

AS ALPPES Capital

incorporated and registered in Latvia, with registration number 52103097551

Public offering by AS ALPPES Capital of up to 5,395,000 shares of AS "DelfinGroup", with an option to increase the number of shares by up to 2,400,000, to a maximum of up to 7,795,000 shares of AS "DelfinGroup"

Price EUR 1.09 per Offer Share

Offer Period 20 May 2024 – 3 June 2024

PROSPECTUS

ON PUBLIC OFFERING OF THE COMPANY'S SHARES

This Prospectus on Public Offering of AS "DelfinGroup" (the "**Company**" or "**DelfinGroup**") Shares (the "**Prospectus**") has been prepared by the Company's shareholder AS ALPPES Capital (the "**Offeror**") in connection with public offering (the "**Offering**") of the Company's shares (the "**Shares**") listed on the Baltic Main List of Nasdaq Riga. The Offering comprises up to 5,395,000 existing Shares (the "**Base Offer Shares**"), with an option to increase it by up to 2,400,000 existing Shares (the "**Additional Offer Shares**"), to a maximum amount of up to 7,795,000 existing Shares (the "**Offer Shares**") offered by the Offeror. The Offer Shares are existing fully paid-up Shares of the Company. The current share capital of the Company is not being increased or reduced within or as a result of the Offering.

The Offer Shares are offered (i) publicly to retail investors in Latvia, Estonia and Lithuania (the "**Retail Offering**"); and (ii) non-publicly to qualified investors within the meaning of Article 21 of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the Prospectus to be published when securities are offered to the public or admitted to trading on a regulated market (the "**Prospectus Regulation**") in Latvia and in certain selected Member States of the European Economic Area as well as other selected investors in accordance with the exemptions set out in the legislation of the Member States (the "**Institutional Offering**"). The public offering shall take place in Latvia, Estonia and Lithuania only and Offer Shares shall not be publicly offered in any other jurisdiction. The Prospectus has been approved by the decision of the Bank of Latvia on 15 May 2024.

The Offer Period of the Offer Shares commences on 20 May 2024 at 10:00 and terminates on 3 June 2024 at 15:30 (the "**Offer Period**") in accordance with the terms and conditions set out in this Prospectus. The Offer Price is EUR 1.09 per one Offer Share (the "**Offer Price**").

The Offeror reserves the right to cancel or postpone the Offering or amend the terms and conditions of the Offering in accordance with the terms and conditions prescribed in this Prospectus.

Investment in shares entails risks. While every care has been taken to ensure that this Prospectus presents a fair and complete overview of the risks related the Company, the operations of the Company and its subsidiaries, i.e., ViziaFinance and DelfinGroup LT operations, and the Offer Shares, the value of investment in the Offer Shares may be significantly affected by circumstances that are either not evident at the date of approval of this Prospectus or not reflected in the Prospectus. Investment in the Offer Shares must be based on this Prospectus as a whole. Hence, we ask you to study this Prospectus with care.

This Prospectus is valid until the end of the Offer Period. The Offeror is obliged to update the Prospectus by publishing a supplement only in the case if new facts, material errors or inaccuracies occur. Such an obligation does not apply after the end of the validity period of this Prospectus.

MIFID II product governance. The Retail Offering is directed to all retail investors in Latvia, Estonia and Lithuania. The Institutional Offering is directed to qualified investors in Latvia and in certain selected countries of the European Economic Area which have implemented the Prospectus Regulation, as well as to certain selected investors in accordance with other exemptions available under the laws of respective jurisdictions. Persons who offer, sell or recommend Shares (the Distributors) are independently responsible for the evaluation of the target market and appropriate distribution channels and must guarantee that these are in conformity with the provisions of this Prospectus.

This Prospectus is not, and does not purport to be, investment advice or an investment recommendation to acquire Offer Shares. Based on the investor's own independent review or analysis, each prospective investor of Offer Shares must determine, involving professional counsel if deemed necessary, whether an investment in the Offer Shares is consistent with the investor's financial capacities and investment objectives, and whether the investment is consistent with all the rules, requirements and restrictions that may be applicable to such investor.



AS LHV Pank

Global Lead Manager and Bookrunner

TABLE OF CONTENTS

SUMMARIES	6
1.1. SUMMARY IN ENGLISH	6
1.2. SUMMARY IN ESTONIAN (<i>KOKKUVÕTE</i>)	13
1.3. SUMMARY IN LATVIAN (<i>KOPSAVILKUMS</i>)	20
1.4. SUMMARY IN LITHUANIAN (<i>SANTRAUKA</i>)	27
2. RISK FACTORS	34
2.1. RISK FACTORS RELATING TO MACROECONOMIC CONDITIONS	34
2.2. RISK FACTORS RELATING TO THE INDUSTRY AND MARKET IN WHICH THE GROUP OPERATES.....	35
2.3. RISK FACTORS RELATED TO THE GROUP'S BUSINESS	36
2.4. RISK FACTORS RELATING TO IT AND INTELLECTUAL PROPERTY	39
2.5. RISK FACTORS RELATING TO LAWS, REGULATIONS AND COMPLIANCE	41
2.6. RISK FACTORS RELATING TO FINANCIAL MATTERS.....	44
2.7. RISKS RELATING TO THE SHARES AND THE OFFERING.....	45
3. INTRODUCTORY INFORMATION	47
3.1. APPLICABLE LAW	47
3.2. RESPONSIBLE PERSONS AND LIMITATION OF LIABILITY	47
3.3. PRESENTATION OF INFORMATION	47
3.4. ACCOUNTING PRINCIPLES	48
3.5. FORWARD-LOOKING STATEMENTS.....	49
3.6. USE OF THIS PROSPECTUS	49
3.7. APPROVAL OF THIS PROSPECTUS	49
3.8. REFERENCES INCORPORATED INTO THIS PROSPECTUS.....	49
3.9. DOCUMENTS ON DISPLAY.....	50
4. TERMS AND CONDITIONS OF THE OFFERING	51
4.1. THE OFFERING.....	51
4.2. OFFER PERIOD.....	51
4.3. RETAIL OFFERING	51
4.4. INSTITUTIONAL OFFERING.....	53
4.5. OFFER PRICE.....	54
4.6. PAYMENT	54
4.7. ALLOCATION OF THE OFFER SHARES	54
4.8. SETTLEMENT THROUGH THE GLOBAL LEAD MANAGER	55
4.9. SETTLEMENT AND TRADING	55
4.10. AGREEMENTS RELATED TO THE OFFERING	55
4.11. CHANGE TO THE OFFER PRICE AND OFFER PERIOD	56
4.12. RELEASE OF FUNDS	56
4.13. POSTPONEMENT OR CANCELLATION OF THE OFFERING	57
4.14. TAXATION	57
4.15. LATVIA.....	57
4.16. ESTONIA.....	60
4.17. LITHUANIA	61
5. REASONS FOR OFFERING AND USE OF PROCEEDS.....	63
5.1. REASONS FOR THE OFFERING	63
5.2. USE OF PROCEEDS	63
6. RIGHT TO DIVIDENDS AND DIVIDEND POLICY	64
6.1. TYPES, DETERMINATION AND DISTRIBUTION OF DIVIDENDS	64
6.2. DIVIDEND POLICY	64
6.3. ENTITLEMENT TO DIVIDEND	65
6.4. AMOUNT OF THE DIVIDEND PER SHARE	65
7. PRINCIPAL MARKETS	67
7.1. INTRODUCTION	67
7.2. OVERVIEW OF THE CONSUMER LENDING SEGMENT	67

7.3.	KEY DEVELOPMENTS AND TRENDS IN THE PROVISION OF CONSUMER LENDING SERVICES	68
7.4.	COMPETITIVE LANDSCAPE OF CONSUMER LENDING SERVICES	73
7.5.	REGULATORY ENVIRONMENT OF CONSUMER LENDING SERVICES	76
7.6.	OVERVIEW OF THE RETAIL BUSINESS SEGMENT OF PRE-OWNED GOODS	77
7.7.	KEY DEVELOPMENTS AND TRENDS IN THE BUSINESS SEGMENT OF PRE-OWNED GOODS RETAIL.....	77
7.8.	COMPETITIVE LANDSCAPE OF PRE-OWNED GOODS RETAIL.....	78
7.9.	REGULATORY ENVIRONMENT OF PRE-OWNED GOODS RETAIL	78
8.	COMPANY OVERVIEW.....	80
8.1.	ABOUT THE COMPANY.....	80
8.2.	HISTORICAL TIMELINE AND MILESTONE EVENTS	80
8.3.	ORGANISATIONAL STRUCTURE	82
8.4.	SERVICES	83
8.5.	CUSTOMER EXPERIENCE.....	86
8.6.	RISK MANAGEMENT.....	96
8.7.	DATA-DRIVEN CONSUMER LENDING PROCESS	101
8.8.	BIG DATA.....	102
8.9.	INVESTMENTS.....	103
8.10.	STRENGTHS	103
8.11.	STRATEGY AND OBJECTIVES	104
8.12.	COMMUNITY INVESTMENT.....	106
8.13.	EMPLOYEES	110
8.14.	DEPENDENCY ON AGREEMENTS, PATENTS, LICENCES ETC.	111
8.15.	MATERIAL AGREEMENTS	111
8.16.	RELATED PARTY TRANSACTIONS.....	113
8.17.	LEGAL PROCEEDINGS.....	113
9.	GENERAL INFORMATION AND ARTICLES OF ASSOCIATION.....	114
9.1.	GENERAL INFORMATION ON THE COMPANY	114
9.2.	THE ARTICLES OF ASSOCIATION.....	114
10.	SHARE CAPITAL, SHARES, OWNERSHIP STRUCTURE, SELLING SHAREHOLDER.....	116
10.1.	SHARE CAPITAL AND SHARES	116
10.2.	CONDITIONAL EQUITY CAPITAL	117
10.3.	SHAREHOLDERS	117
10.4.	SELLING SHAREHOLDER	118
10.5.	SHAREHOLDER RIGHTS	118
11.	MANAGEMENT AND SUPRVISORY BODIES.....	122
11.1.	GOVERNANCE STRUCTURE.....	122
11.2.	MANAGEMENT BOARD.....	122
11.3.	SUPERVISORY BOARD.....	125
11.4.	THE AUDIT AND RISK COMMITTEE.....	128
11.5.	THE REMUNERATION AND NOMINATION COMMITTEE	129
11.6.	THE BUSINESS DEVELOPMENT COMMITTEE.....	129
11.7.	CONFLICTS OF INTEREST AND OTHER DECLARATIONS	130
11.8.	GOOD CORPORATE GOVERNANCE, SUSTAINABILITY AND COMPLIANCE PRACTICES	130
11.9.	THE EXTERNAL AUDITOR	132
12.	REMUNERATION AND BENEFITS	133
12.1.	REMUNERATION POLICY.....	133
12.2.	PERSONNEL SHARE OPTIONS	134
12.3.	REMUNERATION REPORT.....	135
13.	HISTORICAL FINANCIAL INFORMATION.....	138
14.	OPERATING AND FINANCIAL REVIEW.....	153
14.1.	OVERVIEW	153
14.2.	KEY FACTORS AFFECTING RESULTS OF OPERATIONS AND FINANCIAL PERFORMANCE OF THE GROUP	154
14.3.	RESULTS OF OPERATIONS OF THE GROUP.....	155
14.4.	THE GROUP'S FINANCIAL POSITION	160
14.5.	LIQUIDITY AND CAPITAL RESOURCES	162

14.6.	CAPITAL STRUCTURE AND BORROWING REQUIREMENTS	165
14.7.	LONG-TERM OBJECTIVES.....	168
14.8.	RECENT TRENDS, DEVELOPMENT AND MATERIAL CHANGES	168
15.	CAPITALISATION AND INDEBTEDNESS.....	169
15.1.	WORKING CAPITAL STATEMENT	169
15.2.	CAPITALISATION AND INDEBTEDNESS	169
16.	GLOSSARY.....	171

SUMMARIES

1.1. Summary in English

Introduction and warnings

Name and international securities identification number (ISIN) of the securities

Share of the Company (DelfinGroup), international securities identification number (ISIN): LV0000101806.

Identity and contact details of the issuer, including its legal entity identifier (LEI)

AS "DelfinGroup" is a joint stock company (*akciju sabiedrība*), incorporated in Latvia, registered in the Register of Enterprises of Latvia with registration number 40103252854, having its registered address at Skanstes iela 50A, Rīga, LV-1013. The Company's e-mail is info@delfingroup.lv, telephone number is +371 26189988. Its legal entity identifier (LEI) is 2138002PKHUJIMVMYB13.

Identity and contact details of the offeror, including its legal entity identifier (LEI)

AS ALPPES Capital is a joint stock company (*akciju sabiedrība*), incorporated in Latvia, registered in the Register of Enterprises of Latvia with registration number 52103097551, having its registered address at Jūras iela 12, Liepāja, LV-3401. The Company's e-mail is Solvita.Kurtisa@inin.lv, telephone number is +371 29273309. Its legal entity identifier (LEI) is 984500D66E0J0A5BB002.

Identity and contact details of the competent authority approving the Prospectus

This Prospectus has been approved by the Bank of Latvia, as the competent authority, with its address at Krišjāņa Valdemāra iela 2A, Rīga, LV-1050, e-mail: info@bank.lv, telephone number: +371 67022300, in accordance with Regulation (EU) 2017/1129.

Date of approval of the Prospectus

This Prospectus was approved on 15 May 2024.

Warnings

The Summary has been prepared in accordance with Article 7 of Regulation (EU) 2017/1129 and should be read as an introduction to the Prospectus. Any decision to invest in the securities should be based on a consideration of the Prospectus as a whole by the investor. The investor could lose all or part of the invested capital. Where a claim relating to the information in the Prospectus is brought before court, the plaintiff investor might, under national law, have to bear the costs of translating the Prospectus before the legal proceedings are initiated. Civil liability attaches (relates) only to those persons who have tabled the Summary including any translation thereof, but only where the Summary is misleading, inaccurate or inconsistent, when read together with the other parts of the Prospectus, or where it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in such securities.

Key information on the Company

Who is the issuer of securities?

Domicile, legal form, LEI, jurisdiction of incorporation and country of operation

The Company is incorporated in Latvia, with its registered address at Skanstes iela 50A, Rīga, LV-1013, and its LEI number is 2138002PKHUJIMVMYB13. The Company is incorporated and registered as a joint stock company (*akciju sabiedrība*) in the Commercial Register of Latvia with registration number 40103252854.

Principal activities

The Group operates under three main brand names: Banknote, VIZIA and *Rīgas pilsētas lombards* (Riga City Pawnshop) and is active in two industries – consumer lending and retail business of pre-owned goods.

The Group offers the following three types of services: (1) consumer lending comprising consumer loans, point of sale loans and credit line financing, (2) pawn loans and (3) retail business of pre-owned goods. The Group is organised into three operating segments based on services as follows:

- (1) **Consumer loan segment:** handling consumer loans for customers, debt collection activities and loan debt sales to external debt collection companies.

- (2) **Pawn loan segment:** handling pawn loan issuance and the sale of pawn shop items.
- (3) **Other operations segment:** providing loans for real estate development (as of the date of this Prospectus not an active service), general administrative services to the companies of the Group (very minor activity, immaterial).

Major shareholders

As of the date of the Prospectus, the following shareholders hold over 5% of all Shares of the Company and the Company considers them its main shareholders:

Name of shareholder	Percentage of total share capital held	Number of Shares held	Ultimate beneficial owner(s) of the shareholder
SIA "AE Consulting"	8.21%	3,724,229	Agris Evertovskis
SIA EC finance	14.93%	6,775,560	Agris Evertovskis
SIA Curiosity Capital	12.16%	5,518,896	Linda Kesenfelde
AS ALPPES Capital	29.32%	13,305,554	Aigars Kesenfelds

SIA "AE Consulting" and SIA EC finance jointly own 23.14% of the Company shares (and voting rights), AS ALPPES Capital owns 29.32% of the Company shares (and voting rights), SIA Curiosity Capital owns 12.16% of the Company shares (and voting rights). SIA "AE Consulting", SIA EC finance, SIA Curiosity Capital and AS ALPPES Capital jointly own 64.62% of the Company shares (and voting rights).

