signing the Terms of the Issue, Issuer's utilised credit line (revolving credit) is EUR 9,000,000.

The Group in favour of Mintos Finance, MULTITUDE BANK P.L.C. and Signet Bank AS has registered five (5) groups of commercial pledges.

First group, ViziaFinance SIA's debt to Mintos Finance SIA is secured by a first rank commercial pledges over ViziaFinance SIA's assets (pledge No. 100197716) and claims (pledge No. 100197717) in the maximum total amount of secured claims of EUR 1,800,000.

Second group, ViziaFinance SIA's debt to Mintos Marketplace SIA and Mintos Finance No. 20 SIA is secured by a first rank commercial pledge over ViziaFinance SIA's claims (pledge No. 100204373) in the maximum amount of secured claim of EUR 14,400,000.

Third group, DelfinGroup's debt to Mintos Marketplace SIA and Mintos Finance No. 20 SIA is secured by a first rank commercial pledge over DelfinGroup's claims (pledge No. 100200696) in the maximum amount of secured claim of EUR 20,400,000.

Fourth group, DelfinGroup's debt to MULTITUDE BANK P.L.C. is secured by a first rank commercial pledge over DelfinGroup's claims (pledge No. 100203971) in the maximum amount of secured claim of EUR 15,000,000.

Fifth group, DelfinGroup's debt to Signet Bank AS is secured by a second rank commercial pledge over DelfinGroup's assets (pledge No. 100201754) and by commercial pledge over DelfinGroup's assets (pledge No. 100203258) in the maximum total amount of secured claims of EUR 3,283,000.

All in all, the Group has pledged its assets (*manta*) and claim rights (*prasījuma tiesības*) for the maximum amount of secured claims of EUR 54,883,000

Outstanding financing of DelfinGroup is secured with the following collaterals:

Pledge act No. and asset type	Pledgor	Debtor	Rank	Pledgee	Maximum amount of secured claims (EUR)
100197716 (assets)	ViziaFinance SIA	ViziaFinance SIA	1	Mintos Finance SIA	900,000
100197717 (claims)	ViziaFinance SIA	ViziaFinance SIA	1	Mintos Finance SIA	900,000
100204373 (claims)	ViziaFinance SIA	ViziaFinance SIA	1	Mintos Marketplace AS, Mintos Finance No.20 SIA	14,400,000
100200696 (claims)	DelfinGroup AS	DelfinGroup AS	1	Mintos Marketplace AS, Mintos Finance No.20 SIA	20,400,000
100201754 (assets)	DelfinGroup AS	DelfinGroup AS	2	Signet Bank AS	1,400,000
100203258 (assets)	DelfinGroup AS	DelfinGroup AS	2	Signet Bank AS	1,883,000
100203971 (claims)	DelfinGroup AS	DelfinGroup AS	1	MULTITUDE BANK P.L.C.	15,000,000

In the above table a commercial pledge over all assets (*manta*) means an aggregation of property (*lietu kopība*) at the moment of pledging as well as its future components. A commercial pledge over all right to claim (*prasījuma tiesības*) means an aggregation of property (*lietu kopība*) at the moment of pledging as well as its future components.

Notes will be subordinated to: (i) any secured Future Financial Indebtedness up to the value of the Permitted Security that secures such Future Financial Indebtedness, (ii) any higher priority Future Financial Indebtedness, if the terms of the Future Financial Indebtedness explicitly assign it a higher priority, (iii) Existing Debt, (iv) Existing Security, (v) Existing Unsecured Notes and any other notes issued in the future by the Issuer unless the Issuer explicitly assigns a lower priority to any such new issue, (vi) any Future Financial Indebtedness (except for any future subordinated debt), and (vii) creditors in the ordinary course of business.



1.2.3. Liquidity risk

This is a private placement, however, the Issuer intends to request admission to trading of the Notes on Nasdaq First North, but it cannot provide further assurances that trading will be permitted. Thus, there is a risk that no liquid secondary market for the Notes will exist.

Neither the Issuer nor any other person guarantees the minimum liquidity of the Notes. Thus, the Potential Investors and Investors should take into account that they may not be able to sell or face difficulties in selling their Notes in secondary market at their fair market value or at all.

1.2.4. Price risk

The development of market prices of the Notes depends on various factors, such as changes of interest rates, central bank policies, overall economic development, or demand for the Notes.

Neither the Issuer, nor any other person undertakes to maintain a certain price level of the Notes. The Investors are, thus, exposed to the risk of an unfavourable price development of their Notes if they sell the Notes prior to the Maturity Date. If an Investor decides to hold the Notes until the Maturity Date, the Notes will be redeemed at their Nominal value.

1.2.5. Foreign exchange risk

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

1.2.6. Repurchase or redemption risk

The Issuer may seek to repurchase or redeem the Notes, especially when prevailing interest rates are lower than the rate borne by such Notes. If prevailing rates are lower at the time of redemption, the Investor may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as the interest rate on such Notes being redeemed. The Issuer's redemption right also may adversely impact Investor's ability to sell such Notes. The Issuer may from repurchase the Notes in the secondary market, privately negotiated transactions, tender offers or otherwise. Any such repurchases or redemptions and the timing and amount thereof would depend on prevailing market conditions, liquidity requirements, contractual restrictions and other factors. Such transactions could impact the market for such Notes and negatively affect the Notes' liquidity.

1.2.7. Delisting risk

After registration of the Notes the Issuer plans to request admission to trading of the Notes on First North within 12 (twelve) months from the Issue Date. There is a risk that Nasdaq Riga will not accept the Notes to be admitted to trading on First North or order that the Notes are delisted from First North before maturity after admission to trading has taken place due to changes in legal acts, including Nasdaq Riga regulations, or FSA recommendations.

1.2.8. Tax risk

Tax rates and tax payment procedure applicable at the moment of purchase of the Notes to the tax residents, non-residents of Latvia, and residents of other countries may change. The Issuer will not compensate the Investors for any increases in taxes. Therefore, the Investors may receive smaller payments related to the Notes.

1.2.9. Risk that some Investors might have more preferential terms than others

While the Issuer will try to maintain the proportional reduction principle to the extent possible in final allocation of the Notes, in case the total number of Notes subscribed for is higher than the number of Notes available, the Issuer has a right to refuse all or part of the subscribed Notes to any Potential Investor due to perceived risks that might not be directly measurable and subjective, thus, the proportionality principle might not be observed.

Additionally, the Issuer has the right to sell the Notes at a price lower than their Nominal Value to selected Investors and/or enter into agreements that may add additional rights to selected Investors if the Issuer perceives them as especially important for this Notes issue due to the size of their investment or added experience. This may result in a situation where some Investors might gain preferential terms for investment into the Notes than the rest of the Investors.

1.2.10. Resolutions of the Investors risk

The majority resolution of the Investors is binding on all Investors. Thus, an Investor is subject to the risk of being outvoted by a majority resolution of the other Investors. As such, certain rights of such Investor against the Issuer may be amended or reduced, or even cancelled, without its consent.

\* \* \*

## 2. Party responsible for the Terms of the Issue

### 2.1. Party responsible for the Terms of the Issue

DelfinGroup AS

Registration number: 40103252854

Legal entity identifier: 2138002PKHUJIMVMYB13

Legal address: Skanstes iela 50A, Riga, Latvia, LV-1013

### 2.2. Representations and Warranties of the Issuer

The Issuer shall, in accordance with these Terms of the Issue, issue Notes and perform the obligations arising from the Notes to the Investors.

The Issuer shall be liable to the Investors for due and complete fulfilment of its obligations deriving from the Notes.