In addition, Mr Agris Evertovskis, Chairman of the Supervisory Board, owns 1,250 Shares in the Company directly, thus in total Mr Agris Evertovskis directly and indirectly through SIA EC finance and SIA "AE Consulting" owns 23.14% (or 10,501,039 Shares) in the Company.

In addition, Mrs Linda Kesenfelde owns 0.38% (or 170,000 Shares) in the Company directly and 4.85% (or 2,200,000 Shares) through SIA LK Investments, thus in total Mrs Linda Kesenfelde directly and indirectly through SIA Curiosity Capital and SIA LK Investments owns 17.39% (or 7,888,896 Shares) in the Company.

There is no shareholders agreement entered into between the Offeror and any other shareholder of the Company.

Key managing directors

The details on the members of key managing directors of the Company, as of the date of this Prospectus, are provided below.

Name	Role	Appointment Date	Expiration of the Term in Office
Didzis Ādmīdiņš	CEO, Chairman of the Management Board	19 January 2021	18 January 2026
Aldis Umblejs	CFO, Member of the Management Board	15 December 2021	14 December 2026
Sanita Pudnika	COO, Member of the Management Board	1 March 2022	28 February 2027
Nauris Bloks	CIO, Member of the Management Board	8 June 2023	6 July 2028
Agris Evertovskis	Chairman of the Supervisory Board	30 March 2021	29 March 2026
Gatis Kokins	Deputy Chairman of the Supervisory Board	30 March 2021	29 March 2026
Edgars Vojskis	Member of the Supervisory Board	30 March 2021	29 March 2026
Mārtiņš Bičevskis	Member of the Supervisory Board	30 March 2021	29 March 2026
Jānis Pizičs	Member of the Supervisory Board	30 March 2021	29 March 2026

Identity of statutory auditors

"KPMG Baltics SIA", registration number: 40003235171, registered address at Roberta Hirša iela 1, Rīga, LV-1045, are the statutory auditors of the Group. Statutory auditors are elected by the General Meeting.

What is the key financial information regarding the issuer?

The Group's consolidated audited financial statements for the financial years ended 31 December 2023, 31 December 2022 and 31 December 2021 have been enclosed to the Prospectus. Also, the Group's unreviewed consolidated interim financial statements for the 3-month period which ended on 31 March 2024 and the Group's unreviewed consolidated interim financial statements for the 3-month period which ended on 31 March 2023 have been enclosed to the Prospectus. The audited financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the European Union. The below tables present the consolidated financial information in accordance with Schedule I of Commission Delegated Regulation 2019/979/EU. The information is based on or derived from the Financial Statements and should be read together with the Financial Statements, including the explanations provided in the notes to the Financial Statements.

Selected consolidated statement of profit and loss and other income information, EUR'000

	Year ended 31 December (audited)			Three-month period ended 31 March	
	2021	2022	2023	2023	2024
Total revenue	25,189	35,776	50,423	11,333	14,260
Gross profit	15,390	20,742	25,071	5,702	6,773
EBIT margin, %	35.0	33.3	33.5	31.9	32.3
Profit before corporate income tax	4,997	7,258	8,290	1,825	2,039
Corporate income tax	(979)	(1,296)	(1,662)	(212)	(420)
Interim dividends	(2,223)	(2,923)	(3,494)	(838)	(649)
Net profit for the reporting year	4,018	5,961	6,628	1,613	1,619
Net profit margin, %	16.0	16.7	13.1	14.2	11.4
Net profit attributable to owners of the parent company	4,018	5,961	6,628	1,613	1,619
Earnings per share, EUR¹	0.098	0.132	0.146	0.036	0.036
Adjusted earnings per share, EUR²	0.098	0.132	0.146	0.036	0.036

Selected consolidated statement of financial position information, EUR'000

	Year ended 31 December (audited)			Three-month period ended 31 March	
	2021	2022	2023	2023	2024
Total non-current assets	32,743	50,256	72,253	57,023	78,841
Total current assets	19,420	26,902	32,808	28,073	29,673
Total assets	52,163	77,158	105,061	85,095	108,515
Total equity	17,476	18,106	21,322	18,915	22,332
Total long-term creditors	20,633	21,688	50,510	25,957	52,488

¹ Earning per shares as reported at the end of each respective period.

² For comparability purposes, the number of shares outstanding have been adjusted for current amount of shares outstanding.

Total short-term creditors	14,054	37,364	33,228	40,223	33,694
Total liabilities and equity	52,163	77,158	105,061	85,095	108,515

Selected consolidated statement of cash flow information, EUR'000

	<i>Year ended 31 December (audited)</i>			<i>Three-month period ended 31 March</i>	
	<i>2021</i>	<i>2022</i>	<i>2023</i>	<i>2023</i>	<i>2024</i>
Net cash flow from (to) operating activities	(3,307)	(17,966)	(13,978)	(5,798)	(4,402)
Net cash flow from (to) investing activities	(74)	(704)	(1,726)	(243)	(347)
Net cash flow from (to) financing activities	1,249	18,579	19,264	6,070	1,816
Net cash flow of the reporting year	(2,132)	(90)	3,560	29	(2,934)

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

Risk related to competition in the business areas of consumer loans and pawn loans. In the future, the Group may face increased competition as new national and international companies enter the market, and competitors expand their services and/or reduce their operating costs. If the Group's competitors are better able to exploit the existing advantages, the Group may not be able to attract or retain customers, which could have a material adverse effect on the Group's performance, financial indicators and prospects. Moreover, if the Group is unable to offer the service of a similar or higher standard compared to its competitors, the Group may lose customers and, potentially, market share to its competitors. There may be a risk that the Company will attract additional scrutiny on the part of supervisory authorities as its market share in the pawn loan business will be considered significant. Consequently, additional conduct and compliance requirements stemming from the Latvian Competition Law could apply.

Risk related to personnel and workforce. Any loss of qualified personnel, high employee turnover, or persistent difficulties in filling job vacancies with suitable applicants could have a material adverse effect on the ability of the Group to compete effectively in its industry and considerable expertise could be lost by the Group or access thereto gained by its competitors. Any material disagreements between the Group and its employees could disrupt the Group's operations, lead to a loss in revenue and customers and increase operating costs. The Group may be vulnerable to risks arising from the failure of employees to adhere to the approved procedures. Certain risks such as fraud and embezzlement cannot be eliminated entirely given the cash-handling aspect inherent in the Group's activities.

Cybersecurity and IT-related risks. The dependence on IT infrastructure carries risks inherent to all IT systems, such as software or hardware failures or malfunctions, physical damage occurring to vital IT infrastructure, computer virus infections, data security breaches, malicious hacking or other cybersecurity attacks, as well as other cybersecurity threats. The Group may potentially become subject to cyber-attacks as an ever-increasing number of hackers and those demanding ransoms target the financial sector, including non-bank lenders, to exploit their internal systems and processes for personal gain. Any type of service disruption may harm the Group's software and platforms and may result in a loss of data and require the Group to incur significant expenditure for repair. It is at risk of the vendor's unresponsiveness in the event of breakdowns in the Group's systems, which could cause delays in recovering service.

Risks related to statutory licensing requirements. The Group's licences have an indefinite duration, but are subject to revocation or suspension by the Consumer Rights Protection Centre (the "CRPC"). The CRPC must intervene if the Company and/or the Group violate their obligations under the applicable law. The CRPC can suspend the licence for up to six months if the Company and/or the Group does not comply with regulatory enactments and fails to cooperate to solve the identified discrepancies. In the case of material violations, the CRPC can, as an ultimate measure, revoke the Company's and/or the Group's licence. The Group's operations are contingent upon the operating licences granted by the CRPC. If the licences are revoked or suspended, the Group will have to cease its consumer credit operations which, in turn, will have a material adverse effect on the Group's business, financial condition and results of operations.

Risk related to borrower credit risk. Any failure by a borrower to meet its obligations in accordance with the agreed contractual terms may have an adverse impact on the Group's earnings and the value of assets on its balance sheet. The Group may fail to adequately identify the relevant factors or accurately estimate the impact and/or magnitude of identified factors with respect to a borrower's credit quality, which could adversely affect its business, financial condition, results of operations and prospects. A deterioration in borrower credit quality and the consequent increase in impairments would have an adverse impact on the business, financial condition, results of operations and prospects of the Group.

Information on the securities

What are the main features of the securities?

Type, class and ISIN

All the Shares (also the Offer Shares) of the Company are dematerialised bearer shares with a nominal value of EUR 0.10 each. The Shares are registered with Nasdaq CSD under the ISIN LV0000101806 and are kept in book-entry form. No share certificates have been or will be issued.

Currency, denomination, par value, number of Shares issued and duration

As of the date of the Prospectus, the share capital of the Company is EUR 4,537,750.50 divided into 45,377,505 dematerialised bearer shares. The nominal (face) par value of each outstanding Share is EUR 0.10. All of the Shares have been issued and fully paid up. The Shares are denominated in euro and governed by the law of Latvia and the currency of the Offer will be the Euro. All existing Shares grant equal rights (including one share, one vote) to the shareholders.

Rights attached to the Shares

All shareholders of the Company shall be subject to equitable treatment. Each Share of the Company confers upon its holder the same rights to a share of the Company's assets and profits. In the event of liquidation of the Company, shareholders are entitled to a share of the surplus of assets in the proportion to the number of Shares held (liquidation quota).

The following rights attach to each Share: (1) right of share disposal; (2) right to dividends; (3) right to vote; (4) right to participate in General Meeting; (5) right to liquidation quota; (6) pre-emption rights; (7) right to information.

Rank of the Shares in the issuer's capital structure in the event of insolvency

The Shares do not carry any special rights to participate in distribution (including in the case of liquidation) other than those that exist under the Latvian Insolvency Law, which provides that the Company's funds remaining after settling the costs of insolvency proceedings of the Company and settling the claims of creditors are divided among the shareholders of the Company in proportion to the size of their shareholding.

Restrictions on free transferability of the Shares

No specific restrictions apply to transferability of the Shares, neither under the statutory provisions of Latvian law nor under the Articles of Association.

Dividend Policy

The initial edition of the Dividend Policy of the Company was adopted on 4 April 2020. The Dividend Policy comprises a general information section, the principles of dividend distribution, the key considerations relevant to calculating and determining the amount of dividends, the dates and procedures for the payment of dividends and disclosures to be made in connection with the distribution and payment of dividends.

In accordance with the Latvian Commercial Law, Articles of Association and Dividend Policy, the Company may pay two types of dividends:

- **Extraordinary dividends** which are: (1) **determined** after adoption of the quarterly financial report in accordance with the proposal from the Management Board which is reviewed by the Supervisory Board in the amount of **up to 50% of the consolidated profit in the previous financial quarter**; and (2) **distributed** once per quarter after the General Meeting in which the financial report for the previous quarter is adopted and a decision on the distribution of dividends is duly passed.
- **Annual dividends** which are: (1) **determined** after adoption of the annual report; and (2) **distributed** once per year after the General Meeting in which the annual report is adopted and the decision on the distribution of dividends is duly passed.

Since its public listing the Company has made regular and predictable yield-based returns while maintaining the financial stability of the Company and focusing on long-term development goals. The Company distributed EUR 3,494,140 in dividends in 2023 which amounts to EUR 0.08 per share.

Where are the Shares traded?

The Shares are traded on the Baltic Main List of Nasdaq Riga. The Shares are not traded in any other stock exchange. The trading with the Shares on the Baltic Main list of Nasdaq Riga commenced on 20 October 2021.

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

Share price and share liquidity risk. The Nasdaq Riga stock market is considerably less liquid and more volatile compared to other established securities markets with a longer history. The fairly small market capitalisation and low liquidity of the Nasdaq Riga stock market may adversely affect shareholders' ability to sell the Shares in substantive amounts. Investors may not be in a position to sell their Shares quickly at or above the Offer Price.

Cancellation of Offering. Best efforts will be made by the Offeror to ensure that the Offering is successful; however, there can be no assurances by the Offeror that the Offering will be successful and that the investors will receive the Offer Shares that they apply for purchase. The Offeror is entitled to cancel the Offering.

Risk of share value dilution. The Company may subsequently seek to raise capital through offerings of debt securities (potentially including convertible debt securities) or additional shares. The issuance of additional shares or securities containing a right to convert to common shares, such as convertible bonds or convertible notes, may potentially reduce the Company's share price through dilution should the existing Shareholders not participate in such issues to retain the existing level of participation in the Company.

Risks related to the ability to pay dividends. The Company is under no regulatory obligation to pay annual or quarterly dividends and no representation can be made with respect to future dividends. The ability of the Company to pay dividends depends upon, among other factors, the results of the Company's operations, financing and investment requirements, as well as the availability of distributable profit and decisions by the General Meeting.

Lack of adequate analyst coverage. There is no guarantee of continued (or any) analyst research coverage for the Company. Over time, the amount of third-party research available in respect of the Company may increase or decrease with little or no correlation with the actual results of its operations, as the Company has no influence over the analysts who prepare such research. Negative or insufficient third-party coverage would be likely to have an adverse effect on the market price and the trading volume of Shares.

Tax regime risks. Changes in the tax regime applicable to transactions with the Shares or to the associated dividends may result in an increased tax of the Shareholders and may therefore have an adverse effect on the rate of return from investment into the Shares.

Information on the offer of securities to the public

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

In the course of the Offering, up to 5,395,000 Base Offer Shares with an option to increase the Offering by up to 2,400,000 Additional Offer Shares, to a maximum amount of up to 7,795,000 Offer Shares are being offered. The Offer Shares are existing fully paid-up Shares of the Company. The Offeror may increase the size of the Offering by adding Additional Offer Shares at its discretion, following

consultation with the Global Lead Manager and considering the results of the Offering. The current share capital of the Company is not being increased or reduced within or as a result of the Offering. The expected amount of gross proceeds of the Offering is up to EUR 8,496,550. Expenses directly related to the Offering are estimated to be approximately EUR 88,196. Therefore, the net proceeds of the Offering are expected to be up to EUR 8,408,354. The Company will not receive any proceeds from the Offering. The Offeror is covering all costs and expenses related to the Offering.

The Offering is offered (i) publicly to retail investors in Latvia, Estonia, and Lithuania (the “**Retail Offering**”) and (ii) non-publicly to qualified investors within the meaning of Article 2(e) of the Prospectus Regulation in Latvia and in certain selected member states of the European Economic Area, as well as to other selected investors in reliance on certain exemptions available under the law of respective member states (the “**Institutional Offering**”).

The indicative timetable of the Offering is the following:

Start of the Offer Period	20 May 2024 at 10:00
End of the Offer Period	3 June 2024 at 15:30
Announcement of results of the Offering and Allocation	On or about 4 June 2024
Settlement of the Offering	On or about 5 June 2024

The Offeror together with the Global Lead Manager have decided that the Offer Shares will be allocated on *pro-rata* basis, according to the purchase requests received during the offer period, on or about 5 June 2024.

As of the date of this Prospectus, the number of the Shares of the Company is 45,377,505. The size of the Offering is up to 5,395,000 Base Offer Shares with an option to increase the Offering by up to 2,400,000 Additional Offer Shares, to a maximum amount of up to 7,795,000 Offer Shares. The results of the Offering will not have any effect on the number of the Shares of the Company.

Who is the selling shareholder?

The following legal entity is the Offeror (selling shareholder), offering certain amount of Shares held to the public:

AS ALPPES Capital is a joint stock company (*akciju sabiedrība*), incorporated in Latvia, registered in the Register of Enterprises of Latvia with registration number 52103097551, having its registered address at Jūras iela 12, Liepāja, LV-3401. The Company’s e-mail is Solvita.Kurtisa@inin.lv, telephone number is +371 29273309. Its legal entity identifier (LEI) is 984500D66E0J0A5BB002.

The Offeror is publicly offering the following amount of shares:

Name of selling shareholder	Percentage of total share capital held	Number of Shares held	Number of Base Offer Shares	Number of Additional Offer Shares	Number of Offer Shares
AS ALPPES Capital	29.32%	13,305,554	5,395,000	2,400,000	7,795,000

Why is this Prospectus being produced?

The Prospectus is being produced: 1) to increase the amount of Shares in free-float and thus increase the Share liquidity; 2) for Offeror to diversify its assets and investments.

The Company will not receive any proceeds from the Offering. The Offer is not subject to an underwriting agreement on a firm commitment basis. There are no material conflicts of interest pertaining to the Offer.

1.2. Summary in Estonian (Kokkuvõte)

1.1.1. Sissejuhatus ja hoiatused

Väärtpaberite nimetus ja rahvusvaheline väärtpaberite identifitseerimisnumber (ISIN)

Aktsiaseltsi aktsia (DelfinGroup), rahvusvaheline väärtpaberite identifitseerimisnumber (ISIN): LV0000101806.

Emitendi nimi ja kontaktandmed, sh tema juriidilise isiku tunnus (LEI)

AS "DelfinGroup" on Läti Vabariigis asutatud aktsiaselts (*Aktsiaselts*), mis on registreeritud Läti äriregistris numbriga 40103252854, mille registreeritud aadress on Skanstes iela 50A, Riia, LV-1013. Aktsiaseltsi e-posti aadress on info@delfingroup.lv, telefoninumber: +371 26189988. Aktsiaseltsi juriidilise isiku tunnus (LEI) on 2138002PKHUJIMVMYB13.

Pakkuja nimi ja kontaktandmed, sh tema juriidilise isiku tunnus (LEI)

AS ALPPES Capital on Läti Vabariigis asutatud aktsiaselts (*Aktsiaselts*), asutatud Lätis, registreeritud Läti Äriregistris registrinumbriga 52103097551 ja registriaadressiga Jūras iela 12, Liepāja, LV-3401. Ettevõtte e-mail on Solvita.Kurtisa@inin.lv ja telefoninumber on +371 29273309. Ettevõtte rahvusvaheline juriidilise isiku identifikaator (legal entity identifier või LEI) on 984500D66E0J0A5BB002.

Prospekti kinnitava asutuse nimi ja kontaktandmed

Käesoleva Prospekti on kinnitanud Läti Pangandus, aadress Krišjāna Valdemāra iela 2A, Riia, LV-1050, e-post: info@bank.lv, telefoninumber: +371 6702 2300, kooskõlas Euroopa Liidu määrusega (EL) 2017/1129.

Prospekti kinnitamise kuupäev

Käesolev prospekt kinnitati 15. mai 2024.

Hoiatused

Käesolev Kokkuvõte on koostatud vastavalt Määruse (EL) 2017/1129 artiklile 7 ning seda tuleb käsitleda Prospekti sissejuhatusena. Väärtpaberitesse investeerimise üle otsustamisel peaks investor tutvuma terve Prospektiga. Investor võib kaotada kogu investeeritud kapitali või osa sellest. Kui kohtule esitatakse Prospektis sisalduva teabega seotud nõue, võib hagejast investorile liikmesriigi õiguse alusel tuleneda kohustus kanda enne kohtumenetluse algatamist Prospekti tõlkimise kulud. Tsiivilvastutust kohaldatakse ainult nende isikute suhtes (puudutab ainult neid isikuid), kes on esitanud Kokkuvõtte, sealhulgas selle tõlke, kuid üksnes juhul, kui Kokkuvõte on eksitav, ebatäpne või Prospekti muude osadega vastuolus või kui see ei anna koos Prospekti ülejäänud osadega lugedes põhiteavet, mis aitaks investoritel otsustada kõnealustesse väärtpaberitesse investeerimise üle.

1.1.2. Põhiteave Aktsiaseltsi kohta

Kes on väärtpaberite emitent?

Asukohariik, õiguslik vorm, LEI, asutamise jurisdiktsioon ja riik, milles ta tegutseb

Aktsiaselts on asutatud Lätis, selle registreeritud aadress on Skanstes iela 50A, Riia, LV-1013, ja selle LEI number on 2138002PKHUJIMVMYB13. Aktsiaselts on asutatud aktsiaseltsina (*akciju sabiedrība*) ja registreeritud Läti äriregistris registrinumbriga 40103252854.

Põhitegevusalad

Kontsern tegutseb kolme põhilise kaubamärgi all: Banknote, VIZIA ja *Rīgas pilsētas lombards* (Riia Linna Pandimaja) ning tegevus toimub kahes valdkonnas – tarbimislaenud ja kasutatud kaupade jaemüük.

Kontsern pakub kolme järgmist liiki teenuseid: (1) tarbimislaenuteenused, sh tarbimislaenud, laenud müügikohas ja rahastamine krediidiliiniga, (2) pandiga tagatud laenud ja (3) kasutatud kaupade jaemüük. Kontserni struktuur on jaotatud kolmeks teenusepõhiseks tegevussegmendiks järgmiselt:

1. **Tarbimislaenude segment:** tarbimislaenude andmine klientidele, võlgade sissenõudmisega seotud tegevus ja laenudest tulenevate võlgnevuste müük välistele inkassofirmadele.
2. **Pandiga tagatud laenude segment:** pandiga tagatud laenude andmine ja panditud esemete müük.

3. **Muude tegevuste segment:** laenude andmine kinnisvaraarenduseks (käesoleva Prospekti kuupäeva seisuga ei osutata teenust aktiivselt), üldiste haldusteenuste osutamine Kontserni äriühingutele (väga väikese ulatusega tegevus, ebaoluline).

Suuraktsionärid

Käesoleva Prospekti kuupäeva seisuga omavad üle 5% Aktsiaseltsi Aktsiatest järgmised aktsionärid, keda Aktsiaselts käsitleb oma peamiste aktsionäridena:

Aktsionäri nimi	Protsent aktsiakapitalist	Omanduses olevate aktsiate arv	Aktsionäri tegelik(ud) kasusaaja(d)
SIA "AE Consulting"	8.21%	3,724,229	Agris Evertovskis
SIA EC finance	14.93%	6,775,560	Agris Evertovskis
SIA Curiosity Capital	12.16%	5,518,896	Linda Kesenfelde
AS ALPPES Capital	29.32%	13,305,554	Aigars Kesenfelds

SIA „AE Consulting“ ja SIA EC finance omavad ühiselt Aktsiaseltsi aktsiatest (ja hääleõigustest) 23.14% ning AS ALPPES Capital omab Aktsiaseltsi aktsiatest (ja hääleõigustest) 29.32%. SIA Curiosity Capital omab Aktsiaseltsi aktsiatest (ja hääleõigustest) 12.16% ning SIA „AE Consulting“, SIA EC finance, SIA Curiosity Capital ja AS ALPPES Capital omavad ühiselt Aktsiaseltsi aktsiatest (ja hääleõigustest) 64.62%.

Lisaks omab nõukogu esimees hr Agris Evertovskis Aktsiaseltsis otse 1,250 aktsiat. Seega omab hr Agris Evertovskis kokku otse ja kaudselt SIA EC finance'i ja SIA „AE Consulting“ kaudu Aktsiaseltsis 23.14% (või 10,501,039 aktsiat).

Lisaks omab pr Linda Kesenfelde Aktsiaseltsis otse 0.38% (või 170,000 aktsiat) ning läbi SIA LK Investments 4.85% (või 2,200,000 aktsiat). Seega omab pr Linda Kesenfelde kokku otse ja kaudselt läbi SIA Curiosity Capital ja SIA LK Investments Aktsiaseltsis 17.39% (või 7,888,896 aktsiat). SPakkuja ja teiste Aktsiaseltsi aktsionäride vahel ei ole kehtivat aktsionäride lepingut.

Aktsiaseltsi juhatuse peamised liikmed käesoleva Prospekti kuupäeva seisuga on loetletud allpool.

Nimi	Ametikoht	Ametisse määramise kuupäev	Volituste lõppemise tähtpäev
Didzis Ādmīdiņš	Tegevjuht, juhatuse esimees	19. jaanuar 2021	18. jaanuar 2026
Sanita Pudnika	Operatsioonide juht, juhatuse liige	1. märts 2022	28. veebruar 2027
Aldis Umblejs	Finantsjuht, juhatuse liige	15. detsember 2021	14. detsember 2026
Nauris Bloks	IT juht, juhatuse liige	8. juuni 2023	6. juuli 2028
Agris Evertovskis	Nõukogu esimees	30. märts 2021	29. märts 2026
Gatis Kokins	Nõukogu esimehe asetäitja	30. märts 2021	29. märts 2026
Edgars Vojskis	Nõukogu liige	30. märts 2021	29. märts 2026
Mārtiņš Bičevskis	Nõukogu liige	30. märts 2021	29. märts 2026
Jānis Pizičs	Nõukogu liige	30. märts 2021	29. märts 2026

Vannutatud audiitorite andmed

"KPMG Baltics SIA", registrinumber: 40003235171, registreeritud aadress at Roberta Hirša iela 1, Rīga, LV-1045, on Kontserni vannutatud audiitorid. Vannutatud audiitorid valib üldkoosolek.

Milline on emitenti puudutav põhiline finantsteave?

Prospektile on lisatud Kontserni konsolideeritud auditeeritud finantsaruanded 31. detsembril 2023.a, 31. detsembril 2022.a ja 31. detsembril 2021.a lõppenud majandusaastate kohta. Samuti on prospektile lisatud Kontserni 3-kuulise perioodi, mis lõppes 31. märtsil 2024, kontrollimata

konsolideeritud vahearuaanded ja 31. märtsil 2023 lõppenud 3-kuulise perioodi läbivaatamata konsolideeritud vahearuaanded. Auditeeritud finantsaruanded on koostatud kooskõlas rahvusvaheliste finantsaruandlusstandarditega (IFRS), mis on Euroopa Liidus vastu võetud. Järgnevas tabelites on esitatud konsolideeritud finantsandmed vastavalt Komisjoni delegeeritud määruse (EL) 2019/979 I lisale. Informatsioon põhineb finantsaruannetel või tuleneb neist ning seda tuleb lugeda koos finantsaruannetega, sh finantsaruannete lisades toodud selgitustega.

Valitud konsolideeritud kasumiaruaanded ja muu info tulude kohta, EUR'000

	31. detsembril lõppenud aasta (auditeeritud)			31. märtsil lõppenud kolmekuuline (auditeerimata)	
	2021	2022	2023	2023	2024
Kogutulu	25,189	35,776	50,423	11,333	14,260
Brutokasum	15,390	20,742	25,071	5,702	6,773
Kasumi brutomarginaal, %	35.0	33.3	33.5	31.9	32.3
Kasum enne tulumaksu	4,997	7,258	8,290	1,825	2,039
tulumaks	(979)	(1,296)	(1,662)	(212)	(420)
Vahedividendid	(2,223)	(2,923)	(3,494)	(838)	(649)
Aruandeaasta puhaskasum	4,018	5,961	6,628	1,613	1,619
Puhaskasumi marginal, %	16.0	16.7	13.1	14.2	11.4
Emaettevõtja omanikele omistatav puhaskasum	4,018	5,961	6,628	1,613	1,619
Kasum aktsia kohta, EUR^[1]	0.098	0.132	0.146	0.036	0.036
Korrigeeritud kasum aktsia kohta, EUR^[2]	0.098	0.132	0.146	0.036	0.036

[1] Kasum aktsia kohta, nagu teatatud vastava perioodi lõpus.

[2] Võrreldavuse eesmärgil on väljalastud aktsiate arvu korrigeeritud uute emissioonidega.

Valitud konsolideeritud finantsseisundi aruande info, EUR'000

	31. detsembril lõppenud aasta (auditeeritud)			31. märtsil lõppenud kolmekuuline periood (auditeerimata)	
	2021	2022	2023	2023	2024
Põhivarad kokku	32,743	50,256	72,253	57,023	78,841
Käibevarad kokku	19,420	26,902	32,808	28,073	29,673
Varad kokku	52,163	77,158	105,061	85,095	108,515
Omakapital kokku	17,476	18,106	21,322	18,915	22,332
Pikaajalised võlad kokku	20,633	21,688	50,510	25,957	52,488
Lühiajalised võlad kokku	14,054	37,364	33,228	40,223	33,694
Kokku kohustused ja omakapital	52,163	77,158	105,061	85,095	108,515

Valitud konsolideeritud rahavoogude aruande info, EUR'000

	31. detsembril lõppenud aasta (auditeeritud)			31. märtsil lõppenud kolmekuuline (auditeerimata)	
	2021	2022	2023	2023	2024
Netorahavood põhitegevusest	(3,307)	(17,966)	(13,978)	(5,798)	(4,402)
Netorahavood investeerimistegevusest	(74)	(704)	(1,726)	(243)	(347)

Netorahavood finantseerimistegevusest	1,249	18,579	19,264	6,070	1,816
Aruandeaasta netorahavood	(2,132)	(90)	3,560	29	(2,934)

Millised on emitendiga seotud põhiriskid?

Konkurentsiga seotud risk tarbimislauade ja pandilaenude ärivaldkondades. Tulevikus võib Kontsern seista silmitsi kasvava konkurentsiga, kui turule sisenevad uued kodumaised ja rahvusvahelised firmad ning kui konkurendid laiendavad oma teenuseid ja/või vähendavad tegevuskulusid. Kui Kontserni konkurendid suudavad oma olemasolevaid eeliseid paremini ära kasutada, ei pruugi Kontsernil olla võimalik kliente kaasata või säilitada, mis võib Kontserni tulemuslikkusele, finantsnäitajatele ja väljavaadetele olulist negatiivset mõju avaldada. Pealegi, kui Kontsern ei suuda pakkuda võrdluses konkurentidega sarnast või kõrgemat teenuste taset, võib Kontsern kaotada konkurentidele nii kliente kui potentsiaalselt ka turuosa. Samuti võib tekkida risk, et Aktsiaselts tõmbab endale järelevalveasutuste täiendava tähelepanu, kuna tema turuosa pandilaenude valdkonnas loetakse oluliseks. Selle tulemusel võidakse talle kohaldada Läti konkurentsioigusest tulenevaid täiendavaid käitumis- ja vastavusnõudeid.

Personaliga ja tööjõuga seotud risk. Kvalifitseeritud personali kaotus, suur tööjõu voolavus või püsivad raskused vabade töökohtade täitmisel sobivate kandidaatidega võivad avaldada olulist negatiivset mõju Kontserni võimele oma valdkonnas tõhusalt konkureerida ning Kontsern võib kaotada olulise osa oma kompetentsist või sellele võivad ligipääsu saada tema konkurendid. Mis tahes olulised erimeelsused Kontserni ja selle töötajate vahel võivad häirida Kontserni tegevust, põhjustada tulude ja klientide kaotust ning suurendada tegevuskulusid. Kontserni võivad ohustada riskid, mis tulenevad töötajate suutmatusest pidada kinni kinnitatud protseduuridest. Teatud riske, nt pettus ja omastamine, pole võimalik täielikult kõrvaldada, arvestades Kontserni tegevusele omast sularaha käitlemise aspekti.

Küberturbe ja IT-ga seotud riskid. Sõltuvus IT-taristust hõlmab riske, mis on omased kõikidele IT-süsteemidele, näiteks tarkvara- või riistvara rikked või talitlushäired, elutähtsa IT-taristu füüsilised kahjustused, nakatumine arvutiviirustega, andmete turvalisusega seotud rikkumised, pahatahtlik häkkimine või muud küberrünnakud, samuti muud küberturbega seotud ohud. Kontsern võib potentsiaalselt sattuda küberrünnaku ohvriks, kuna üha rohkem häkkereid ja lunaraha nõudjaid on võtnud sihikule finantssektori, sealhulgas pangavälised laenuandjad, et isikliku kasu huvides nende sisemisi süsteeme ja protsesse ära kasutada. Igasugused katkestused teenuste osutamisel võivad kahjustada Kontserni tarkvara ja platvormi, põhjustada andmete kadu ning vajada Kontsernil märkimisväärsete kulutuste tegemist probleemide kõrvaldamiseks. Ohuks on ka müüja ükskõiksus, kui Kontserni süsteemides peaks tekkima rike, mis võib põhjustada viivitusi teenuse taastamisel.