The Issuer gives the following warranties to the Investors:

- (a) The Issuer is a duly registered public limited liability company operating in compliance with the laws of Latvia;
- (b) All the Issuer's obligations assumed under this issue of the Notes are valid and legally binding to the Issuer and performance of these obligations is not contrary to the Issuer's Articles of Association, laws or any agreement concluded by the Issuer;
- (c) The Issuer has fully complied with the terms of the Existing Unsecured Notes;
- (d) The Issuer has all the rights and sufficient authorizations to issue the Notes and fulfil obligations arising from issuing the Notes;
- (e) The Issuer has performed all the formalities required for issuing the Notes and fulfilling the obligations arising here from;
- (f) All information that is provided by the Issuer to the Investors is true, accurate, complete and correct as at the date of presenting the respective information and is not misleading in any respect;
- (g) The Issuer is solvent, able to pay its debts as they fall due, there are no liquidation or insolvency proceedings pending or initiated against the Issuer;
- (h) There are no legal or arbitration proceedings pending or initiated against the Issuer which may have, or have had significant effects on the Issuer's financial position or profitability;
- (i) Directly or, to the Issuer's knowledge, indirectly, use the proceeds from the Notes, and shall procure that none of it or their directors, officers, employees or agents directly or, to the Company's knowledge, indirectly, use the proceeds from the Notes: (i) to fund, finance or facilitate any activities or business of or with any person that is, or is owned or controlled by persons that are, or in any country, region or territory, that, at the time of such funding, financing or facilitating is, or whose government is, the target of Sanctions; or (ii) in any other manner that would result in a violation of Sanctions by any person (including, any person participating in the subscription of Notes, whether as lender, underwriter, advisor, investor, or otherwise);
- (j) There are no criminal or misdemeanour proceedings pending or initiated against the Issuer.

### 2.3. Assurance of the information provided in the Terms of the Issue

The Issuer and its management board are responsible for the information contained in Terms of the Issue.

Hereby we, members of the management board (*valde*) of DelfinGroup AS, Didzis Ādmīdiņš, Aldis Umblejs, Sanita Pudnika and Nauris Bloks, certify that, by paying sufficient attention to this purpose, the information included in the Terms of the Issue is true, in accordance with the facts, and no information which may affect its meaning is concealed therein.

On behalf of DelfinGroup AS

/e-signed/	/e-signed/	/e-signed/	/e-signed/
Didzis Ādmīdiņš Chairman of the Board	Aldis Umblejs Member of the Board	Sanita Pudnika Member of the Board	Nauris Bloks Member of the Board

\* \* \*

### 3. Information on Notes

#### 3.1. The use of the proceeds

The total issue size is EUR 5,000,000 (five million euro).

Funds that are raised as a result of the Notes issue will be used to further diversify the Issuer's funding structure and strengthen Consolidated Net Worth of the Issuer.

#### 3.2. Information on the offered Notes

##### 3.2.1. General Information

The Notes are bearer and any person or entity that holds the Notes in his securities account has the right to receive Coupon and the Nominal payments. It is planned to issue Notes with nominal value of EUR 1,000 (one thousand euro) for one Note and total nominal value of EUR 5,000,000 (five million euro).

Notes issue ISIN is LV0000870145, which was allocated by Nasdaq CSD.

##### 3.2.2. Applicable Laws that regulate the Notes issue

The Notes issue is a private placement arranged in compliance with the Financial Instrument Market Law (*Finanšu instrumentu tirgus likums, pieņemts 20.11.2003*) and other Applicable Laws of the Republic of Latvia that are in force including the FSA, the Nasdaq CSD and the Nasdaq Riga regulations. Minimum subscription size for the Notes is EUR 100,000 (one hundred thousand Euro) with minimum step of EUR 1,000 (one thousand Euro).

All disputes between Potential Investors and Investors and the Issuer shall be settled in courts of the Republic of Latvia in accordance with Applicable Laws in force. Terms of the Issue are drafted and signed in English and any translations of the Terms of the Issue into another language are unofficial and made exceptionally for the Potential Investors and Investors' convenience. In case of any disputes' settlement, interpretation of the norms of the Terms of the Issue in English holds the priority against an interpretation in any other language.

##### 3.2.3. Form and accounting of the Notes

The Notes are issued in dematerialized form and will be recorded in the Latvian SSS (securities settlement system governed by Latvian law) operated by Nasdaq CSD, which will provide the maintaining function for the Notes. Investors may hold Notes through Nasdaq CSD participants participating in the Latvian SSS.

##### 3.2.4. Currency of the Notes

Currency of the Notes is EUR (euro).

##### 3.2.5. Status of the Notes

The Notes will not be secured. The Notes rank *pari passu* with Existing Subordinated Notes and other future subordinated notes and will be subordinated to other unsecured obligations of the Issuer. In case of the insolvency of the Issuer, the Investors will be entitled to recover their investment on the same terms as other creditors in the respective claims' group of other subordinated notes according to the relevant Applicable Laws, after the satisfaction of all claims of all secured creditors of the Issuer. There are no contracts or other transaction documents that would subordinate the claims of the Investors to other unsecured liabilities of the Issuer.

Notes will be subordinated to: (i) any secured Future Financial Indebtedness up to the value of the Permitted Security that secures such Future Financial Indebtedness, (ii) any higher priority Future Financial Indebtedness, if the terms of the Future Financial Indebtedness explicitly assign it a higher priority, (iii) Existing Debt, (iv) Existing Security, (v) Existing Unsecured Notes and any other notes issued in the future by the Issuer unless the Issuer explicitly assigns a lower priority to any such new issue, (vi) any Future Financial Indebtedness (except for any future subordinated debt), and (vii) creditors in the ordinary course of business.

According to reported audited financial statements as of 31 December 2024, the Issuer has outstanding secured liabilities to Mintos Finance, Mintos Marketplace SIA and Mintos Finance No. 20 in the total amount of EUR 29,410,334.

Outstanding financing from Mintos Finance is secured with the following collaterals:

- (a) a commercial pledge over all assets of the Issuer, Subsidiaries and the Material Subsidiaries as an aggregation of property at the moment of pledging as well as its future components;
- (b) a commercial pledge over all receivables of the Issuer, Subsidiaries and the Material Subsidiaries as an aggregation of property at the moment of pledging as well as its future components.

At the moment of signing the Terms of the Issue, total maximum amount of all commercial pledges of the Issuer are EUR 54,883,000

In addition, Mintos Finance has also first rank pledge over all assets and all receivables of the Issuer's subsidiary VIZIA Finance SIA (registration number: 40003040217). The maximum amount of commercial pledges is EUR 16,200,000.

Furthermore, Signet Bank AS has second rank pledges over Issuer's assets. Pledge act No. 100201754 (assets) in the maximum amount of secured claim of EUR 1,400,000 and pledge act No. 100203258 (assets) in the maximum amount of secured claim of EUR 1,833,000. Issuer's debt (principal amount) to Signet Bank AS in total is EUR 2,345,000.

Issuer also has a first rank pledge over right to demand on all property as a whole at the moment of pledging, as well as the future components of the pledge for the benefit of MULTITUDE BANK P.L.C. Pledge act No. 100203971 (claims) in the maximum amount of secured claim of EUR 15,000,000. Issuer has a debt (revolving credit line) to MULTITUDE BANK P.L.C. in the maximum total available credit line amount of EUR 11,000,000. At the moment of signing the Terms of the Issue, Issuer's utilised credit line (revolving credit) is EUR 9,000,000.

### 3.2.6. Rights and restrictions connected with the Notes issue

Any Investor has the right to receive Coupon and Nominal payments in accordance with the Clause 3.2.7. "Coupon payments" and Clause 3.2.8. "Procedure of the Notes repayment", as well as exercise other rights fixed in the Terms of the Issue and legislation of the Republic of Latvia.

The Issuer has the rights to purchase Notes on the secondary market directly from Investors. Notes that are purchased by the Issuer are held in Issuer's financial instruments' custody account and the Issuer has the rights to sell purchased Notes to Potential Investors and Investors. The Issuer cannot cancel the purchased Notes held in the Issuer's financial instruments' custody account, therefore decreasing the size of Notes issue, with the exception of 2 (two) week period prior to the Maturity Date.

Notes owned by the Issuer, Subsidiaries and / or its Related Parties are not eligible to participate in the voting in accordance with Clause 4.6. "Procedure for applying for the waiver".

### 3.2.7. Coupon payments

#### *Coupon rate*

The Coupon rate for the Notes is 3M EURIBOR + 11.00% (eleven point zero per cent) per annum and is fixed until the maturity of the Notes.

#### *Coupon payments*

Coupon payments are made every calendar month – on the 25<sup>th</sup> date. The first Coupon payment will be made on 25 June 2024 and the last Coupon payment will be made on 25 May 2029.

The Coupon record date is the 5<sup>th</sup> (fifth) Business Day prior to the Coupon payment day. At the end of the Coupon record date Investors list, who will be eligible for the Coupon payments, will be fixed. Coupon payment shall be made to the Investors, as per Investors list, on each Coupon payment date for the preceding Coupon period.