Seadusest tulenevate tegevusloa nõuetega seotud riskid. Kontserni litsentsid on tähtajatud, kuid tarbijaõiguste kaitse keskus (*Consumer Rights Protection Centre, "CRPC"*) võib need tühistada või peatada. CRPC on kohustatud sekkuma, kui Aktsiaselts ja/või Kontsern rikuvad oma kohalduvast õigusest tulenevaid kohustusi. CRPC võib tegevusloa peatada kuni kuueks kuuks, kui Aktsiaselts ja/või Kontsern ei järgi normatiivakte ega tee koostööd tuvastatud lahknevuste lahendamiseks. Oluliste rikkumiste korral võib CRPC viimase meetmena Aktsiaseltsi ja/või Kontserni tegevusloa tühistada. Kontserni tegevus on sõltuv CRPC poolt antud tegevuslubadest. Kui tegevusloa tühistatakse või nende kehtivus peatatakse, peab Kontsern lõpetama tarbijakrediidiga seotud tegevuse, mis omakorda avaldab olulist negatiivset mõju Kontserni majandustegevusele, finantsseisundile ja tegevuse tulemuslikkusele.

Laenuvõtja krediidiriskiga seotud risk. Kui laenuvõtja ei täida oma kohustusi lepinguga kokkulepitud tingimuste kohaselt, võib see mõjutada negatiivselt Kontserni kasumit ja bilansis kajastatud varade väärtust. Kontsern ei pruugi olla suuteline laenuvõtja krediitkvaliteediga seotud asjakohaseid tegureid piisavalt tuvastama ega tuvastatud tegurite mõju ja/või ulatust täpselt määrama, mis võib kahjustada Kontserni majandustegevust, finantsseisundit, tegevuse tulemusi ja väljavaateid. Laenuvõtja krediitkvaliteedi halvenemine ja sellest tulenev kasvav varade väärtuse langus võivad avaldada negatiivset mõju Kontserni majandustegevusele, finantsseisundile, tegevuse tulemustele ja väljavaadetele.

1.2.1. Teave väärtpaberite kohta

Mis on väärtpaberite põhiomadused?

Liik, klass ja ISIN

Kõik Aktsiaseltsi Aktsiad (sh ka Pakutavad Aktsiad) on dematerialiseeritud esitajaaktsiad nimiväärtusega 0.10 EUR iga aktsia kohta. Aktsiad on registreeritud Nasdaq CSD-s ISIN-koodiga ISIN

LV0000101806 ning neid hoitakse registrikande vormis. Aktsiaselts ei ole andnud ega kavatse anda välja aktsiatähti.

Aktsiate valuuta, nimiväärtus, pariteet, emiteeritud Aktsiate arv ja tähtaeg

Prospekti kuupäeva seisuga on Aktsiaseltsi aktsiakapitali suurus EUR 4,537,750.50, mis on jagatud 45,377,505 dematerialiseeritud esitajaaktsiaks. Iga emiteeritud Aktsia väikseim nimiväärtus on EUR 0.10. Kõik Aktsiad on emiteeritud ja nende eest on täielikult tasutud. Aktsiate vääringuks on eurod ning nad alluvad Läti õigusele ning Pakkumise valuutaks on euro. Kõik olemasolevad Aktsiad annavad aktsionäridele võrdsed õigused (sh üks aktsia, üks hääli).

Aktsiatega kaasnevad õigused

Kõiki Aktsiaseltsi aktsionäre koheldakse võrdselt. Kõik Aktsiaseltsi Aktsiad annavad nende omanikele ühesugused õigused osale Aktsiaseltsi varadest ja kasumist. Aktsiaseltsi likvideerimise korral on aktsionäridel õigus saada osa varade ülejäägist proportsionaalselt neile kuuluvate Aktsiate arvuga (likvideerimiskvoot).

Iga Aktsiaga kaasnevad järgmised õigused: (1) aktsiate võõrandamise õigus; (2) õigus dividendidele; (3) hääleõigus; (4) õigus osaleda aktsionäride üldkoosolekul; (5) õigus likvideerimiskvootidele; (6) ostueesõigus; (7) õigus teabele.

Aktsiate järk emitendi kapitalstruktuuris maksejõuetuse korral

Aktsiatega ei kaasne eriõigusi varade jaotamises osalemisel (sh likvideerimise korral), välja arvatud õigused, mis tulenevad Läti pankrotiseadusest, mis näeb ette, et Aktsiaseltsi rahalised vahendid, mis on jäänud järele pärast Aktsiaseltsi maksejõuetusmenetluse kulude tasumist ja võlausaldajate nõuete rahuldamist, jaotatakse Aktsiaseltsi aktsionäride vahel proportsionaalselt nende osaluse suurusega.

Aktsiate vaba ülekantavuse piirangud

Aktsiate vaba ülekantavus ei ole piiratud ei Läti õigusaktides sisalduvate normidega ega Aktsiaseltsi põhikirjaga.

Dividendipoliitika

Aktsiaseltsi dividendipoliitika esimene redaktsioon kinnitati 4. aprillil 2020. Dividendipoliitika sisaldab üldise iseloomuga teavet käsitlevat osa, dividendide jaotamise põhimõtteid, peamisi kaalutlusi, mis on olulised dividendide suuruse arvutamisel ja määramisel, dividendide maksmise kuupäevi ja korda ning andmeid, mis kuuluvad avalikustamisele seoses dividendide jaotamise ja väljamaksmisega.

Vastavalt Läti äriseadusele, põhikirjale ja dividendipoliitikale võib Aktsiaselts maksta kahte liiki dividende:

- **Erakorralised dividendid**, mis: (1) **kuulutatakse välja** pärast kvartaalsete finantsaruannete vastuvõtmist vastavalt juhatuse otsusele, mille vaatab läbi nõukogu, mille suurus on **kuni 50% eelmise finantskvartali konsolideeritud kasumist**; ja (2) **jaotatakse** kord kvartalis pärast aktsionäride üldkoosolekut, mis võtab vastu eelmise kvartali finantsaruande ja teeb nõuetekohase otsuse dividendide jaotamiseks.
- **Aastadividendid**, mis: (1) **kuulutatakse välja** pärast majandusaasta aruande vastuvõtmist; ja (2) **jaotatakse** kord aastas vastavalt maksegraafikule pärast aktsionäride üldkoosolekut, mis võtab vastu majandusaasta aruande ja teeb nõuetekohase otsuse dividendide jaotamiseks.

Alates Aktsiaseltsi aktsiate noteerimisest on Aktsiaselts pakkunud regulaarseid ja prognoositavaid dividendipõhiseid tootlusi samal ajal säilitades Aktsiaseltsi finantsstabiilsuse ja keskendudes pikaajalistele arengueesmärkidele. Aktsiaselts jaotas 2023. aastal dividende EUR 3,494,140 euro ulatuses, mis teeb 0.08 eurot iga aktsia kohta.

Kus Aktsiatega kaubeldakse?

Aktsiad on kaubeldavad Nasdaq Riia Balti Põhinimekirjas. Aktsiatega ei kaubelda ühelgi teisel börsil. Aktsiatega kauplemine algas Nasdaq Riia Balti Põhinimekirjas 20. oktoober 2021.

Millised on väärtpaperitele omased põhiriskid?

Aktsiahinna ja aktsia likviidsuse risk. Nasdaq Riia börs on oluliselt vähemlikviidne ja volatiilsem kui teised väljakujunenud ja pikema ajalooga väärtpaperiturud. Nasdaq Riia börsi üsna väike turukapitalisatsioon ja madal likviidsus võivad avaldada negatiivset mõju aktsionäride võimalustele Aktsiaid olulistest kogustes müüa. Aktsiaseltsi Aktsiatega ei ole varem avalikult kaubeldud ja Aktsiate aktiivse ja likviidse turu väljakujunemiseks puuduvad garantiid. Aktiivse kauplemise arendamise või säilitamise ebaõnnestumine võib mõjutada Aktsiate likviidsust ja Aktsiaselts ei saa garanteerida, et

tema Aktsiate turuhind ei lange alla Pakkumishinna. Järelikult ei pruugi olla investoritel võimalik müüa Aktsiaid kiiresti või Pakkumishinnast kõrgema hinnaga.

Pakkumise tühistamine ja alamärkimine. Aktsiaselts teeb kõik endast oleneva Pakkumise edukuse tagamiseks; ent Aktsiaselts ei saa siiski anda kinnitusi selle kohta, et Pakkumine õnnestub ja investorid saavad nende poolt märgitud Pakutavad Aktsiad. Aktsiaseltsil on õigus Pakkumine tühistada.

Aktsia väärtuse lahjendamise risk. Aktsiaselts võib edaspidi soovida kaasata kapitali võlakirjade (potentsiaalselt ka konverteeritavate võlakirjade) või täiendavate aktsiate pakkumise kaudu. Täiendavate aktsiate või selliste väärtpaberite, millega kaasneb lihtaktsiateks konverteerimise õigus, nt vahetusvõlakirjad või konverteeritavad võlakirjad, emiteerimine võib vähendada Aktsiaseltsi aktsia hinda osaluse lahjendamise teel, kui olemasolevad aktsionärid oma osaluse taseme säilitamiseks sellistes emissioonides ei osale.

Dividendide maksmise võimekusega seotud riskid. Aktsiaseltsil ei ole mingeid regulatiivseid kohustusi maksta aasta- või kvartaalseid dividende ning tulevaste dividendide osas ei saa esitada ühtegi kinnitust. Aktsiaseltsi võime maksta dividende sõltub muu hulgas Aktsiaseltsi tegevuse tulemustest, rahastamis- ja investeerimisvajadustest, aga ka jaotatava kasumi olemasolust ja aktsionäride üldkoosoleku otsustest.

Piisava analüütikute kajastuse puudumine. Puuduvad garantiid Aktsiaseltsi puudutavate analüüside jätkumise (või teostamise) kohta. Aja jooksul võib Aktsiaseltsi kohta kolmandate isikute poolt teostatud kättesaadavate analüüside maht kasvada või väheneda, olles vaid vähesel määral või üldse mitte korrelatsioonis Aktsiaseltsi tegevuse tegelike tulemustega, sest Aktsiaseltsil puudub igasugune mõju nende analüütikute üle, kes selliseid analüüse koostavad. Kolmandate isikute poolne negatiivne või ebapiisav kajastus avaldab tõenäoliselt Aktsiate turuhinnale ja kauplemissahtudele negatiivset mõju.

Maksustamisrežiimiga seotud riskid. Muudatused maksustamisrežiimis, mida kohaldatakse Aktsiatega tehtavate tehingute või nendega seotud dividendide suhtes, võivad suurendada aktsionäride maksukoormust ja seega avaldada negatiivset mõju Aktsiatesse investeerimise tulumäärale.

1.2.2. Informatsioon väärtpaberite avaliku pakkumise ja reguleeritud turul kauplemisele lubamise kohta

Millistel tingimustel ja millise ajakava alusel saan ma sellesse väärtpaberisse investeerida?

Pakkumise käigus pakutakse kuni 5,395,000 Põhipakkumise Aktsiat, millele lisandub võimalus suurendada Pakkumist kuni 2,400,000 Täiendava Pakutava Aktsiani, kokku kuni 7,795,000 aktsiat. Pakutavad Aktsiad on Aktsiaseltsi juba olemasolevad täielikult tasutud Aktsiad. Pakkuja võib oma äranägemisel suurendada Pakkumise mahtu, lisades Täiendavaid Pakutavaid Aktsiaid, konsulteerides selleks Globaalse Peakorraldajaga ja arvestades Pakkumise tulemusi. Aktsiaseltsi praegust aktsiakapitali Pakkumise raames ei suurendata ega vähendata. Pakkumise oodatav brutotulu on kuni 8,496,550 eurot. Pakkumisega otseselt seotud kuludeks hinnatakse ligikaudu 88,196 eurot. Seega on Pakkumisest saadav netotulu eelduslikult kuni 8,408,354 eurot. Aktsiaselts ei saa Pakkumisest mingit tulu. Pakkuja katab kõik Pakkumisega seotud kulud.

Pakkumine on suunatud (i) avalikult Läti, Eesti ja Leedu jaeinvestoritele ("**Jaepakkumine**") ning (ii) mitteavalikult kutselistele investoritele Prospektimääruse artikli 2 punkti e) tähenduses Lätis ja Euroopa Majanduspiirkonna mõnes valitud liikmesriigis, aga ka teistele valitud investoritele, tuginedes vastavate liikmesriikide õigusest tulenevatele teatud eranditele ("**Institutsionaalne Pakkumine**").

Pakkumise indikatiivne ajakava on järgmine:

Pakkumisperioodi algus	20. mai 2024 kell 10:00
Pakkumisperioodi lõpp	3. juuni 2022 kell 15:30
Pakkumise tulemuse ja jaotamise väljakuulutamine	4. juuni 2024 või selle paiku
Pakkumisega seotud arveldused	5. juuni 2024 või selle paiku

Aktsiaselts on otsustanud koos Globaalse Peakorraldajaga Pakutavate Aktsiate pro-rata jaotamise vastavalt esitatud ostukorraldustele pärast Pakkumisperioodi lõppemist 5. juuni 2024 või selle paiku.

Käesoleva Prospekti kuupäeva seisuga on Aktsiaseltsi Aktsiate arv 45 377 505. Pakkumise maht on kuni 5,395,000 Põhipakkumise Aktsiat, millele lisandub võimalus suurendada Pakkumist kuni 2,400,000 Täiendava Pakutava Aktsiani, kokku kuni 7,795,000 Pakutavat Aktsiat. Pakkumise tulemus ei mõjuta Aktsiaseltsi Aktsiate arvu.

Kes on müüv aktsionär?

Järgenev juriidiline isik on Pakkuja (müüv aktsionär), kes pakub avalikult kindla koguse talle kuuluvaid Aktsiaid:

AS ALPPES Capital on Läti Vabariigis asutatud aktsiaselts (*Aktsiaselts*), asutatud Lätis, Läti Äriregistris registreeritud registreerimisnumbriga 52103097551, mille registreeritud aadress on Jūras iela 12, Liepāja, LV-3401. Aktsiaseltsi e-posti aadress on Solvita.Kurtisa@inin.lv, telefoninumber on +371 29273309. Selle juriidilise isiku tunnus (LEI) on 984500D66E0J0A5BB002.

Pakkuja pakub avalikult järgneva koguse Aktsiaid:

Müüva aktsionäri nimi	Omatav protsent kogu aktsiakapitalist	Kokku omatav Aktsiate arv	Põhipakkumise Aktsiate arv	Täiendavate Pakutavate Aktsiate arv	Pakutavate Aktsiate arv
AS ALPPES Capital	29.32%	13,305,554	5,395,000	2,400,000	7,795,000

Miks see Prospekt koostatakse?

Prospekt on koostatud selleks, et: 1) läbi vabalt kaubeldavate Aktsiate osa suurendamise kasvatada Aktsia likviidsust; 2) võimaldada Pakkujal diversifitseerida oma varasid ja investeeeringuid.

Aktsiaselts ei saa mingit osa Pakkumise tuludest. Pakkumise suhtes ei ole sõlmitud märkimislepingut siduva kohustuse alusel. Pakkumise puhul ei esine olulisi huvide konflikte.

1.3. Summary in Latvian (*Kopsavilkums*)

Ievads un brīdinājumi

Vērtspapīru nosaukums un starptautiskais vērtspapīru identifikācijas numurs (ISIN)

Sabiedrības (DelfinGroup) akcija, starptautiskais vērtspapīru identifikācijas numurs (ISIN): LV0000101806.

Emitenta identitāte un kontaktinformācija, tai skaitā juridiskās personas identifikators (LEI)

AS "DelfinGroup" ir akciju sabiedrība, kas dibināta Latvijā, reģistrēta Latvijas Uzņēmumu reģistrā ar reģistrācijas numuru 40103252854 un juridisko adresi Skanstes ielā 50A, Rīgā, LV-1013. Sabiedrības e-pasts ir info@delfingroup.lv, telefona numurs ir +371 26189988. Tās juridiskās personas identifikators (LEI) ir 2138002PKHUJIMVMB13.

Piedāvātāja identitāte un kontaktinformācija, tai skaitā juridiskās personas identifikators (LEI)

AS ALPPES Capital ir akciju sabiedrība, kas dibināta Latvijā, reģistrēta Latvijas Uzņēmumu reģistrā ar reģistrācijas numuru 52103097551 un juridisko adresi Jūras ielā 12, Liepājā, LV-3401. Sabiedrības e-pasts ir Solvita.Kurtisa@inin.lv, telefona numurs ir +371 29273309. Tās juridiskās personas identifikators (LEI) ir 984500D66E0J0A5BB002.