The Issuer pays the Coupon through the intermediary of Nasdaq CSD and in accordance with applicable Nasdaq CSD regulations, which regulate the procedure for paying income from debt securities. Nasdaq CSD regulations applicable on the day of preparation of the Terms of the Issue are Nasdaq CSD Rulebook and Corporate Action Service description.

If the Coupon payment date is a holiday or a festive day, the Issuer will make the relevant Coupon payment on the first Business Day after the Coupon payment date.

If the Issuer has failed to make Coupon payments in accordance with the deadlines specified in the Terms of the Issue, the Investors shall have the right to submit claims regarding the payment of the Coupon but not earlier than after 5 (five) Business Days following the payment date of the relevant Coupon.

#### *Coupon calculation*

The first coupon payment on 25 June 2024 is determined according to the following formula:

$CPN1 = F * C * 25/360$ , where

CPN1 – the amount of Coupon payment in EUR per Note on 25 June 2024;

F – Nominal value of one Note;

C – annual Coupon rate (%) that is determined as Base Rate + 11.00%, where:

Base Rate is determined by the Calculation Agent on the Coupon Reset Date, which is the second Business Day prior the start of each Base Rate Period, using published data by a designated distributor (currently Bloomberg) and shall be fixed for the respective Base Rate Period. If for any Base Rate Period the Base Rate determined based on the procedure specified in this paragraph is less than 0%, Base Rate shall mean 0% for purposes of determining the Coupon rate.

Coupon payments starting from 25 July 2024 are determined according to the following formula:

$CPN = F * C / 12$ , where

CPN – the amount of Coupon payment in EUR per Note;

F – Nominal value of one Note;

C – annual Coupon rate (%) that is determined as Base Rate + 11.00%

Base Rate for Coupon payments until 25 June 2024 (including) shall be determined as 3.808%. Base Rate for Coupon payments starting from 25 July 2024, shall be determined by Calculation Agent.

#### *Calculation Agent*

The Issuer appoints the Calculation Agent to determine the amounts of monthly payments to Noteholders and provide payment instructions to the Issuer. All calculations by the Calculation Agent shall be made in good faith and through the exercise of the Calculation Agent's commercially reasonable judgment. Upon the request of the Issuer, Calculation Agent shall provide the Issuer with such information as is reasonably necessary to enable the Issuer to confirm the accuracy of such calculations.

The Issuer shall have the right to designate an independent nationally recognized third-party expert with experience in corporate bonds to replace the Calculation Agent, and the parties shall work in good faith to execute any appropriate documentation required by such replacement Calculation Agent. The Calculation Agent shall be informed of its replacement at least 10 (ten) Business Days in advance.

Any determination or calculation by the Calculation Agent in such capacity shall be made in good faith and in a commercially reasonable manner.

### 3.2.8. Procedure of the Notes repayment

The Nominal of one Note is EUR 1,000 (one thousand euro) and the Issuer will repay Nominal amount as a lump sum on the Maturity Date of the Notes.

The Issuer will repay the Nominal amount in accordance with Nasdaq CSD intermediary and applicable Nasdaq CSD regulations. Nasdaq CSD regulations applicable on the day of preparation of the Terms of the Issue are Nasdaq CSD Rulebook and Corporate Action Service Description. The Nominal amount will be paid on the Maturity Date. Investors eligible to receive the Nominal will be fixed at the end of the Nominal record date, which is the previous Business Day before the Maturity Date.

If the Maturity Date is a holiday or a festive day, the Issuer will make the relevant Coupon payment and Nominal amount payment on the first Business Day after the Maturity Date.

If the Issuer has failed to make Nominal amount payment in accordance with the deadlines specified in the Terms of the Issue, Investors shall have the right to submit claims regarding the repayment of the Nominal amount not earlier than after 5 (five) Business Days following the payment day of the Nominal amount.

### 3.2.9. Early redemption (call option)

The Issuer can carry out full early redemption (call option) or partial redemption for not less than 20% of the Nominal amount of Notes (together with accrued interest), on every Coupon payment date by paying 101% (one hundred and one per cent) of the Nominal amount.

If the payment date under the call option is a holiday or a festive day, the Issuer will make the relevant Coupon payment and Nominal amount payment on the first Business Day after the holiday or festive day. If the payment date under the call option is a holiday or a festive day, the Issuer will compensate the accrued interest for days between payment date which is a holiday or a festive day (including) and actual payment date (excluding).

If the Issuer takes decision on the early redemption of Notes, the Issuer shall notify Investors at least 20 (twenty) Business Days prior to the redemption date of Notes by publishing announcement of the decision via Issuer's website, and with intermediation of Nasdaq Riga (if the Notes are listed on Nasdaq Riga).

If the Issuer takes decision on the early redemption of Notes, the Issuer will pay redemption payment in accordance with Nasdaq CSD intermediary and applicable Nasdaq CSD regulations. Nasdaq CSD regulations applicable on the day of preparation of the Terms of the Issue are Nasdaq CSD Rulebook and Corporate Action Service Description. Investors eligible to receive the redemption payment will be fixed at the end of the record date, which will be the previous Business Day before the redemption payment date.

### 3.2.10. Accrued interest calculation

The first Coupon starts to accrue on 31 May 2024, which is the First Settlement Date of the Notes issue. The accrued Coupon is calculated presuming that there are 360 days in one year (day count convention - "European 30/360"). Accrued interest between Coupon payment dates shall be calculated as follows:

$AI = F * C / 360 * D$ , where

AI – accrued interest of one Note;

F – Nominal value of one Note;

C – annual Coupon rate (%) that is determined as Base Rate + 11.00%;

D – the amount of days from the beginning of the Coupon accrual period according to European 30/360 day count method.

### 3.2.11. Representation of the Investors

Within the framework of the issue, it is not planned, yet not prohibited to create an organization of authorized persons which would represent Investors. In case of the insolvency of the Issuer, every Investor has the right to represent his own interests in creditors' meetings. The Investors will have equal rights for satisfaction of their claims with other unsecured creditors in the same claims' group.



3.2.12. Decisions of the Issuer on the Notes issue

On 1 June 2023 annual general meeting of shareholders of the Issuer passed decision to issue bonds (Notes) with nominal value of the issue up to EUR 60,000,000 and maximum maturity (repayment) period of 5 years and to authorize the management board to sign all the documents related to the execution of the decisions adopted by extra-ordinary meeting of shareholders to issue debt securities.

On 17 May 2023, the Issuer's supervisory board passed the decision (No. 7/2023) to issue debt securities in the amount of up to and including EUR 60,000,000 (five million euro).

On 24 May 2024 the Issuer's management board passed the decision (No. 17/2024) to issue the Notes.

3.2.13. The First Settlement Date of the Notes issue

The First Settlement Date (Issue Date) of the Notes issue is 31 May 2024, on which the Coupon starts to accrue.

3.2.14. Restrictions on free circulation of the Notes

The Notes are freely transferable securities and can be pledged. However, the Notes cannot be offered, sold, resold, transferred or delivered in such countries or jurisdictions or otherwise in such circumstances in which it would be unlawful or require measures other than those required under the laws of the Republic of Latvia.

\* \* \*

## 4. Special Conditions

### 4.1. Disclosure of information

Up to the maturity of Notes, the Issuer shall publish all the information required by covenants, rules of Nasdaq Riga and regulatory enactments.

### 4.2. Event of default

At any time if the Event of Default has occurred (and as long as the event of default exists) and at least 10% of the Investors notify the Issuer on immediate redemption of their Notes, then the Notes are, and they shall immediately become, due and payable at their principal amount together (if applicable) with accrued interest and the Issuer has to redeem or, at the Issuer's option, purchase (or procure the purchase of) the Nominal value of Notes along with the accrued Coupon and contractual penalty, in accordance with Clause 4.3. "Contractual penalty", within 5 (five) Business Days after receipt of the notification.

If an event of default occurs and the Issuer is unable to redeem or purchase the Notes immediately, the Issuer is obliged to engage an authorized person ("Agent") to organise an Investor written notification in accordance with this clause within a maximum of 20 (twenty) Business Days after the event of default has occurred.

Each of the events or circumstances set out and included in below Clauses 4.2.1. - 4.2.5. shall constitute an Event of Default.

#### 4.2.1. Non-payment

The Issuer fails to pay out any amount payable by it under the Terms of the Issue when such an amount is due for payment, unless its failure to pay is caused by an administrative or technical error in payment systems or the Nasdaq CSD and payment is made within 5 (five) Business Days following the original due date. The Investor shall have the right to submit claims regarding a failure to pay an amount due not earlier than 5 (five) Business Days following the date of the relevant payment.

#### 4.2.2. Breach of covenants

The Issuer has violated the conditions of Clause 4.4. "Financial covenants" and fails to remedy such a violation according to Clause 4.2.3. "Covenant cure", or the Issuer does not perform or comply with any one or more of its other obligations set out in Clause 4.5. "General covenants", and the Issuer fails to remedy such a breach within 30 (thirty) calendar days from the date of the breach, unless such default is incapable of being remedied.

#### 4.2.3. Covenant cure

The shareholders of the Issuer may cure or prevent a breach of the financial covenants in Clause 4.4.1. (and any Event of Default arising as a result thereof) if, prior to or within 90 (ninety) calendar days of the earlier of: (i) the date on which the relevant financial report is to be published pursuant to the Terms of Issue; and (ii) the date the relevant financial report was in fact published pursuant to the Terms of the Issue for any measurement period in which such failure to comply was (or would have been) first evidenced, the Issuer received the cash proceeds of new shareholder injections from the shareholders of the Issuer (the "Equity Cure"), in an amount at least sufficient to ensure that the financial covenants set forth under Clause 4.4.1. would be complied with if tested again as at the last date of the same measurement period on the basis any Equity Cure provided shall be included for the measurement period as if provided immediately prior to the last day of such measurement period.

Any new equity and or Subordinated debt provided in respect of any relevant period shall be deemed to have been provided immediately prior to the last date of such relevant period and shall be included (without double counting) in all relevant covenant calculations until the date it was deemed provided falls outside any subsequent relevant period.

If after the equity adjustment the requirement of the relevant financial covenants are met, then the requirement thereof shall be deemed to have been satisfied as at the relevant original date of

determination of any default, Event of Default, occasioned thereby shall be deemed to have been remedied for the purposes of the Terms of the Issue.

#### 4.2.4. Cross default

If for the Issuer or any Material Subsidiary:

- (a) any Financial Indebtedness is neither paid when due nor within any applicable grace period; or
- (b) any Financial Indebtedness is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default (however described); or
- (c) any commitment for any Financial Indebtedness is cancelled or suspended by a creditor as a result of an event of default (however described); or
- (d) any creditor becomes entitled to declare any Financial Indebtedness due and payable prior to its specified maturity as a result of an event of default (however described);
- (e) any security that is subject to public registration securing Financial Indebtedness over any asset is enforced by secured creditor;
- (f) any tax debts to State Revenue Service of the Republic of Latvia or a state fee for the issuance of permission or license payment debt to supervising state authorities are neither paid when due nor within any applicable grace period;

provided, however, the aggregate amount of the relevant indebtedness or commitment for relevant indebtedness falling within paragraphs (a) to (f) above exceeds a total of EUR 1,000,000 (one million euro) (or the equivalent thereof in any other currency) and provided it does not apply to any Financial Indebtedness owed to a Subsidiary or Related Parties.

#### 4.2.5. Insolvency

The Issuer or any Material Subsidiary is considered insolvent if:

- a) the Issuer or its Material Subsidiary is declared insolvent or bankrupt by a court of competent jurisdictions or admits inability to pay its debts in case of lawful claims save for claims by Related Parties or claims within Group; or
- b) an application to initiate insolvency or legal protection proceedings or similar proceedings of the Issuer or any Material Subsidiary or any other proceedings for the settlement of the debt of the Issuer is submitted to the court by the Issuer or the Material Subsidiary, unless such application is challenged in court.

### 4.3. Contractual penalty

In the case of non-compliance or inadequate compliance with any payment obligation arising from the Notes, the Investor in question shall be entitled to require and the Issuer shall be obliged to pay contractual penalty (*līgumsods*) upon the request of any Investor to all the Investors from the date (excluding), when the deadline has set in, to the actual payment date (including) in the amount of 0.05% (zero point zero five per cent) per day from the relevant outstanding amount.

If the Issuer has failed to make Coupon payments in accordance with the deadlines specified in the Terms of the Issue, Investors shall have the right to submit claims regarding the payment of the Coupon not earlier than after 5 (five) Business Days following the payment date of the relevant Coupon.

If the Issuer has failed to make Nominal amount payment in accordance with the deadlines specified in the Terms of the Issue, Investors shall have the right to submit claims regarding the repayment of the Nominal amount not earlier than after 5 (five) Business Days following the payment day of the Nominal amount.

#### **4.4. Financial covenants**

4.4.1. From the Issue Date of the Notes to the date of repayment thereof, the Issuer and its Subsidiaries shall undertake the following financial covenants:

4.4.1.1. To maintain a Capitalization Ratio of at least 17.5% (seventeen point five per cent);

4.4.1.2. To maintain consolidated Interest Coverage Ratio (calculated on the trailing 12 (twelve) months (TTM) basis) of at least 1.25x (one point twenty five times);

4.4.2. The financial covenants set forth in Clause 4.4.1. shall be tested on a consolidated basis as at the end of each quarter and covenants calculations and proof of compliance with covenants to be published in the consolidated quarterly financial reports of the Issuer.

#### **4.5. General covenants**

From the Issue Date of Notes to the date of repayment thereof, the Issuer and its Subsidiaries shall undertake the following:

4.5.1. Not to start any business activity that is outside the scope of Permitted Business, except if revenue from such business activity shall not exceed 10% (ten per cent) of the total consolidated revenue of the Group;

4.5.2. Not to commence reorganization or liquidation of the Issuer and/ or reduce the share capital of the Issuer;

4.5.3. Not to commence reorganization or liquidation of Subsidiaries, except if reorganization or liquidation of the Subsidiary is necessary for the reasons of consolidating operations under the Issuer or any other Group entity;

4.5.4. To comply with all Applicable Laws, regulations and requirements that apply and/or may apply in the future in order to maintain and obtain the licenses and permits required for the operations of the Issuer and its Subsidiaries;

4.5.5. Not to sell, present, change, rent, invest, or otherwise transfer into utilisation the right to use the trademarks of the Issuer and/or its Subsidiaries;

4.5.6. Not to obtain participation in other companies by investing funds, except if over 51% (fifty one per cent) participation in this company shall be acquired by making an investment and the Issuer or its Subsidiaries retains full control of a company;

4.5.7. Not to sell or otherwise dispose of shares in any Material Subsidiary or any of the assets or operations of a Material Subsidiary to parties who are not Subsidiaries of the Group;

4.5.8. Not to lend (in the form of loans or otherwise) to the shareholders or Related Parties of the Issuer, except for a Fair Market Value and in total amount up to 10% of the Consolidated Net Worth;

4.5.9. Any transactions with Related Parties shall be at Fair Market Value;

4.5.10. To prepare and publish consolidated unaudited quarterly reports within 2 (two) months after the reporting period;

4.5.11. To publish consolidated condensed unaudited semi-annual report as per Accounting Principles within 2 (two) months after the reporting period;

4.5.12. To publish audited consolidated annual report as per Accounting Principles within 4 (four) months after the reporting period.

#### **4.6. Procedure for applying for the waiver**

The Issuer has the right to ask for the consent (waiver) of Investors to amend the conditions included in the Terms of the Issue (apply for the waiver). However, the issuer shall have a right to amend the technical procedures relating to the Notes in respect of payments or other similar

matters without the consent of the Investor, if such amendments are not prejudicial to the interests of the Investors.

The amendment of the Terms of the Issue may include the amendment of any conditions, which is not restricted by such characteristics of Notes as currency, Coupon rate, Coupon calculation method, Coupon and Nominal payments, inclusion of Note for trade in other regulated or alternative markets, the Maturity Date, and other conditions, unless they contradict Applicable Laws in force in the Republic of Latvia.