Kompetentās iestādes, kas apstiprina prospektu, identitāte un kontaktinformācija

Prospektu kā kompetentā iestāde ir apstiprinājusi Latvijas Banka, adrese: Krišjāņa Valdemāra iela 2A, Rīga, LV-1050, e-pasts: info@bank.lv, tālruņa numurs: +371 67774800, saskaņā ar Regulu (EU) 2017/1129.

Prospekta apstiprināšanas datums

Šis Prospekts ir apstiprināts 2024. gada 15. maijs.

Brīdinājumi

Šis Kopsavilkums ir sagatavots saskaņā ar Regulas (EU) 2017/1129 7. pantu, un tas būtu jālasa kā Prospekta ievads. Jebkurš lēmums ieguldīt vērtspapīros būtu jābalsta uz ieguldītāja vērtējumu par visu prospektu kopumā. Ieguldītājs var zaudēt visu ieguldīto kapitālu vai daļu no tā. Ja tiesā tiek celta prasība par Prospektā ietverto informāciju, ieguldītājam (prasītājam), atbilstoši valsts tiesībām, pirms tiesvedības sākšanas var būt jāsedz Prospekta tulkošanas izmaksas. Civiltiesiskā atbildība gulstas (attiecas) tikai uz tām personām, kas iesniegušas Kopsavilkumu, tai skaitā veikušas jebkādu tā tulkošanu, bet tikai tad, ja Kopsavilkums ir maldinošs, neprecīzs vai pretrunīgs, lasot to kopā ar pārējām Prospekta daļām, vai ja tas, lasīts kopā ar pārējām Prospekta daļām, nesniedz pamatinformāciju, kas palīdzētu ieguldītājiem izprast to, vai ieguldīt vērtspapīros.

Pamatinformācija par Sabiedrību

Kas ir vērtspapīru emitents?

Reģistrācijas vieta, tiesiskā forma, LEI, reģistrācijas jurisdikcija un darbības valsts

Sabiedrība ir dibināta Latvijā, tās juridiskā adrese ir Skanstes iela 50A, Rīga, LV-1013, un tās LEI numurs ir 2138002PKHUJIMVMB13. Sabiedrība ir dibināta un reģistrēta kā akciju sabiedrība Latvijas Komercreģistrā ar reģistrācijas numuru 40103252854.

Galvenās darbības jomas

Grupa savu darbību veic, izmantojot trīs galvenos zīmolvārdus: "Banknote", "VIZIA" un "Rīgas pilsētas lombards", un tā darbojas divās nozarēs: patērētāju aizdevumu pakalpojumu sniegšanā un lietotu preču mazumtirdzniecībā.

Grupa piedāvā trīs pakalpojumu veidus: (1) patērētāju aizdevumi, kurus veido patēriņa aizdevumi, pirkumu aizdevumi un kredītlīniju finansēšana, (2) aizdevumi pret ķīlu un (3) lietotu preču mazumtirdzniecības darbība. Grupa ir strukturēta trīs darbības segmentos, pamatojoties uz sniegtajiem pakalpojumiem:

- (1) **Patēriņa aizdevumu segments:** patēriņa aizdevumu piešķiršana klientiem, parādu piedziņas darbība un prasījumu, kas izriet no aizdevumiem, pārdošana neatkarīgiem parādu piedziņas uzņēmumiem.

- (2) **Aizdevumu pret ķīlu segments:** aizdevumu izsniegšana pret ķīlu un lombarda preču pārdošana.
- (3) **Pārējo operāciju segments:** aizdevumu piešķiršana nekustamo īpašumu attīstībai (Prospekta izstrādes periodā šis Sabiedrības piedāvātais pakalpojums netiek sniegts), vispārīgie administratīvie pakalpojumi Grupas uzņēmumiem (niecīgas un nebūtiskas darbības).

Lielākie akcionāri

Prospekta datumā šādiem akcionāriem pieder vairāk nekā 5% no visām Sabiedrības Akcijām, un Sabiedrība tos uzskata par saviem galvenajiem akcionāriem:

Akcionāra vārds (nosaukums)	Kopējā akciju kapitāla procenti turējumā	Akciju skaits turējumā	Akcionāra patiesais labuma guvējs (-i)
SIA "AE Consulting"	8.21%	3,724,229	Agris Evertovskis
SIA EC finance	14.93%	6,775,560	Agris Evertovskis
SIA Curiosity Capital	12.16%	5,518,896	Linda Kesenfelde
AS ALPPES Capital	29.32%	13,305,554	Aigars Kesenfelds

SIA "AE Consulting" un SIA EC finance kopīgi pieder 23.14% Sabiedrības akciju (un attiecīgo balsstiesību). AS ALPPES Capital pieder 29.32% Sabiedrības akciju (un attiecīgo balsstiesību), SIA Curiosity Capital pieder 12.16% Sabiedrības akciju (un attiecīgo balsstiesību). SIA "AE Consulting", SIA EC finance, SIA Curiosity Capital un AS ALPPES Capital kopīgi pieder 64.62% Sabiedrības akciju (un attiecīgo balsstiesību).

Papildus, Agrim Evertovskim, padomes priekšsēdētājam pieder 1,250 akciju) Sabiedrības akciju tieši, tādējādi kopā Agrim Evertovskim tieši un netieši caur SIA EC finance un SIA "AE Consulting" pieder 23.14% (vai 10,501,039 akciju) Sabiedrības akciju.

Papildus, Lindai Kesenfeldei pieder 0.38% (vai 170,000 akciju) Sabiedrības akciju tieši un 4.85% (vai 2,200,000 akciju) caur SIA LK Investments, tādējādi kopā Lindai Kesenfeldei tieši un netieši caur SIA Curiosity Capital un SIA LK Investments pieder 17.39% (vai 7,888,896 akciju) Sabiedrības akciju.

Starp Piedāvātāju un nevienu citu Sabiedrības akcionāru nav noslēgts akcionāru līgums.

Galvenie rīkotājdirektori

Turpmāk norādītas ziņas par Sabiedrības galvenajiem rīkotājdirektoriem Prospekta izstrādāšanas brīdī.

Vārds	Amats	Iecelšanas datums	Amata termiņa beigas
Didzis Ādmīdiņš	Ģenerāldirektors, Valdes priekšsēdētājs	2021. gada 19. janvāris	2026. gada 18. janvāris
Aldis Umblejs	Finanšu direktors, Valdes loceklis	2021. gada 15. decembris	2026. gada 14. decembris
Sanita Pudnika	Galvenā operāciju vadītāja, Valdes locekle	2022. gada 1. marts	2027. gada 28. februāris
Nauris Bloks	Galvenais inovāciju vadītājs, Valdes loceklis	2023. gada 8. jūnijs	2028. gada 6. jūlijs
Agris Evertovskis	Padomes priekšsēdētājs	2021. gada 30. marts	2026. gada 29. marts
Gatis Kokins	Padomes priekšsēdētāja vietnieks	2021. gada 30. marts	2026. gada 29. marts
Edgars Vojskis	Padomes loceklis	2021. gada 30. marts	2026. gada 29. marts
Mārtiņš Bičevskis	Padomes loceklis	2021. gada 30. marts	2026. gada 29. marts
Jānis Pizičs	Padomes loceklis	2021. gada 30. marts	2026. gada 29. marts

Zvērināto revidentu identitāte

"KPMG Baltics SIA", reģistrācijas numurs: 40003235171, juridiskā adrese: Roberta Hirša iela 1, Rīga, LV-1045, ir Grupas zvērinātie revidenti. Zvērinātos revidentus ievēl Akcionāru sapulce.

Kāda ir emitenta finanšu pamatinformācija?

Prospektam ir pievienoti Grupas revidētie konsolidētie finanšu pārskati par finanšu gadiem, kas noslēdzās 2023. gada 31. decembrī, 2022. gada 31. decembrī un 2021. gada 31. decembrī. Prospektam ir pievienots arī Grupas nepārskatītais konsolidētais starpperioda pārskats par 3 mēnešu periodu, kas beidzās 2024. gada 31. martā un Grupas nepārskatītais konsolidētais starpperioda pārskats par 3 mēnešu periodu, kas beidzās 2023. gada 31. martā. Revidētie finanšu pārskati ir sagatavoti saskaņā ar Eiropas Savienības pieņemtajiem Starptautiskajiem finanšu pārskatu standartiem. Turpmākajā tabulā atspoguļota konsolidētā finanšu informācija saskaņā ar Komisijas deleģētās regulas 2019/979/ES pielikumu Nr. 1. Šī informācija ir pamatota ar Finanšu pārskatiem vai atvasināta no tiem un tā jālasa kopsakarā ar Finanšu pārskatiem, tai skaitā, Finanšu pārskatu piezīmēs sniegtajiem paskaidrojumiem.

Atlasīts konsolidēts peļņas un zaudējumu pārskats un cita informācija par ienākumiem, EUR'000

	Par gadu, kas beidzās 31. decembrī (revidēts)			Par trīs mēnešu periodu, kas beidzās 31. martā (nepārskatīts)	
	2021	2022	2023	2023	2024
Kopējie ienākumi	25,189	35,776	50,423	11,333	14,260
Bruto peļņa	15,390	20,742	25,071	5,702	6,773
EBIT norma, %	35.0	33.3	33.5	31.9	32.3
Peļņa pirms uzņēmumu ienākuma nodokļa	4,997	7,258	8,290	1,825	2,039
Uzņēmumu ienākuma nodoklis	(979)	(1,296)	(1,662)	(212)	(420)
Starplaika dividendes	(2,223)	(2,923)	(3,494)	(838)	(649)
Neto peļņa par pārskata gadu	4,018	5,961	6,628	1,613	1,619
Tīrās peļņas norma, %	16.0	16.7	13.1	14.2	11.4
Uz mātes uzņēmuma īpašniekiem attiecināmā neto peļņa	4,018	5,961	6,628	1,613	1,619
Neto ienākums uz vienu akciju, EUR³	0.098	0.132	0.146	0.036	0.036
Koriģētais neto ienākums uz neto akciju, EUR⁴	0.098	0.132	0.146	0.036	0.036

Atlasīta informācija par konsolidēto finansiālo stāvokli, EUR'000

	Par gadu, kas beidzās 31. decembrī (revidēts)			Par trīs mēnešu periodu, kas beidzās 31. martā (nepārskatīts)	
	2021	2022	2023	2023	2024
Kopā ilgtermiņa aktīvi	32,743	50,256	72,253	57,023	78,841
Kopā apgrozāmie līdzekļi	19,420	26,902	32,808	28,073	29,673
Kopā aktīvi	52,163	77,158	105,061	85,095	108,515
Kopā pašu kapitāls	17,476	18,106	21,322	18,915	22,332
Kopā ilgtermiņa kreditori	20,633	21,688	50,510	25,957	52,488
Kopā īstermiņa kreditori	14,054	37,364	33,228	40,223	33,694
Kopā pasīvi un pašu kapitāls	52,163	77,158	105,061	85,095	108,515

³ Peļņa par akcijām, kas tiek norādīta katra attiecīgā perioda beigās. Peļņa par akciju 2019. gadā nav iekļauta Revidētajos finanšu pārskatos. Tā aprēķināta un iekļauta šajā tabulā salīdzinošos nolūkos.

⁴ Salīdzinošos nolūkos apgrozībā esošo akciju skaits ir pielāgots jaunu akciju emisijām.

Atlasīta informācija par naudas plūsmas pārskatu, EUR'000

	Par gadu, kas beidzās 31. decembrī (revidēts)			Par trīs mēnešu periodu, kas beidzās 31. martā (nepārskatīts)	
	2021	2022	2023	2023	2024
Neto naudas plūsma no (uz) pamatdarbības	(3,307)	(17,966)	(13,978)	(5,798)	(4,402)
Neto naudas plūsma no (uz) investīciju darbības	(74)	(704)	(1,726)	(243)	(347)
Neto naudas plūsma no (uz) finansēšanas darbības	1,249	18,579	19,264	6,070	1,816
Neto naudas plūsma par pārskata gadu	(2,132)	(90)	3,560	29	(2,934)

Kas ir emitentam raksturīgie būtiskākie riski?

Ar konkurenci saistīts risks patērētāju kreditēšanas un aizdevumu pret ķīlu darbības jomā. Nākotnē Grupa var saskarties ar lielāku konkurenci, ja tirgū ienāks jauni vietējie un starptautiskie uzņēmumi un konkurenti paplašinās savus pakalpojumus vai samazinās savas darbības izmaksas. Ja Grupas konkurenti spēs efektīvāk izmantot pastāvošās priekšrocības, Grupa var nespēt piesaistīt vai saglabāt klientus, un tas var negatīvi ietekmēt Grupas veiktspēju, finansiālos rādītājus un perspektīvas. Turklāt, ja Grupa nespēs piedāvāt līdzvērtīga vai augstāka standarta pakalpojumu, salīdzinot ar tās konkurentiem, Grupa var zaudēt klientus un, potenciāli, arī tirgus daļu. Pastāv risks, ka Sabiedrība piesaistīs papildu uzmanību no uzraudzības iestāžu puses, ja tās tirgus daļa aizdevumu pret ķīlu izsniegšanas darbībā tiks uzskatīta par nozīmīgu. Rezultātā var tikt piemērotas arī papildu ētikas un atbilstības prasības, kas izriet no Latvijas Konkurences likuma.

Ar personālu un darbaspēku saistīts risks. Jebkāds kvalificēta personāla zaudējums, augsta darbinieku mainība vai pastāvīgas grūtības aizpildīt vakances ar piemērotiem kandidātiem var būtiski negatīvi ietekmēt Grupas spēju efektīvi konkurēt savā nozarē, un Grupa var zaudēt ievērojamu specializēto zināšanu apjomu, vai arī konkurenti var iegūt tām piekļuvi. Jebkādas būtiskas domstarpības starp Grupu un tās darbiniekiem var izjaukt Grupas darbības operācijas un novest pie ienākumu un klientu zaudējuma un darbības izmaksu pieauguma. Grupa var būt pakļauta arī riskiem, kas izriet no tā, ka darbinieki neievēro apstiprinātās procedūras. Atsevišķus riskus, kā krāpniecību un nelikumīgu līdzekļu piesavināšanos, nav iespējams pilnībā novērst, ņemot vērā Grupas darbībai raksturīgo apiešanos ar naudas līdzekļiem.

Kiberdrošība un ar IT saistīti riski. IT infrastruktūra ir saistīta ar visiem IT sistēmām saistītajiem riskiem kā programmatūras vai aparatūras kļūmes vai disfunkcija, būtiskai IT infrastruktūrai nodarīts fizisks kaitējums, datorvīrusu infekcijas, datu drošības pārkāpumi, ļaunprātīga uzlaušana vai citi uzbrukumi vai draudi kiberdrošībai. Potenciāli Grupa var kļūt par kiberuzbrukumu mērķi, jo pieaug uzlaušanu skaits un izpirkuma pieprasītāji mērķē uz finanšu sektoru, tai skaitā uz nebanku aizdevējiem, lai izmantotu to iekšējās sistēmas un procesus personīga labuma gūšanai. Jebkāda veida pakalpojumu pārtraukums var kaitēt Grupas programmatūrai un platformām, var izraisīt datu zaudējumu un tā novēršana var prasīt no Grupas ievērojamus izdevumus. Grupas sistēmu avārijas gadījumā pastāv tirgotāju neatsaucības risks, kas var izraisīt kavējumus pakalpojuma atjaunošanā.

Ar licencēšanas prasībām saistīti riski. Grupas licenču termiņi ir neierobežoti, bet Patērētāju tiesību aizsardzības centrs (PTAC) var tās atcelt vai apturēt. PTAC ir pienākums iejaukties, ja Sabiedrība vai Grupa pārkāpj tās likumos noteiktos pienākumus. PTAC var apturēt licenci uz laiku līdz sešiem mēnešiem, ja Sabiedrība vai Grupa neievēro normatīvos aktus un nesadarbojas konstatēto neatbilstību risināšanā. Būtisku pārkāpumu gadījumā PTAC var kā galējo līdzekli izmantot Sabiedrības vai Grupas licences anulēšanu. Grupas darbības operāciju priekšnoteikums ir spēkā esošas PTAC piešķirtas licences. Ja šīs licences tiek anulētas vai apturētas, Grupai ir jāizbeidz patērētāju kreditēšanas operācijas, savukārt tas būtiski negatīvi ietekmētu Grupas darbību, finansiālo stāvokli un darbības rezultātus.