The Issuer can apply for the waiver itself or through the intermediary of an authorized person ("Agent"). To request a waiver, the Company or Agent shall notify the Noteholders by posting the information on the Company's webpage and if Notes are included in First North, *via* the Nasdaq Riga website, specifying at the least the following:

- a) a description of the changes applied for;
- b) a justification of the necessity of the changes applied for;
- c) the date when the list of Investors eligible to grant the waiver (vote) will be fixed;
- d) the term within which an Investor can support or reject the offered waiver;
- e) instructions concerning notification about the support or rejection of the waiver and the procedure for filling in the voting questionnaire;
- f) notification that an Investor willing to grant the waiver offered by the Issuer shall notify the Issuer and Issuer's Agent within the term specified in the application, which is certified by a postal seal, signature (including electronic signature valid and recognised within European Union) on receipt or notification (letter or email) by Investor's Custodian. If the Investor does not notify the Issuer or Issuer's Agent about the approval to grant waiver within the term specified in the application, an Investor shall be deemed as not having granted the waiver;
- g) contact details of the Issuer and/ or the Issuer's Agent to be used for notifications (telephone number for inquiries, email or address for sending filled in and signed questionnaires, list of representative offices and/ or branches of the Issuer and/ or Issuer's Agent where Investors can submit the questionnaires in person);
- h) other information including a fee to Investors for approving the waiver needed by Investors for deciding upon granting the consent or refusal to grant the waiver to the Issuer.

The list of Investors shall be inquired from the Nasdaq CSD as of the date falling to the fifth Business Day after the information was published on Company's website and *via* the Nasdaq Riga website if Notes are included in First North.

The term allowed to Investors for deciding upon refusal to grant the waiver to the Issuer may not be shorter than 14 (fourteen) calendar days after the information was published on Company's website and *via* the Nasdaq Riga website if Notes are included in First North. However, if the requisite consents have been received earlier, the relevant decision shall be deemed to be adopted even if the time period for the waiver has not yet expired.

Investors shall submit signed questionnaires with their decision to the Issuer or Issuer's Agent by a deadline set in the application of the waiver. The waiver is deemed to be granted, if Investors owning at least 50% (fifty per cent) of the outstanding Notes (excluding Notes owned by the Issuer and / or its Related Parties) have voted for granting the waiver. The Notes owned by the Issuer and / or its Related Parties are excluded from the voting process.

The Issuer or Issuer's Agent shall count the received votes and notify Investors of the results of the voting within one Business Day after the deadline for submitting the questionnaires by publishing relevant announcement on Company's website and *via* the Nasdaq Riga website, if Notes are included in First North.

If the accepted changes refer to specifications of the Notes and/ or Coupon calculation method, as well as procedure of Coupon payments and/ or repayment of the Nominal, the Issuer shall inform Nasdaq CSD on the mentioned changes according to the regulation determined in the Nasdaq CSD rules.

If the Issuer offers Investors a fee for approving the waiver and the waiver is granted, the Issuer transfers the fee amount to the account stated by an Investor in the questionnaire not later than ten Business Days after the waiver comes into force.

#### **4.7. Force majeure and limitation of liability**

4.7.1. The Issuer shall be entitled to postpone the fulfilment of its obligations under these Terms of the Issue in the event performance is not possible due to the continuous existence of any of the following circumstances (a "Force Majeure Event").

- a) action of any authorities, war or threat of war, armed hostility or a serious threat of it, including but not limited to enemy attacks, blockades, military embargoes, actions by a foreign enemy, general military mobilisation, military actions, declared and undeclared war, actions by a public enemy, commotions, acts of terrorism, diversions, piracy, disorders, invasion, blockade, revolution, coup, insurrection, mass unrest, introduction of curfews, quarantine established by the Cabinet of Ministers of the Republic of Latvia, expropriation, enforced withdrawal, takeover of enterprises, requisition;
- b) disturbances in postal, telephone, or electronic communications which are due to circumstances beyond the reasonable control of the Issuer and that materially affect the operations of the Issuer;
- c) any interruption of or delay in any functions of measures of the Issuer as a result of a fire, extreme weather or other similar disaster;
- d) any industrial action, such as a strike, lockout, boycott or blockade affecting materially the activities of the Issue; or
- e) any other similar *force majeure* hindrance.

4.7.2. In case of occurrence of a Force Majeure Event, the Issuer's fulfilment of the obligations may be postponed for the period of the existence of such respective circumstances and shall be resumed immediately after such circumstances cease to exist, provided the Issuer shall put all best efforts to limit the effect of the Force Majeure Event and to resume the fulfilment of its obligations as soon as possible.

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## 5. Taxes

### 5.1. Notice

This summary is of general nature and should not be considered a legal or tax advice. This summary does not contain full and complete information on all the taxes that relate to investment in the Bonds. Tax rates and conditions for paying taxes may change during the life of the Bonds. Potential Investors should consult with their own tax advisors with respect to their particular circumstances and the effects of the Latvian or foreign tax laws to which they may be subject to.

### 5.2. Definition of residents and non-residents

An individual is considered resident of Latvia for tax purposes if his or her declared place of residence is the Republic of Latvia, or he or she stays in the Republic of Latvia for more than 183 (one hundred and eighty-three) days within any 12 (twelve) month period; or he or she is a citizen of the Republic of Latvia and is employed abroad by the government of the Republic of Latvia. If an individual does not meet any of the above-mentioned criteria, he or she is considered a non-resident for tax purposes.

Any legal entity is considered resident of Latvia for tax purposes if it is or should be established and registered in the Republic of Latvia according to the Latvian legal acts. This also include permanent establishments of foreign entities in Latvia. Other legal entities are considered non-residents for tax purposes.

Latvia has entered into number of tax conventions on elimination of the double taxation, which may provide more favourable taxation regime. Therefore, if there is a valid tax convention with the country of a non- resident Bondholder, it should be also examined. The procedures for application of tax conventions are provided in the Republic of Latvia Cabinet of Ministers' Regulations No. 178 "Procedures for Application of Tax Relief Determined in International Agreements for Prevention of Double Taxation and Tax Evasion" of 30 April 2001. For the purposes of exchanging documents, the Bondholder should contact the Issuer via the information provided on the Issuer's website and/or Nasdaq Riga website.

### 5.3. Taxation

Tax consequences in the Republic of Latvia regarding the income derived from Bonds that are issued by a legal entity registered in the Republic of Latvia (not being a credit institution) effective as of date of the Terms of the Bonds Issue are as follows:

**Table 1 – Tax consequences in Latvia regarding the income derived from Notes that are issued by a legal entity registered in Latvia (not being a credit institution) effective as of 1 January 2024:**

Legal status of income beneficiary	Bonds that are not in the public circulation (not admitted to trading on a regulated market for the purposes of MiFID II)		Conditions
	Interest tax rate	Capital gains tax rate	
Individual resident of Latvia	20% <sup>1</sup>	20% <sup>1</sup>	20% tax from the interest (coupon) income is withheld and transferred to the State budget by an Issuer of the Notes.  <sup>1</sup> Exclusively for individual residents (natural person taxpayers), The Law on Income Tax of the Republic of Latvia allows for postponement of the taxation of income derived from securities by using an investment account regime. Provided that the investment account regime is used at the moment of receiving the respective financial

			<p>income, the moment of taxation of the financial income held on an investment account is postponed until such income is withdrawn from the investment account (i.e., the amount withdrawn from the account exceeds the amount which had been previously paid into the account).</p> <p>Income from disposal of Bonds is considered equivalent to an interest income and taxed at 20% rate in Latvia.</p>
Company resident of Latvia	deferred: 20/80 of the beneficiary's net profit distributed (equals to 20% of the gross profit)	deferred: 20/80 of the beneficiary's net profit distributed (equals to 20% of the gross profit)	<p>Interest (coupon) income and a capital gain from the Bonds constitute a part of the beneficiary's - Latvian company's overall income.</p> <p>The Corporate Income Tax obligation is deferred to the moment of profit distribution (dividends, interim dividends) or deemed profit distribution (e.g., deemed dividends, non-business expenditure, bad debts provisions/write-off, loans to the related persons, transfer pricing adjustments, liquidation quota) of the beneficiary - Latvian company. The tax is assessed and paid based on the Corporate Income Tax Return filed for a taxation period (a month or year).</p>
Individual non-resident	20% / 5% <sup>2</sup>	20%	<p>20% tax from the interest (coupon) income is withheld and transferred to the State budget by an Issuer of Bonds, if it is registered in Latvia. Nonetheless, income from publicly traded financial instruments (interest (coupon) income) is subject to tax exemption.</p> <p>A non-resident individual being a beneficiary of interest (coupon) income or an income from disposal of Bonds could be obliged to assess and pay tax in its country of residence at the tax rate specified in the relevant country, which may or may not be higher than the one applicable in Latvia. Provisions of applicable double tax treaty may also provide for a more favourable tax application principle.</p> <p><sup>2</sup>5% tax from interest (coupon) income can be withheld and transferred to the State budget by an Issuer of Bonds who is the resident of Latvia, if all of the following three criteria are met: (i) the interest (coupon) payment is made with the intermediation of a financial institution, including the Depository, and the Notes issue has been arranged by a financial institution that is regulated by a public regulatory authority (such as the FCMC); (ii) the recipient of such income is a resident of the European Union or the European Economic Area and is not engaged in economic activity; (iii) the respective financial instrument is not publicly traded.</p>
Company non-resident	Not taxable in Latvia <sup>3,4</sup>	Not taxable in Latvia <sup>3,4</sup>	<p>Interest (coupon) income and a capital gain derived by a non-resident company (except a company from no-tax or low-tax countries or territories) are not taxable in Latvia.</p> <p><sup>3</sup>Payments (including interest payments) to non-resident located, registered or incorporated in a</p>