Ar aizņēmēju kredītrisku saistīts risks. Ja aizņēmējs nepilda savas saistības saskaņā ar līguma noteikumiem, tas var negatīvi ietekmēt Grupas ienākumus un aktīvu vērtību tās bilancē. Grupa var nespēt atbilstoši novērtēt attiecīgos faktorus vai precīzi aplēst identificēto faktoru ietekmi uz aizņēmēju kredītpēju vai to lielumu, un tas var negatīvi ietekmēt Grupas darbību, finansiālo stāvokli, darbības rezultātus un izredzes. Aizņēmēju kredītpējas pavājināšanās un tam sekojoša pieaugoša

pasliktināšanās var negatīvi ietekmēt Grupas darbību, finansiālo stāvokli, darbības rezultātus un perspektīvas.

Informācija par vērtspapīriem

Kādas ir vērtspapīru galvenās iezīmes?

Veids, kategorija un ISIN

Visas Sabiedrības akcijas (arī Piedāvājuma akcijas) ir dematerializētas uzrādītāja akcijas ar vienas akcijas nominālvērtību EUR 0.10. Akcijas ir reģistrētas Nasdaq CSD ar ISIN LV0000101806 un tiek uzturētas ieraksta formā. Akciju sertifikāti nav izsniegti un netiks izsniegti.

Emitēto akciju valūta, paritāte, nominālvērtība, skaits un to termiņš

Prospekta dienā Sabiedrības pamatkapitāls 4,537,750.50 EUR apjomā ir sadalīts 45,377,505 dematerializētās uzrādītāja akcijās. Katras apgrozībā esošās akcijas nominālvērtība ir 0.10 EUR. Visas akcijas ir emitētas un pilnībā apmaksātas. Akcijas ir denominētas eiro, tās regulē Latvijas tiesību normas, un Piedāvājuma valūta ir eiro. Visas Akcijas piešķir akciju turētājiem vienlīdzīgas tiesības (tai skaitā viena akcija, viena balss).

No Akcijām izrietošās tiesības

Attieksme pret visiem Sabiedrības akcionāriem ir vienlīdzīga. Katra Sabiedrības Akcija piešķir tās turētājam tādas pašas tiesības uz Sabiedrības aktīvu un peļņas daļu. Sabiedrības likvidācijas gadījumā akcionāri ir tiesīgi uz tādu atlikušo aktīvu daļu, kas ir proporcionāla akcionāru turējumā esošo akciju skaitam (likvidācijas kvotu).

Katrai akcijai ir piekritīgas šādas tiesības: (1) tiesības atsavināt akciju; (2) tiesības uz dividendēm; (3) tiesības balsot; (4) tiesības piedalīties Akcionāru sapulcē; (5) tiesības uz likvidācijas kvotu; (6) pirmpirkuma tiesības; (7) tiesības uz informāciju.

Akciju pakārtotība emitenta kapitāla struktūrā maksātnespējas gadījumā

Uz akcijām neattiecas nekādas speciālas tiesības piedalīties sadalē (tai skaitā likvidācijas gadījumā), neskaitot tās, kas pastāv saskaņā ar Latvijas Maksātnespējas likumu, kas nosaka, ka Sabiedrības līdzekļi, kas paliek pēc juridiskās personas maksātnespējas procesa izmaksu segšanas un kreditoru prasījumu apmierināšanas, tiek sadalīti starp Sabiedrības akcionāriem proporcionāli viņu akciju turējuma apjomam.

Akciju brīvas atsavināšanas ierobežojumi

Akciju atsavināšana nav apgrūtināta ar nekādiem ierobežojumiem ne uz Latvijas likumu, ne uz Statūtu pamata.

Dividenžu politika

2020. gada 4. aprīlī Sabiedrība pieņēma Dividenžu politiku sākotnējā redakcijā. Dividenžu politiku veido vispārīgas informācijas sadaļa, dividenžu izmaksas principi, svarīgākie apsvērumi, kas ir nozīmīgi dividenžu apjoma aprēķināšanai un noteikšanai, dividenžu izmaksāšanas datumi un kārtība, kā arī informācija, kas ir saistīta ar dividenžu sadali un izmaksāšanu.

Saskaņā ar Latvijas Komerclikumu, Statūtiem un Dividenžu politiku, Sabiedrība var izmaksāt divu veidu dividendes:

- **Ārkārtas dividendes**, kas tiek: (1) **noteiktas** pēc ceturkšņa finanšu pārskata pieņemšanas saskaņā ar Valdes ieteikumu, kuru izskata Padome. Dividendēs var tikt izmaksāts līdz **50% no konsolidētās peļņas iepriekšējā finanšu ceturksnī**. (2) Dividendes tiek **izmaksātas** vienu reizi ceturksnī pēc Akcionāru sapulces, kurā tiek apstiprināts finanšu pārskats par iepriekšējo ceturksni un noteiktā kārtībā pieņemts lēmums par dividenžu izmaksāšanu.
- **Ikgadējās dividendes**, kas tiek: (1) **noteiktas** pēc gada pārskata apstiprināšanas; un (2) **izmaksātas** vienu reizi gadā saskaņā ar maksājumu grafiku pēc Akcionāru sapulces, kurā tiek apstiprināts gada pārskats un noteiktā kārtībā pieņemts lēmums par dividenžu izmaksāšanu.

Kopš tās iekļaušanas publiskajā sarakstā Sabiedrība ir guvusi regulārus un prognozējamus uz atdevi balstītus ieņēmumus, vienlaikus saglabājot Sabiedrības finansiālo stabilitāti un orientējoties uz ilgtermiņa attīstības mērķiem. 2023. gadā Sabiedrība dividendēs izmaksāja 3,494,140 EUR, kas ir EUR 0.08 uz vienu akciju.

Kur tiek tirgotas Akcijas?

Akcijas tiek tirgotas Nasdaq Riga Baltijas Oficiālajā sarakstā. Akcijas netiek tirgotas nevienā citā biržā. Akciju tirdzniecība Nasdaq Riga Baltijas Oficiālajā sarakstā tika uzsākta 2021. gada 20. oktobrī.

Kas ir vērtspapīriem raksturīgie būtiskākie riski?

Akciju cenas un akciju likviditātes risks. Nasdaq Riga birža, salīdzinot ar citiem stabiliem vērtspapīru tirgiem ar ilgāku vēsturi, ir ievērojami mazāk likvida un ar augstu cenu svārstības dinamiku. Nasdaq Riga biržas visai mazā tirgus kapitalizācija un zemā likviditāte var negatīvi ietekmēt akcionāru spēju pārdot Akcijas nozīmīgos apjomos. Ieguldītājiem var nebūt iespējams ātri pārdot Akcijas par Piedāvājuma cenu vai augstāku cenu.

Piedāvājuma atsaukšana. Piedāvātājs pieliks vislielākās pūles, lai nodrošinātu sekmīgu Piedāvājumu, tomēr Piedāvātājs nevar garantēt, ka Piedāvājums būs sekmīgs un ieguldītāji saņems Piedāvājuma akcijas, uz kuru iegādi tie ir pieteikušies. Piedāvātājam ir tiesības atsaukt Piedāvājumu.

Akciju vērtības mazināšanās risks. Sabiedrība vēlāk var censties piesaistīt kapitālu ar parādu vērtspapīru (tai skaitā potenciāli konvertējamu parādu vērtspapīru) vai papildu akciju piedāvājumu palīdzību. Papildu akciju vai vērtspapīru ar tiesībām tos konvertēt par parastām akcijām, piemēram, konvertējamu obligāciju vai konvertējamu parādzīmju emisija potenciāli var samazināt Sabiedrības akciju cenu, mazinot akciju vērtību, ja esošie Akcionāri nepiedalās šādās emisijās, lai noturētu pastāvošo dalības līmeni Sabiedrībā.

Riski saistībā ar spēju maksāt dividendes. Sabiedrībai nav tiesiska pienākuma maksāt gada vai ceturkšņa dividendes un nav iespējams izteikt nekādas garantijas par nākotnes dividendēm. Sabiedrības spēja maksāt dividendes ir atkarīga no vairākiem faktoriem, tai skaitā no Sabiedrības darbības rezultātiem, finansējuma un investīciju prasībām, kā arī sadalāmas peļņas pieejamības un Akcionāru sapulces lēmumiem.

Atbilstoša analītiskā seguma trūkums. Nav garantijas, ka Sabiedrībai būs nepārtraukts analītisko pētījumu segums (vai jebkādu). Laika gaitā par Sabiedrību pieejamās trešo personu veiktās izpētes apjoms var palielināties vai samazināties, kam var būt neliela vai nekāda kopsakarība ar faktiskajiem tās darbības rezultātiem, jo Sabiedrība nevar ietekmēt analītiķus, kas sagatavo šādu izpēti. Negatīviem izpētes rezultātiem vai nepietiekamai trešo personu izpētei būtu sagaidāma negatīva ietekme uz Akciju tirgus cenu un tirdzniecības apjomu.

Nodokļu režīma riski. Izmaiņas darījumiem, kuru priekšmets satur darbību ar Akcijām, vai ar Akcijām saistītajām dividendēm piemērojamā nodokļu režīmā var izraisīt palielinātu nodokļu slogu Akcionāriem un tādējādi negatīvi ietekmēt Akcijās veikto ieguldījuma ienesīgumu.

Informācija par vērtspapīru publisko piedāvājumu

Ar kādiem nosacījumiem un kādā termiņā es varu ieguldīt šajā vērtspapīrā?

Piedāvājuma gaitā tiek piedāvātas līdz 5,395,000 Pamatpiedāvājuma akcijām ar iespēju palielināt Piedāvājumu ar (līdz) 2,400,000 Papildu piedāvājuma akcijām, maksimāli līdz 7,795,000 Piedāvājuma akcijām. Piedāvājuma akcijas ir pastāvošas, pilnībā apmaksātas Sabiedrības Akcijas. Piedāvātājs var palielināt Piedāvājuma apjomu, pievienojot Papildu piedāvājuma akcijas pēc saviem ieskatiem, konsultējoties ar Globālo vadītāju un ņemot vērā piedāvājuma rezultātus. Piedāvājuma rezultātā Sabiedrības pašreizējais pamatkapitāls netiek palielināts vai samazināts. Sagaidāmā bruto ieņēmumu summa no Piedāvājuma ir līdz 8,496,550 EUR. Ar Piedāvājumu tieši saistītās izmaksas ir novērtētas ap 88,196 EUR. Tādējādi neto ieņēmumi no Piedāvājuma ir sagaidāmi līdz 8,408,354 EUR apmērā. Sabiedrība nesaņems nekādus ieņēmumus no Piedāvājuma. Piedāvātājs sedz visas ar Piedāvājumu saistītās izmaksas un izdevumus.

Piedāvājums tiek piedāvāts (i) privātajiem ieguldītājiem Latvijā, Igaunijā un Lietuvā - publiski, ("**Mazumtirdzniecības piedāvājums**") un (ii) kvalificētiem ieguldītājiem Prospektu regulas 2(e) panta izpratnē Latvijā un atsevišķās izvēlētās Eiropas Ekonomiskās Zonas dalībvalstīs, kā arī citiem atsevišķiem ieguldītājiem, vadoties no attiecīgo dalībvalstu likumos noteiktiem izņēmumiem ("**Institucionālais piedāvājums**").

Piedāvājuma orientējošais laika grafiks ir šāds:

Piedāvājuma perioda sākums	2024. gada 20. maijs plkst. 10:00
Piedāvājuma perioda beigas	2024. gada 3. jūnijs plkst. 15:30
Piedāvājuma rezultātu paziņošana un Piešķiršana	Aptuveni 2024. gada 4. jūnijs

Piedāvātājs kopīgi ar Galveno organizētāju ir nolēmis, ka Piedāvājuma akcijas tiks piešķirtas proporcionāli (*pro-rata*) Piedāvājuma periodā saņemtajiem iegādes pieteikumiem ap 2024. gada 5. jūniju.

Prospekta dienā Sabiedrības Akciju skaits ir 45,377,505. Piedāvājuma apmērs ir līdz 5,395,000 Pamatpiedāvājuma akcijām ar iespēju palielināt Piedāvājumu ar (līdz) 2,400,000 Papildus piedāvājuma akcijām, maksimāli līdz 7,795,000 Piedāvājuma akcijām. Piedāvājuma rezultāti neietekmēs Sabiedrības Akciju skaitu.

Kas ir akcionāri, kas pārdod savas akcijas?

Piedāvātājs (akcionārs, kas pārdod savas akcijas) ir šī juridiskā persona, kas publiski piedāvā noteiktu turēto Akciju skaitu:

AS ALPPES Capital ir akciju sabiedrība, kas dibināta Latvijā, reģistrēta Latvijas Uzņēmumu reģistrā ar reģistrācijas numuru 52103097551 un juridisko adresi Jūras ielā 12, Liepājā, LV-3401. Sabiedrības e-pasts ir Solvita.Kurtisa@inin.lv, telefona numurs ir +371 29273309. Tās juridiskās personas identifikators (LEI) ir 984500D66E0J0A5BB002.

Piedāvātājs publiski piedāvā šādu akciju daudzumu:

Akcionāra vārds (nosaukums)	Kopējā akciju kapitāla procenti turējumā	Akciju skaits turējumā	Pamata piedāvājuma akciju skaits	Papildu piedāvājuma akciju skaits	Publiski piedāvāto Akciju skaits
AS ALPPES Capital	29.32%	13,305,554	5,395,000	2,400,000	7,795,000

Kādēļ tiek sagatavots šis Prospekts?

Šis Prospekts tiek sagatavots: 1) lai palielinātu brīvā apgrozībā (*free-float*) esošo Akciju skaitu, tādējādi palielinot Akciju likviditāti; 2) lai Piedāvātājs varētu diversificēt savus aktīvus un ieguldījumus.

Sabiedrība nesaņems nekādus ieņēmumus no Piedāvājuma. Uz Piedāvājumu neattiecas emisijas izplatīšanas līgums ar stingri noteiktām saistībām. Ar Piedāvājumu nav saistīti nekādi būtiski interešu konflikti.

1.4. Summary in Lithuanian (*Santrauka*)

Įvadas ir perspėjimai

Vertybinių popierių pavadinimas ir tarptautinis vertybinių popierių identifikavimo numeris (ISIN)

Įmonės akcijos ("DelfinGroup"), tarptautinis vertybinių popierių identifikavimo numeris (ISIN): LV0000101806.

Emitento tapatybė ir kontaktiniai duomenys, įskaitant jo juridinio asmens identifikatorių (LEI)

AS "DelfinGroup" yra Latvijoje įsteigta akcinė bendrovė (*akciju sabiedrība*), įregistruota Latvijos juridinių asmenų registre, registracijos numeris 40103252854, kurios registruotas adresas yra Skanstes iela 50A, Ryga, LV-1013. Įmonės elektroninis paštas yra info@delfingroup.lv, telefono numeris: +371 26189988. Juridinio asmens identifikatorius (LEI) yra 2138002PKHUJIMVMYB13.

Siūlymo teikėjų tapatybė ir kontaktiniai duomenys, įskaitant jų juridinio asmens identifikatorių (LEI)

AS ALPPES Capital yra Latvijoje įsteigta akcinė bendrovė (*akciju sabiedrība*), įregistruota Latvijos juridinių asmenų registre, registracijos numeris 52103097551, kurios registruotas adresas yra Jūras iela 12, Liepoja, LV-3401. Bendrovės elektroninis paštas yra Solvita.Kurtisa@inin.lv, telefono numeris: +371 29273309. Juridinio asmens identifikatorius (LEI) yra 984500D66E0J0A5BB002.

Prospektą tvirtinanti kompetentinga institucija ir kontaktiniai duomenys

Šį Prospektą patvirtino Latvijos bankas, kaip kompetentinga institucija, adresas Krišjāņa Valdemāra iela 2A, Ryga, LV-1050, elektroninis paštas: info@bank.lv, telefono numeris: +371 6702 2300, pagal Reglamentą (ES) 2017/1129.

Prospekto patvirtinimo data

Šis Prospektas buvo patvirtintas 2024 m. gegužės 15 d.

Perspėjimai

Ši Santrauka buvo parengta pagal Reglamento (ES) 2017/1129 7 straipsnį ir turėtų būti skaitoma kaip Prospekto įvadas. Bet koks sprendimas investuoti į vertybinius popierius turėtų būti grindžiamas investuotojo apsvaistytą Prospekto visuma. Investuotojas gali prarasti visą ar dalį investuoto kapitalo. Jei teismui pareiškiamas reikalavimas dėl informacijos, pateiktos Prospekte, investuotojui kaip ieškovui pagal nacionalinę teisę gali reikėti padengti Prospekto vertimo išlaidas prieš pradėdant teisminį procesą. Civilinė atsakomybė priskiriama (taikoma) tik tiems asmenims, kurie pateikė Santrauką, įskaitant bet kokią jos vertimą, tačiau tik tuo atveju, jei Santrauka yra klaidinanti, netiksli ar nenuosekli skaitant kartu su kitomis Prospekto dalimis arba joje, skaitant kartu su kitomis Prospekto dalimis, nepateikiama pagrindinė informacija, kuria siekiama padėti investuotojams svarstant galimybę investuoti į šiuos vertybinius popierius.

Pagrindinė informacija apie įmonę

Kas yra vertybinių popierių emitentas?

Buveinė, teisinė forma, LEI, įsteigimo ir veiklos šalis

Įmonė yra įsteigta Latvijoje, jos registruotas adresas yra Skanstes iela 50A, Ryga, LV-1013, o jos LEI numeris yra 2138002PKHUJIMVMYB13. Įmonė yra įsteigta ir įregistruota Latvijos komerciniame registre kaip akcinė bendrovė (*akciju sabiedrība*), kurios registracijos numeris 40103252854.

Pagrindinė veikla

Įmonių grupė ("Grupė") vykdo veiklą naudodamasi trimis pagrindiniais prekių ženklais: "Banknote", "VIZIA" ir "Rīgas pilsētas lombards" (Rygos miesto lombardas) ir veikia dvejose pramonės šakose – vartojimo paskolų ir mažmeninės naudotų prekių prekybos.

Grupė siūlo šių trijų rūšių paslaugas: (1) vartotojų kreditavimas, kurį apima vartojimo paskolos, paskolų teikimas pardavimo vietoje ir kredito linijos, (2) lombardo paskolos ir (3) naudotų prekių mažmeninė prekyba. Grupė yra suskirstyta į tris veiklos segmentus, pagrįstus teikiamomis paslaugomis kaip nurodoma žemiau:

- (1) **Vartojimo paskolų segmentas:** vartojimo paskolų valdymas, skolų išieškojimo veikla ir skolų pardavimas skolų išieškojimo bendrovėms.
- (2) **Lombardo paskolų segmentas:** lombardo paskolų išdavimas ir lombardo prekių pardavimas.

- (3) **Kitu operaciju segmentas:** paskolų teikimas nekilnojamojo turto plėtrai (nuo šio Prospekto datos nebėra aktyvi paslauga), bendrosios administravimo paslaugos grupės įmonėms (labai menka veikla, nereikšminga).

Pagrindiniai akcininkai

Šio Prospekto sudarymo dieną žemiau nurodyti akcininkai turi daugiau kaip 5% visų Įmonės akcijų, o Įmonė laiko juos pagrindiniais akcininkais:

Akcininko pavadinimas	Viso turimo įstatinio kapitalo procentinė dalis	Turimų akcijų skaičius	Akcininko galutinis naudos gavėjas(-ai)
SIA "AE Consulting"	8.21%	3,724,229	Agris Evertovskis
SIA EC finance	14.93%	6,775,560	Agris Evertovskis
SIA Curiosity Capital	12.16%	5,518,896	Linda Kesenfelde
AS ALPPES Capital	29.32%	13,305,554	Aigars Kesenfelds

SIA "AE Consulting" ir SIA EC finance bendrai turi 23.14% Bendrovės akcijų (ir balsavimo teisių), AS ALPPES Capital turi 29.32% Bendrovės akcijų (ir balsavimo teisių), SIA Curiosity Capital turi 12.16% Bendrovės akcijų (ir balsavimo teisių). SIA "AE Consulting", SIA EC finance, SIA Curiosity Capital ir AS ALPPES Capital bendrai turi 64.62% bendrovės akcijų (ir balsavimo teisių).

Be to, stebėtojų tarybos pirmininkui p. Agris Evertovskis tiesiogiai priklauso 1,250 akcijų Bendrovės, todėl iš viso p. Agris Evertovskis tiesiogiai ir netiesiogiai per SIA EC finance ir SIA "AE Consulting" valdo 23.14% (arba 10,501,039 akcijų) Bendrovės.

P. Linda Kesenfelde tiesiogiai priklauso 0.38% (arba 170,000 akcijų) Bendrovės, o per SIA LK Investments 4.85% (arba 2,200,000 akcijų), todėl iš viso p. Linda Kesenfelde tiesiogiai ir netiesiogiai per SIA Curiosity Capital ir SIA LK Investments priklauso 17.39% (arba 7,888,896 akcijų) Bendrovės.

Tarp Siūlymo teikėjo ir jokio kito Bendrovės akcininko nėra sudaryta akcininkų sutartis.

Pagrindiniai vadovaujantys direktoriai

Žemiau pateikiama išsami informacija apie Įmonės pagrindinių direktorių narius šio Prospekto pateikimo metu.

Vardas	Pozicija	Paskyrimo data	Paskyrimo pabaiga
Didzis Ādmīdiņš	Generalinis direktorius (CEO), valdybos pirmininkas	2021 m. sausio 19 d.	2026 m. sausio 18 d.
Aldis Umblejs	Finansų direktorius (CFO), valdybos narys	2021 m. gruodžio 15 d.	2026 m. gruodžio 14 d.
Sanita Pudnika	Generalinis administracijos direktorius (COO), valdybos narys	2022 m. kovo 1 d.	2027 m. vasario 28 d.
Nauris Bloks	Inovacijų vadovas (CIO), valdybos narys	2023 m. birželio 8 d.	2028 m. liepos 6 d.
Agris Evertovskis	Stebėtojų tarybos pirmininkas	2021 m. kovo 30 d.	2026 m. kovo 29 d.
Gatis Kokins	Stebėtojų tarybos pirmininko pavaduotojas	2021 m. kovo 30 d.	2026 m. kovo 29 d.
Edgars Voļskis	Stebėtojų tarybos narys	2021 m. kovo 30 d.	2026 m. kovo 29 d.
Mārtiņš Bičevskis	Stebėtojų tarybos narys	2021 m. kovo 30 d.	2026 m. kovo 29 d.
Jānis Pizičs	Stebėtojų tarybos narys	2021 m. kovo 30 d.	2026 m. kovo 29 d.

Teisės aktais nustatytą auditą atliekančių auditorių tapatybė

"KPMG Baltics SIA", registracijos numeris: 40003235171, registruota adresas Roberta Hirša iela 1, Rīga, LV-1045, yra teisės aktų tvarka patvirtinti Grupės auditoriai. Auditorius renka visuotinis akcininkų susirinkimas.

Kokia yra pagrindinė finansinė informacija apie emitentą?

Grupės audituotos konsoliduotos finansinės atskaitomybės už finansinius metus, pasibaigusius 2023 m. gruodžio 31 d., 2022 m. gruodžio 31 d. ir 2021 m. gruodžio 31 d., buvo pridėtos prie Prospekto. Be to, prie Prospekto buvo pridėta Grupės neperžiūrėta 3 mėnesių laikotarpio konsoliduota tarpinė finansinė atskaitomybė paruošta 2024 m. kovas 31 dienai, taip pat Grupės neperžiūrėta 3 mėnesių laikotarpio konsoliduota tarpinė finansinė atskaitomybė paruošta 2023 m. kovas 31 dienai. Audituotos finansinės atskaitomybės buvo parengtos pagal Tarptautinius finansinės atskaitomybės standartus (TFAS), priimtus Europos Sąjungoje. Žemiau esančiose lentelėse pateikiama konsoliduota finansinė informacija pagal Komisijos deleguotojo reglamento 2019/979/ES I Priedą. Informacija yra pagrįsta finansinėmis ataskaitomis arba yra iš jos gauta, todėl turi būti skaitoma kartu su finansinėmis ataskaitomis, įskaitant paaiškinimus, pateiktus finansinių ataskaitų aiškinamajame rašte.

Pasirinkta konsoliduota pelno (nuostolio) ataskaita ir kita informacija apie pajamas, tūkst. EUR

	<i>Finansiniai metai pasibaigę gruodžio 31 d. (audituota)</i>			<i>Trijų mėnesių laikotarpis pasibaigęs kovas 31 d. (neperžiūrėta)</i>	
	<i>2021</i>	<i>2022</i>	<i>2023</i>	<i>2023</i>	<i>2024</i>
Bendros pajamos	25,189	35,776	50,423	11,333	14,260
Bendras pelnas	15,390	20,742	25,071	5,702	6,773
EBIT marža, %	35.0	33.3	33.5	31.9	32.3
Pelnas prieš pelno mokestį	4,997	7,258	8,290	1,825	2,039
Pelno mokestis	(979)	(1,296)	(1,662)	(212)	(420)
Tarpiniai dividendai	(2,223)	(2,923)	(3,494)	(838)	(649)
Grynasis ataskaitinių metų pelnas	4,018	5,961	6,628	1,613	1,619
Grynoji pelno norma, %	16.0	16.7	13.1	14.2	11.4
Grynasis pelnas, priskirtinas patronuojančios įmonės savininkams	4,018	5,961	6,628	1,613	1,619
Pelnas už akciją, EUR⁵	0.098	0.132	0.146	0.036	0.036
Koreguotas pelnas vienai akcijai, EUR⁶	0.098	0.132	0.146	0.036	0.036

Pasirinkta konsoliduotos finansinės būklės ataskaita informacija, tūkst. EUR

	<i>Finansiniai metai pasibaigę gruodžio 31 d. (audituota)</i>			<i>Trijų mėnesių laikotarpis pasibaigęs kovas 31 d. (neperžiūrėta)</i>	
	<i>2021</i>	<i>2022</i>	<i>2023</i>	<i>2023</i>	<i>2024</i>
Iš viso ilgalaikio turto	32,743	50,256	72,253	57,023	78,841
Iš viso trumpalaikio turto	19,420	26,902	32,808	28,073	29,673
Bendras turtas	52,163	77,158	105,061	85,095	108,515
Visas kapitalas	17,476	18,106	21,322	18,915	22,332
Iš viso ilgalaikių kreditorių	20,633	21,688	50,510	25,957	52,488
Iš viso trumpalaikių kreditorių	14,054	37,364	33,228	40,223	33,694
Iš viso įsipareigojimų ir nuosavo kapitalo	52,163	77,158	105,061	85,095	108,515

Pasirinkta konsoliduota pinigų srautų ataskaita informacija, tūkst. eurų

	<i>Finansiniai metai pasibaigę gruodžio 31 d. (audituota)</i>			<i>Trijų mėnesių laikotarpis pasibaigęs kovas 31 d. (neperžiūrėta)</i>	
	<i>2021</i>	<i>2022</i>	<i>2023</i>	<i>2023</i>	<i>2024</i>
Grynieji pinigų srautai iš (i) pagrindinės veiklos	(3,307)	(17,966)	(13,978)	(5,798)	(4,402)
Grynieji pinigų srautai iš (i) investicinės veiklos	(74)	(704)	(1,726)	(243)	(347)

⁵ Pelnas už akcijas nurodomas kiekvieno atitinkamo laikotarpio pabaigoje. Pelnas už akciją už 2019 m. yra neįtrauktas į audituotas finansines atskaitomybes. Tai buvo apskaičiuota ir įtraukta į šią lentelę palyginimo tikslais.

⁶ Palyginimo tikslais, išleistų akcijų skaičius buvo pakoreguotas atsižvelgiant į naujas akcijų emisijas.

Grynieji pinigų sratai iš (j) finansavimo veiklos	1,249	18,579	19,264	6,070	1,816
Ataskaitinių metų grynieji pinigų sratai	(2,132)	(90)	3,560	29	(2,934)

Kokios yra pagrindinės rizikos, būdingos emitentui?

Rizika, susijusi su konkurencija vartojimo paskolų ir lombardo paskolų verslo srityse. Ateityje Grupė gali susidurti su didėjančia konkurencija, kai į rinką ateis naujos nacionalinės ir tarptautinės bendrovės, o konkurentai plės savo paslaugas ir (arba) sumažins veiklos sąnaudas. Jei Grupės konkurentai geriau išnaudos esamus privalumus, Grupė gali nesugebėti pritraukti ar išlaikyti klientų, o tai gali turėti neigiamą poveikį Grupės veiklos rezultatams, finansiniams rodikliams ir perspektyvoms. Be to, jei Grupė negalės pasiūlyti panašaus ar aukštesnio lygio paslaugų, palyginti su konkurentais, Grupė gali prarasti klientus ir, galbūt, rinkos dalį. Gali kilti rizika, kad Įmonė pritrauks papildomą priežiūros institucijų dėmesį, nes jos rinkos dalis lombardo paskolų versle bus laikoma reikšminga. Vadinas, pagal Latvijos Konkurencijos įstatymą gali kilti papildomi veiklos ir atitikties reikalavimai.

Rizika, susijusi su personalu ir darbo jėga. Bet koks kvalifikuoto personalo praradimas, didelė darbuotojų kaita ar nuolatiniai sunkumai užpildant laisvas darbo vietas tinkamais kandidatais gali turėti esminį neigiamą poveikį Grupės gebėjimui veiksmingai konkuruoti savo verslo šakoje, o Grupė gali prarasti didelę kompetenciją ar prieigą prie konkurentų. Bet kokie esminiai nesutarimai tarp Grupės ir jos darbuotojų gali sutrikdyti Grupės veiklą, lemti pajamų ir klientų praradimą bei padidinti veiklos sąnaudas. Grupė taip pat gali būti pažeidžiama dėl rizikos, kylančios darbuotojams nesilaikant patvirtintų procedūrų. Tam tikros rizikos, tokios kaip sukčiavimas ir grobstymas negalima visiškai pašalinti, atsižvelgiant į grynųjų pinigų tvarkymo aspektą būdingą Grupės veiklai.

Kibernetinio saugumo ir su IT susijusi rizika. Priklausomybė nuo IT infrastruktūros kelia riziką, būdingą visoms IT sistemoms, pvz. programinės ar aparatinės įrangos gedimus ar sutrikimus, fizinę žalą, padarytą gyvybiškai svarbiai IT infrastruktūrai, kompiuterių virusines infekcijas, duomenų saugumo pažeidimus, kenkėjišką įsilaužimą ar kitas kibernetinio saugumo atakas, taip pat kitas kibernetinio saugumo grėsmes. Grupė potencialiai gali tapti kibernetinių atakų subjektu, nes vis daugiau įsilaužėlių bei išpirkų reikalaujančių asmenų taikosi į finansų sektorių, įskaitant ne banko skolintojus, siekdami išnaudoti savo vidines sistemas ir procesus asmeninei naudai gauti. Bet koks paslaugos sutrikimas gali pakenkti Grupės programinei įrangai ir platformoms, ko pasekoje gali būti prarasti duomenys ir lemti, kad Grupė patirs dideles taisymo išlaidas. Gali kilti rizika, kad paslaugos tiekėjas laiku nereaguos sugedus Grupės sistemoms, ir tai galėtų pavėlinti sistemų atstatymą.

Rizika, susijusi su įstatymų numatytais licencijavimo reikalavimais. Grupės licencijos yra neribotos trukmės, tačiau jas gali anuliuoti arba sustabdyti Vartotojų teisių apsaugos centras (angl. *Consumer Rights Protection Centre*) (toliau – "CRPC"). CRPC turi įsikišti, jei Įmonė ir (arba) Grupė pažeidžia savo pareigas pagal galiojančius įstatymus. CRPC gali sustabdyti licencijos galiojimą iki šešių mėnesių, jei Įmonė ir (arba) Grupė nesilaiko norminių teisės aktų ir nebendradarbiauja, kad pašalintų nustatytus neatitiktumus. Esminių pažeidimų atveju CRPC, kaip paskutinę priemonę gali taikyti Įmonės ir (arba) Grupės licencijos panaikinimą. Grupės veikla priklauso nuo CRPC išduotų veiklos licencijų. Jei licencijos bus panaikintos arba sustabdytos, Grupė turės nutraukti vartojimo kredito operacijas, o tai savo ruožtu turės ypač neigiamą poveikį Grupės verslui, finansinei būklei ir veiklos rezultatams.