			<p>no-tax or low-tax country or territory as defined in the Regulations of the Cabinet of Ministers No. 819 “Regulations on No-Tax or Low-Tax Countries and Territories”, adopted on 17 December 2020; effective as of 1 January are subject to withholding tax of 20% if the payer is a Latvian legal entity.</p> <p><sup>4</sup>A non-resident company being a beneficiary of interest (coupon) income or a capital gain could be obliged to assess and pay tax in its country of residence at the tax rate specified in the relevant country, which may or may not be higher than the one applicable in Latvia.</p>
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*Source: Applicable Laws of the Republic of Latvia*

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## 6. Terms of the Offering

### 6.1. Subscription to the Notes

#### 6.1.1. Subscription period

The offering of the Notes shall commence on 29 May 2024 at 10 AM Riga time and end on the Maturity Date, or when all Notes are sold, whichever is earlier.

#### 6.1.2. Subscription terms

Subscription orders to the Notes can be submitted to the Arranger every Business Day during normal working hours until the end of the Subscription period. More detailed information on the submission of the subscription orders is available by phone +371 67 081 069.

Subscription orders can also be submitted to other Custodians, which in turn shall submit orders to the Arranger until the end of the Subscription period. The form of such subscription orders is regulated by contracts between Noteholders and Custodians and by the Applicable Laws.

The minimal initial subscription size (the “Minimum Investment Amount”) is EUR 100,000 (one hundred thousand Euro). Subscription size should be equal to a multiple of the Settlement Unit Multiple.

Total Nominal value of the Notes to be purchased and provided in each Subscription order shall be for at least Minimum Investment Amount. Potential Investors have the right to submit several orders during the offering.

All Subscription orders to the Notes shall be considered as binding and irrevocable commitment to acquire the allotted Notes.

By submitting the subscription order the Potential Investor confirms that it (i) has read and understands the Terms of the Issue, (ii) agrees and commits to adhere to the Terms of the Issue.

The First Settlement Date of Notes is 31 May 2024.

Article 5f of Regulation (EU) No. 833/2014 (as amended by Council Regulation (EU) No. 2022/328) and Article 1f of Regulation (EC) No. 765/ 2006 (as amended by Council Regulation (EU) No 2022/398) prohibit the sale of euro denominated transferable securities issued after 12 April 2022 or units of undertakings for collective investment (UCIs) providing exposure to such transferable securities, to any Russian or Belarusian national, any natural person residing in Russia or Belarus or to any legal person, entity or body established in Russia or Belarus. This prohibition does not apply to nationals of a Member State or to natural persons holding a temporary or permanent residence permit in a Member State of the European Union.

All the expenses related to the acquisition and custody of the Notes shall be borne by a Potential Investor in compliance with the pricelist of a credit institution or investment service provider, through which the Potential Investor purchases and keeps Notes. The Issuer is not obliged to compensate any such expenses incurred by the Potential Investor.

#### 6.1.3. Notes price

The Notes purchase price can be equal to 100% (one hundred per cent) of the Nominal value or purchase price could be lower or higher than the Nominal value, meaning that the Notes can be sold with discount or premium, plus accrued interest, at sole discretion of the Issuer.

All subscription orders that were aggregated during the subscription period with the First Settlement Date will be delivered without accrued interest.

All subscription orders that have been submitted after the First Settlement Date shall be executed with accrued interest, unless the settlement date for subscription orders is the 5 (five) Business Days before each Coupon payment date – from the Coupon record date and until the Coupon payment date, in which case the subscription orders shall be executed without accrued interest.

6.1.4. Reduction of the Notes issue size

At any time the Issuer may decide to discontinue offering of the Notes. The total issue size is equal to the actual issue size of the Notes before such decision.

6.1.5. Allocation of the Notes to Investors

The Notes are allocated to Potential Investors in the amount not larger than the amount specified in the subscription order and not less than the minimum size as described in the Clause 6.1.2. "Subscription terms".

The Arranger or the Issuer at its sole discretion has a right to refuse to allocate all or part of the subscribed Notes to any Potential Investors due to AML and Sanctions regulations compliance risk.

In case the total number of the Notes subscribed for during the subscription period is larger than the number of Notes available, the Issuer at its sole discretion has a right to refuse to allocate all or part of the subscribed Notes to any Potential Investor. The decision on the final allocation of Notes to Potential Investors is made by the Issuer.

**6.2. Settlement and delivery of the Notes**

The First Settlement Date of Notes is 31 May 2024. All subscription orders that were aggregated during the subscription period with settlement date 31 May 2024 will be delivered without accrued interest.

The settlement date for the Notes can be any Business Day which is not earlier than the second Business Day and not later than the 20th Business Day after subscription order is fully submitted to the Arranger.

Settlement of the Notes will be executed through the Nasdaq CSD as DVP (delivery versus payment) transactions according to the applicable Nasdaq CSD rules and Operating Manual. The Custodians execute payments for the Notes based on the results of the subscription provided by the Arranger. The Notes will be transferred to Investors' financial instrument accounts on the settlement date.

Settlement for the Notes can be executed according to other procedure, which is agreed to by the Arranger and Investor.

**6.3. Pre-emptive rights**

None of Investors has the rights of pre-emption in respect to acquisition of the Notes in the initial placement.

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## 7. Including of the Notes on the market and trading regulations

The Issuer plans to request the admission to trading of the Notes on First North within 12 (twelve) months after the Issue Date and submit Terms of the Issue. The Notes shall be listed on First North only in case Nasdaq Riga approves the Notes for listing. Each Investor acknowledges that the possible listing of the Notes on First North depends on the discretionary decision of the Nasdaq Riga. Therefore, the Issuer cannot ensure the listing of the Notes and, provided that the Issuer has taken all reasonable legal steps to ensure listing, shall not be deemed to be in breach of the Terms of the Issue in case the Notes are not listed.

The Issuer does not undertake to register the Notes prospectus with the FSA or list the Notes on any regulated market.

The Issuer has not signed any agreement with any person for Notes liquidity maintenance on the secondary market.

\* \* \*

## **8. Additional Information**

### **8.1. Advisors involved in the Issue**

The Issuer has concluded an agreement with the Arranger to organize the Notes Issue, to communicate with the Nasdaq CSD, market it to Potential Investors and conduct settlement during the subscription period. The Arranger may provide other services to the Issuer in the future and receive remuneration for it. The Arranger may invest its own funds in the Notes.

### **8.2. The external audit of the information included in the Terms of the Issue**

The auditors have not verified the information included in the Terms of the Issue.

### **8.3. Statements or reports included in the Terms of the Issue**

The securities description does not contain any expert statements or reports.

### **8.4. Credit ratings**

There is no credit rating assigned to the Issuer or to the Notes issue.

\* \* \*

## 9. The Issuer

### 9.1. General Information on the Issuer

The Issuer is DelfinGroup AS.

The Issuer's registration number is 40103252854 and LEI code 2138002PKHUJIMVMYB13 (i.e. legal entity identifier - a 20-character code that is based on the ISO 17442 standard developed by the International Organization for Standardization).

Legal address and location of management and production is Skanstes 50A, Riga, Latvia, LV-1013.

Legal form: public limited liability company (*akciju sabiedrība*), legal status — legal person.

Country of location: Republic of Latvia.

The Issuer carries out its activities in accordance with the Applicable Laws of the Republic of Latvia.

The main regulatory enactments which regulate Issuer's activities are:

- a) The Commercial Law of the Republic of Latvia (*Komerclikums, pieņemts 13.04.2000.*);
- b) Cabinet Regulation No. 245 of 29 March 2011, "Regulations Regarding a Special Permit (Licence) of Consumer Credit Services" (*Ministru kabineta noteikumi Nr. 245 "Noteikumi par speciālo atļauju (licenci) patērētāju kreditēšanas pakalpojumu sniegšanai", pieņemti 29.03.2011.*);
- c) Cabinet Regulation No. 691 of 25 October 2016, "Regulations on Consumer Credit" (*Ministru kabineta noteikumi Nr. 691 "Noteikumi par patērētāja kreditēšanu", pieņemti 25.10.2016.*) (these Regulations determine the requirements in relation to the content of consumer credit service advertisements, the procedures by which information shall be provided prior to entering into a consumer credit agreement, and the content of information, requirements for provisions of additional services, the requirements to be set out for the credit agreement and the information to be contained therein, the methodology for the calculation of the annual percentage rate of charge, foreign currency credit and variable interest rate credit provisions, the procedures for informing consumers during the duration of the credit agreement, the procedures for early repayment of credit and fair reduction of the total costs of the credit, the requirements applicable to individual types of credit agreements and the obligations of credit intermediaries, advisory requirements, as well as the legal framework for consumer credit for pledging movable property);
- d) Law On Out-Of-Court Consumer Dispute Resolution Bodies (*Patērētāju ārpustiesas strīdu risinātāju likums, pieņemts 18.06.2015.*) (the purpose of this law is to lay down uniform requirements for the out-of-court dispute resolution bodies, in order to enable consumers to exercise and protect their lawful rights through independent, impartial, transparent, efficient, fast, and fair out-of-court dispute resolution);
- e) Personal Data Processing Law (*Fizisko personu datu apstrādes likums, pieņemts 21.06.2018.*) (the purpose of this Law is to create legal preconditions for setting up of a system for the protection of personal data of a natural person at a national level by providing for the institutions necessary for such purpose, determining the competence and basic principles of operation) and Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation);
- f) Consumer Rights Protection Law (*Patērētāju tiesību aizsardzības likums, pieņemts 18.03.1999.*) (the purpose of this Law is to ensure that consumers are able to exercise and protect their lawful rights when entering into contracts with manufacturers, traders or service providers);

- g) Unfair Commercial Practice Prohibition Law (*Negodīgas komercprakses aizlieguma likums, pieņemts 22.11.2017.*) (the purpose of this Law is to ensure the protection of the rights and economic interests of the consumers by prohibiting the performers of commercial practices from utilising unfair business-to-consumer commercial practices);
- h) Law On Extrajudicial Recovery of Debt (*Parādu ārpustiesas atgūšanas likums, pieņemts 08.11.2012.*) (the purpose of this Law is to regulate the rights and duties of a creditor and a provider of debt recovery services in the field of debt recovery).

## 9.2. A description of the Issuer's position within the group

At the moment of signing the Terms of the Issue, the Issuer is an operating company and holds interest in two Subsidiaries.

## 9.3. Auditor

The Issuer's financial auditor of the latest audited annual report is KPMG Baltics SIA (registration number: 40003235171, legal address: Roberta Hirša iela 1, Rīga, LV-1045, (commercial company licence No. 55)). The Issuer's shareholders' appointed KPMG Baltics SIA (commercial company licence No. 55) as the auditor also of the Annual Report for the year 2024.

## 9.4. Brief summary

DelfinGroup AS is a licensed consumer lending company, founded in 2009. The company represents such brands as Banknote, VIZIA and Riga City Pawnshop. DelfinGroup's core services are retail of pre-owned goods, pawn loans, consumer loans, as well as senior loans, the terms of which are specially adapted for senior consumers. The company operates in a total of over 89 Banknote branches in Latvia and 5 in Lithuania, and the company is also represented in the digital environment with remote service provision - in the field of consumer loans and an online store. The company employs more than 300 professionals.

Updated quarterly financial and business information about DelfinGroup is available on Nasdaq Riga website.

## 9.5. Management Board of the Issuer

The Management Board (*valde*) of the Issuer consists of the following members:

- **Didzis Ādmīdiņš** (Chairman of the Management Board, CEO, owns 605,000 shares of the Issuer (1.33%))  
Master's degree in Economics and Business Administration from the Riga Technical University. Previous experience as Chief Operating Officer at several real estate companies (2008-2010); Retail credit specialist at Swedbank (2007-2008).
- **Aldis Umblejs** (Member of the Management Board, CFO, owns 11,650 shares of the Issuer (0.03%))  
BSc in Business Administration from BA School of Business and Finance. CFA charterholder, member of the Association of Chartered Certified Accountants (FCCA). Previous experience as member of the management board and CFO at Finitera (2019-2021, CFO at DCE Solutions (2017-2020), Manager at EY (2016-2017), CFO at Scandagra Latvia (2014-2016). Responsible for supporting the CEO in developing and implementing the strategy. Responsible for finance strategy and reporting on the financial and operational performance of the business.
- **Sanita Pudnika** (Member of the Management Board, COO, owns 5,050 shares of the Issuer ((0.01%)))  
BA in Philology from the University of Latvia. Leadership training from Consaltum AB (in association with Stockholm School of Economics in Riga). Previous experience as Country Manager at Twino Group (2018-2020), Product Manager of Consumer Lending in Retail Product Development Division at Citadele banka (2016-2018). Responsible for overseeing the day-to-day administrative and operational functions of the business.

- **Nauris Bloks** (Member of the Management Board, Chief Innovation Officer, owns 0 shares of the Issuer)

Bachelor's degree in e-business management from the University of Latvia. Professional Board Member courses at Baltic Institute of Corporate Governance. Certified Business Analysis professional (CBAP®). Previous experience as member of the supervisory board at Twino Investments (2021-2022), Chief Technology Officer (2018-2022), member of the management board (2019-2022) and IT support manager (2016-2018) at Twino Group, various IT management positions at Rīgas Satiksme (2008-2016).

## 9.6. Supervisory Board of the Issuer

The Supervisory Board (*padome*) of the Issuer consists of the following members:

- **Agris Evertovskis** (Chairperson of the Supervisory Board)

Agris Evertovskis co-founded DelfinGroup in 2009. BSc in Economics and Business Administration from the Stockholm School of Economics in Riga. Previous experience in leading several commercial real estate development projects and companies (2006-2009).

- **Gatis Kokins** (Deputy Chairman of the Supervisory Board)

Gatis Kokins holds MBA from the Stockholm School of Economics in Riga and MSc in physics from the University of Latvia. Previous experience as the chairman of the supervisory board of technology and entertainment giant Tet, various positions in banking as member and chairman of the management board.

- **Mārtiņš Bičevskis** (Member of the Supervisory Board)

Mārtiņš Bičevskis studied law at the University of Latvia and has led a variety of state institutions and state companies. Previous experience includes serving in the position of state secretary of the Finance Ministry of the Republic of Latvia, various positions in supervisory boards (including Latvenergo) and formerly serving as the president of the Association of the Commercial Banks of Latvia.

- **Jānis Pizičs** (Member of the Supervisory Board)

BSc in Economics and Business Administration from the Stockholm School of Economics in Riga and an MBA from the Riga Business School. He is currently a partner at Merito Partners. Experience includes serving as the Group CEO of Finko Group, head of Cluster Finance Partnering and Finance Improvement Lead in Nordic cluster at GlaxoSmithKline Latvia, Group head of Budgeting and Reporting at SPI Group sarl. Jānis Pizičs also holds a qualification from the Association of Certified Chartered Accountants.

## 9.7. Existing Shareholders of the Issuer

As of 31 March 2024, the current structure of the Issuer's shareholders is as follows:

**Table 3 – Issuer's Existing Shareholders structure**

Name, surname/ Legal name	Number of shares	Shares owned, %
ALPPES Capital AS	13 160 346	29.00%
AE Consulting SIA	3,891,174	8.58%
EC finance SIA	6,775,560	14.93%
Curiosity Capital SIA	5,814,104	12.81%
Private individuals (Management Board and Supervisory Board under Clause 9.5. and 9.6.)	636,116	1.40%
Free float on Nasdaq Riga Baltic Main list	15,100,205	33.28%
<b>Total:</b>	<b>45,377,505</b>	<b>100%</b>

Issuer's share capital is EUR 4,537,750.50 which consists of 45,377,505 shares, each of them with a nominal value of EUR 0.10.



The sole shareholder of SIA AE Consulting and SIA EC finance is the chairman of the supervisory board, co-founder - Agris Evertovskis. Shareholder of AS ALPPES Capital is Aigars Kesenfelds. The sole shareholder of SIA Curiosity Capital is Linda Kesenfelde.

On 17 July 2023 it has been registered in the Latvian Commercial Register that the beneficial owner of the Issuer is a shareholder in a joint-stock company, shares of which are listed on the regulated market and control over the legal entity exercises only from the shareholder's status.

#### **9.8. Litigation and arbitration proceedings**

At the moment of signing the Terms of the Issue, the Issuer is not involved in any government interventions, lawsuits or arbitration processes, which may significantly affect or have significantly affected the financial situation or profitability of the Issuer.

#### **9.9. Substantial changes in financial situation of the Issuer**

As of the publication of the last financial statement, the financial situation or performance of the Issuer has not worsened. The Issuer is unaware of any factors, claims, obligations, or events which would negatively affect the financial situation or performance of the Issuer in future.

#### **9.10. Documents available to the public**

After the Notes will be included in the First North operated by Nasdaq Riga, Terms of the Issue and company description will be available to the public via Issuer's website and the Nasdaq Riga website.

\* \* \*

## 10. Financial information

The last reported and audited equity of the Issuer as of 31 December 2023 is EUR 21,322,113.

Issuer does not provide pro forma financial information.

The profit/loss forecast has not been carried out.

Information, which is disclosed in this clause of the Terms of the Issue, is taken from the Issuer's audited financial reports that are approved by the Issuer's management. The annual reports are prepared according to the International Financial Reporting Standards (IFRS).

Issuer's financial figures, including audited annual reports and unaudited quarterly reports are available on Nasdaq Riga website.

### 10.1. Income Statement

Table 4 – Issuer's consolidated income statements, 2022-2023, EUR

	2023 (audited)	2022 (audited)
Net sales	9 215 700	6 472 567
Cost of sales	(6 086 190)	(4 203 640)
Interest income and similar income	41 207 451	29 303 319
Interest expenses and similar expenses	(8 578 969)	(4 669 485)
Credit loss expenses	(10 686 504)	(6 161 123)
<b>Gross profit</b>	<b>25 071 488</b>	<b>20 741 638</b>
Selling expenses	(8 746 836)	(7 500 225)
Administrative expenses	(7 727 436)	(5 773 267)
Other operating income	75 251	104 064
Other operating expenses	(382 832)	(314 649)
<b>Profit before corporate income tax</b>	<b>8 289 635</b>	<b>7 257 561</b>
Income tax expense	(1 661 664)	(1 296 108)
<b>Profit after corporate income tax</b>	<b>6 627 971</b>	<b>5 961 453</b>
<b>Profit for the reporting year</b>	<b>6 627 971</b>	<b>5 961 453</b>

### 10.2. Balance sheet

Table 5 – Issuer's consolidated balance sheet at the end of period 2022-2023, EUR

	31.12.2023 (audited)	31.12.2022 (audited)
<b>Non-current assets:</b>		
<u>Intangible assets:</u>		
Patents, licences, trademarks and similar rights	13 946	26 906
Internally developed software	799 156	575 458
Other intangible assets	769 917	121 162
Goodwill	127 616	127 616
Work in progress internally developed software	31 678	-
Advances on intangible assets	125 044	43 801
TOTAL:	<b>1 867 357</b>	<b>894 943</b>
<u>Property, plant and equipment:</u>		
Land, buildings and structures	174 597	182 378
Leasehold improvements	315 442	189 340
Rights-of-use assets	2 887 270	2 636 223
Other fixtures and fittings, tools and equipment	322 104	203 192
TOTAL:	<b>3 699 413</b>	<b>3 211 133</b>

<u>Non-current financial assets:</u>		
Loans and receivables	66 686 257	46 150 128
TOTAL:	<b>66 686 257</b>	<b>46 150 128</b>
TOTAL NON-CURRENT ASSETS:	<b>72 253 027</b>	<b>50 256 204</b>
 <b>Current assets:</b>		
Finished goods and goods for sale	3 390 882	2 289 780
Loans and receivables	22 339 708	21 367 679
Other debtors	913 637	574 646
Deferred expenses	235 250	300 670
Cash and cash equivalents	5 928 570	2 369 029
TOTAL CURRENT ASSETS:	<b>32 808 047</b>	<b>26 901 804</b>
<b>TOTAL ASSETS:</b>	<b>105 061 074</b>	<b>77 158 008</b>
 <b>Equity:</b>		
Share capital	4 537 751	4 531 959
Share premium	6 890 958	6 890 958
Other capital reserves	169 812	93 058
Retained earnings	9 723 592	6 589 761
TOTAL EQUITY:	<b>21 322 113</b>	<b>18 105 736</b>
 <b>Liabilities:</b>		
<u>Long-term liabilities:</u>		
Bonds issued	26 862 004	4 330 630
Loans from credit institutions	6 406 925	-
Other borrowings	14 904 405	15 004 505
Lease liabilities for right-of-use assets	2 337 138	2 353 309
TOTAL LONG-TERM LIABILITIES:	<b>50 510 472</b>	<b>21 688 444</b>
<u>Current liabilities:</u>		
Bonds issued	13 404 540	14 783 110
Loans from credit institutions	887 067	-
Other borrowings	14 505 929	19 856 253
Lease liabilities for right-of-use assets	831 318	565 131
Trade payables	1 011 347	856 429
Taxes and social insurance	393 498	349 696
Income tax liabilities	996 770	210 796
Accrued liabilities	1 198 020	742 413
TOTAL SHORT-TERM LIABILITIES:	<b>33 228 489</b>	<b>37 363 828</b>
TOTAL LIABILITIES:	<b>83 738 961</b>	<b>59 052 272</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>105 061 074</b>	<b>77 158 008</b>

### 10.3. Statement of cash flows

Table 6 – Issuer’s consolidated statement of cash flow for 2022-2023, EUR

	2023 (audited)	2022 (audited)
<u>Cash flow from operating activities</u>		
<b>Profit before corporate income tax</b>	<b>7 257 561</b>	<b>4 996 931</b>
<u>Adjustments for non-cash items:</u>		
a) a) depreciation and amortisation	515 193	433 466
b) b) depreciation of right-of-use assets	806 872	750 699
c) c) credit loss expenses	10 686 504	6 161 123
d) d) share-based payment expense	76 754	93 058
e) e) interest income and similar income	(41 207 451)	(29 303 319)

f) f) interest expenses and similar expenses	8 578 969	4 669 485
<b>Profit before adjustments of working capital and short-term liabilities</b>	<b>(9 937 927)</b>	<b>(7 590 035)</b>
<u>Change in operating assets/liabilities:</u>		
a) (Increase) on loans and receivables and other debtors	(31 043 519)	(29 872 009)
b) (Increase)/ decrease on inventories	(1 101 102)	(1 035 082)
c) (Decrease)/increase on trade payable and accrued liabilities	1 164 431	1 476
<b>Gross cash flow from operating activities</b>	<b>(43 233 714)</b>	<b>(40 843 542)</b>
Interest received	39 784 160	28 897 519
Interest paid	(9 750 889)	(5 041 149)
Corporate income tax payments	(777 991)	(979 191)
<b>Net cash flow from operating activities</b>	<b>(13 978 434)</b>	<b>(17 966 363)</b>
<u>Cash flow from investing activities</u>		
Acquisition of property, plant and equipment	(441 148)	(204 091)
Acquisition of intangible assets	(1 285 115)	(499 594)
<b>Net cash flow from investing activities</b>	<b>(1 285 115)</b>	<b>(499 594)</b>
<u>Cash flow from financing activities</u>		
Proceeds of exercise of share options	5 792	-
Term deposits	(454 500)	-
Loans received	26 078 953	35 565 757
Loans repaid	(23 921 661)	(18 782 851)
Bonds issued	36 954 000	8 651 455
Redemption of bonds	(14 943 000)	(500 000)
Repayment of lease liabilities	(961 206)	(930 389)
Dividends paid	(3 494 140)	(5 424 757)
<b>Net cash flow from financing activities</b>	<b>19 264 238</b>	<b>18 579 215</b>
<b>Net cash flow of the reporting period</b>	<b>3 559 541</b>	<b>(90 833)</b>
Cash and cash equivalents at the beginning of the reporting period	2 369 029	2 459 862
Cash and cash equivalents at the end of the reporting period	5 928 570	2 369 029

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