Rizika, susijusi su skolininko kredito rizika. Bet koks paskolos gavėjo įsipareigojimų pagal sutartines sąlygas nevykdymas gali turėti neigiamos įtakos Grupės pajamoms ir turto vertei balanse. Grupei gali nepavykti tinkamai identifikuoti svarbius veiksnius arba tiksliai įvertinti nustatytų veiksmų poveikį ir / arba poveikio dydį skolininko kreditingumui, o tai gali neigiamai paveikti jos verslą, finansinę būklę, veiklos rezultatus ir perspektyvas. Suprastėjusi paskolos gavėjo kredito kokybė ir dėl to išaugęs jo vertės sumažėjimas turėtų neigiamos įtakos grupės verslui, finansinei būklei, veiklos rezultatams ir perspektyvoms.

Informacija apie vertybinius popierius

Kokios yra pagrindinės vertybinių popierių savybės?

Tipas, klasė ir ISIN

Visos Įmonės Akcijos (taip pat ir Siūlomos) yra nematerialios pareikštinės akcijos, kurių kiekvienos nominali vertė yra 0.10 euro centų. Akcijos bus įregistruotos "Nasdaq CSD" ISIN numeriu LV0000101806 ir saugomos nematerialia forma. Akcijų sertifikatai nėra ir nebus išleisti.

Valiuta, nominalas, nominali vertė, išleistų akcijų skaičius ir trukmė

Prospekto paskelbimo metu Īmonēs ģstatinis kapitālas yra 4,537,750.50 eurų, padalytas į 45,377,505 nematerialių pareikštinių akcijų. Kiekvienos neapmokētos Akcijos nominali vertē yra 0,10 eurų. Visos Akcijos yra išleistos ir pilnai apmokētos. Akcijos yra išreikštos eurais ir joms taikomi Latvijos Respublikos ģstatymai, o Siūlymo valiuta bus euras. Visos esamos akcijos suteikia akcininkams lygias teises (įskaitant vieną akciją, vieną balsą).

Su Akcijomis susijusios teisēs

Visi Īmonēs akcininkai turi būti traktuojami vienodai. Kiekviena Īmonēs akcija suteikia jos turētoju vienas teises į Īmonēs turto ir pelno dalį. Likvidavus Īmonę, akcininkai turi teisę į likusio turto dalį proporcingai turimų Akcijų skaičiui (likvidavimo kvota).

Kiekvienai Akcijai suteikiamos šios teisēs: (1) akcijų perleidimo teisē; 2) teisē į dividendus; 3) teisē balsuoti; (4) teisē dalyvauti visuotiniame susirinkime; 5) teisē į likvidavimo kvotą; 6) pirmenybēs teisēs; 7) teisē į informaciją.

Akcijų reitingas emitento kapitalo struktūroje nemokumo atveju

Akcijos nesuteikia jokių specialių teisių dalyvauti kapitalo skirstyme (taip pat ir likvidavimo atveju), išskyrus tas, kurios numatytos Latvijos Respublikos Nemokumo ģstatyme, kuris numato, kad Īmonēs lēšos, likusios po to, kai buvo apmokētos Īmonēs nemokumo procedūros išlaidos ir patenkinti kreditoriniai reikalavimai, yra paskirstomi Īmonēs akcininkams proporcingai jų akcijų paketo dydžiui.

Akcijų nemokamo perleidimo apribojimai

Akcijų perleidimui netaikomi jokie specialūs apribojimai nei pagal Latvijos Respublikos ģstatymus, nei pagal ģstatus.

Dividendų politika

Pirmą kartą Īmonēs dividendų politika buvo priimta 2020 m. balandžio 4 d. Dividendų politiką sudaro bendrosios informacijos skyrius, dividendų paskirstymo principai, pagrindiniai dalykai, susiję su dividendų skaičiavimu ir nustatymu, terminai ir tvarka dividendų išmokėjimui ir informacijos, susijusios su dividendų paskirstymu ir išmokėjimu, atskleidimu.

Pagal Latvijos Respublikos Komerčinį ģstatymą, ģstatus ir dividendų politiką, Īmonē gali mokėti dviejų rūšių dividendus:

- **Specialūs dividendai**, kurie: 1) **nustatomi** patvirtinus ketvirtinę finansinę ataskaitą pagal Valdybos pasiūlymą, kuris yra peržiūrimas Stebėtojų tarybos, ir kurių dydis yra **iki 50% praėjusio finansinio ketvirčio konsoliduoto pelno**; ir 2) **paskirstomi** kartą per ketvirtį po visuotinio akcininkų susirinkimo, kuriame buvo patvirtinta praėjusio ketvirčio finansinė ataskaita ir tinkamai priimtas sprendimas dėl dividendų paskirstymo.
- **Kasmetiniai dividendai**, kurie: 1) **nustatomi** patvirtinus metines finansines ataskaitas; ir 2) **paskirstomi** kartą per metus pagal mokėjimo grafiką po visuotinio susirinkimo, kuriame buvo patvirtintos metinės finansinės ataskaitos ir tinkamai priimtas sprendimas dėl dividendų paskirstymo.

Nuo Īmonēs įtraukimo į viešąjį prekybos sąrašą, Īmonē ģgijo reguliarios ir numatomos pajamingumo grąžos, išlaikydama Īmonēs finansinį stabilumą ir sutelkdama dėmesį į ilgalaikius plėtros tikslus. 2023 metais Īmonē išmokėjo 3,494,140 EUR dividendų, o tai sudaro 0,08 euro už akciją.

Kur bus prekiaujama Akcijomis?

Akcijomis prekiaujama pagrindiniame "Nasdaq Riga" Baltijos Oficialiajame prekybos sąrašē. Akcijomis nėra prekiaujama jokioje kitoje biržoje. Prekyba Akcijomis, įtrauktomis į "Nasdaq Riga" Baltijos Oficialųjį prekybos sąrašą, prasidėjo 2021 m. spalio 20 d.

Kokios yra pagrindinės rizikos, būdingos vertybiniams popieriams?

Akcijų kaina ir akcijų likvidumo rizika. "Nasdaq Riga" akcijų birža yra žymiai mažiau likvidi ir labiau nepastovi, palyginti su kitomis vertybinių popierių biržomis, turinčiomis ilgesnę istoriją. Gana maža rinkos kapitalizacija ir mažas "Nasdaq Riga" akcijų rinkos likvidumas gali neigiamai paveikti akcininkų galimybes parduoti Akcijas reikšmingomis sumomis. Investuotojai gali neturėti galimybės greitai parduoti savo akcijas už Pasiūlymo kainą arba už aukštesnę.

Pasiūlymo atšaukimas. Siūlymo teikėjas dēs visas pastangas, kad Siūlymas būtų sėkmingas; tačiau Siūlymo teikėjas negali garantuoti, kad Siūlymas bus sėkmingas ir kad investuotojai gaus Siūlymas Akcijas, dėl kurių įsigyjimo kreipiamasi. Siūlymo teikėjas turi teisę atšaukti Pasiūlymą.

Akcijas vērtēs sumažējimo rizika. Īmonē gali ateityje siekti padidinti kapitālu siūlydama paskolas vertybinius popierius (potencialiai įskaitant ir konvertuojamus skolas vertybinius popierius) arba papildomas akcijas. Papildomų akcijų ar vertybinių popierių, galinčių būti konvertuotais į paprastąsias akcijas, išleidimas, pvz., konvertuojamos obligacijos ar konvertuojami vekseliai, gali sumažinti Īmonės akcijų kainą dėl susilpnėjimo, jei esami akcininkai nedalyvaus tokioje emisijoje, kad išlaikytų esamą dalyvavimo Īmonės veikloje lygį.

Rizika, susijusi su galimybe mokėti dividendus. Īmonė neturi teisinio įsipareigojimo mokėti metinius ar ketvirtinius dividendus ir negali būti įpareigota dėl būsimų dividendų mokėjimo. Īmonės gebėjimas mokėti dividendus, be kitų veiksnių, priklauso nuo Īmonės veiklos rezultatų, finansavimo ir investicijų reikalavimų, taip pat nuo paskirstytojo pelno ir visuotinio akcininkų susirinkimo sprendimų.

Tinkamo analitiko aprėpties trūkumas. Īmonė negarantuoja tolesnės (ar bet kokios) analitikų tyrimų aprėpties. Laikui bėgant, trečiųjų šalių tyrimų, susijusių su Īmone, kiekis gali padidėti arba sumažėti, su maža arba be jokios koreliacijos jos faktiniams veiklos rezultatams, nes Īmonė neturi įtakos analitikams, kurie rengia tokius tyrimus. Neigiama arba nepakankama trečiųjų šalių aprėptis greičiausiai turėtų neigiamą poveikį Akcijų rinkos kainai ir prekybos apimčiai.

Mokestinio režimo rizika. Pakeitus mokestinį režimą, taikomą sandoriams su Akcijomis ar su jais susijusiems dividendams, gali padidėti Akcininkų mokestinė našta, todėl gali būti daromas neigiamas poveikis investicijų į Akcijas naudai.

Informacija apie vertybinių popierių siūlymą visuomenei

Kokiomis sąlygomis ir tvarkaraščiu galiu investuoti į šį vertybinį popierių?

Siūlymo metu siūloma iki 5,395,000 Bazinio siūlymo akcijų su galimybe didinti Siūlymą iki 2,400,000 Papildomo siūlymo akcijų, bet ne daugiau kaip iki 7,795,000 Siūlymo akcijų. Siūlymo akcijos yra išleistos ir visiškai apmokėtos Bendrovės akcijos. Pasikonsultavęs su Tarptautiniu vadovu ir atsižvelgęs į Siūlymo rezultatus, Siūlymo teikėjas savo nuožiūra gali padidinti Siūlymo apimtį pridėdamas Papildomo siūlymo akcijų. . Esamas Bendrovės įstatinis kapitalas Siūlymo metu ar dėl jo nėra didinamas ar mažinamas. Numatoma bendra Siūlymo pajamų suma yra iki 8,496,550 eurų. Numatoma, kad tiesiogiai su Siūlymu susijusios išlaidos sudarys apie 88,196 eurų. Tikimasi, kad grynosios Siūlymo pajamos bus iki 8,408,354 eurų. Bendrovė iš Siūlymo negaus jokių pajamų. Siūlymo teikėjas padengia visas išlaidas, susijusias su Siūlymu.

Siūlymas teikiamas (i) viešai mažmeniniams investuotojams Latvijoje, Estijoje ir Lietuvoje ("**Mažmeninis Siūlymas**") ir (ii) neviešai kvalifikuotiems investuotojams, kaip apibrėžta Prospekto reglamento 2 straipsnio e punkte Latvijoje ir tam tikrose pasirinktose Europos Ekonominės Erdvės valstybėse narėse, taip pat kitiems pasirinktiems investuotojams, remiantis tam tikromis išimtimis, kuriomis galima naudotis pagal atitinkamų valstybių narių įstatymus ("**Institucinis siūlymas**").

Orientacinis Pasiūlymo grafikas yra:

Pasiūlymo laikotarpio pradžia	2024 m. gegužės 20 d., 10 val.
Pasiūlymo laikotarpio pabaiga	2024 m. birželio 3 d., 15:30 min.
Pasiūlymo ir Paskirstymo rezultatų paskelbimas	Apie 2024 m. birželio 4 d.
Pasiūlymo apmokėjimas	Apie 2024 m. birželio 5 d.

Siūlymo teikėjas kartu su Tarptautiniu vadovu nusprendė, kad Siūlomos akcijos bus paskirstytos proporcingai, atsižvelgiant į pirkimo prašymus, gautus per pasiūlymo laikotarpį, maždaug 2024 m. birželio 5 d.

Šio Prospekto dieną Bendrovės akcijų skaičius yra 45 377 505. Siūlymo dydis yra iki 5,395,000 Bazinio siūlymo akcijų su galimybe didinti Siūlymą iki 2,400,000 Papildomo siūlymo akcijų, bet ne daugiau kaip iki 7,795,000 Siūlymo akcijų. Siūlymo rezultatai neturės jokio poveikio Bendrovės akcijų skaičiui.

Kas yra parduodantis akcininkas?

Siūlymo teikėjas (parduodantis akcininkas), viešai siūlantis tam tikrą kiekį turimų akcijų, yra:

AS ALPPES Capital yra Latvijoje įsteigta akcinė bendrovė (*akciju sabiedrība*), įregistruota Latvijos juridinių asmenų registre, registracijos numeris 52103097551, kurios registruotas adresas yra Jūras iela 12, Liepoja, LV-3401. Bendrovės elektroninis paštas yra Solvita.Kurtisa@inin.lv, telefono numeris: +371 29273309. Juridinio asmens identifikatorius (LEI) yra 984500D66E0J0A5BB002.

Siūlymo teikėjas viešai siūlo tokį akcijų kiekį:

Parduodančio akcininko pavadinimas	Viso turimo įstatinio kapitalo procentinė dalis	Turimų akcijų skaičius	Bazinio siūlymo akcijų skaičius	Papildomo siūlymo akcijų skaičius	Siūlomų akcijų skaičius
AS ALPPES Capital	29.32%	13,305,554	5,395,000	2,400,000	7,795,000

Kodėl šis Prospektas rengiamas?

Prospektas rengiamas: 1) padidinti laisvai cirkuliuojančių Akcijų skaičių ir taip padidinti Akcijos likvidumą; 2) Siūlymo teikėjui diversifikuoti savo turtą ir investicijas.

Įmonė negaus jokių pajamų iš Siūlymo. Siūlymui netaikoma draudimo sutartis tvirto įsipareigojimo pagrindu. Esminių interesų konfliktų, susijusių su Pasiūlymu, nėra.

2. RISK FACTORS

Disclaimer: The Offeror has obtained the Company's and Group's Risk factors and hence drawn up this Section from publicly available information published by the Company. When Offeror refers to the Company, the reference is not made directly, but rather to information the Company has made publicly available to the Offeror and other shareholders of the Company.

Risk factors, understood as sources of uncertainty, are inherent in any business activity. Therefore, the Company is open to various risks which may, independently or collectively, have an adverse effect on the business of the Company or the Group and the value of the investment to the investors, or affect the realisation potential of the Shares. As a result, investors could lose a part or all of the value of their investments.

In addition to the risks listed in this Section "Risk factors", the Company and the Group could be exposed to risks, of which the Company is not currently aware or which the Company considers immaterial at the moment, but which could affect the Company, the Group or the price of the Shares. Accordingly, each prospective investor should thoroughly consider all the information in this Prospectus, including the risk factors described below.

The risks and uncertainties described in this Section are not the only risks currently faced by the Company and the Group. Additional risks and uncertainties not known to the Offeror or that the Offeror currently believes to be immaterial may also have an adverse effect on the business, results of operations, financial condition and Shares of the Company. The risk factors are presented in a limited number of categories, where each risk factor is placed in the most appropriate category based on the nature of the risk it represents. Within each category, the risk factors deemed most material for the Company are set out first, taking into account their potential negative effect for the Company, the Group and the probability of their occurrence. This does not imply that the remaining risk factors are ranked on the basis of their materiality or comprehensibility, nor based on the probability of their occurrence. To exemplify the significance of the risk factors, quantitative information characteristic of the risk has been provided for risks where relevant and possible (e.g., such information has been provided in the Audited Financial Statements of the Group or within the text of Prospectus). To the extent that no quantitative assessment can be made, the risk factors have been qualified according to the likelihood of their occurrence or the scale of potential adverse effect on the business of the Company or the Group and described as "low", "medium" or "high" where possible and relevant. The category and materiality of each risk shall be estimated as the view and opinion of the Offeror. Risk categories have been provided for ease of reference and cannot be understood separately from the description of each risk.

The Group may face a number of the risk factors described below simultaneously and some risks described below may be interdependent. While the risk factors below have been divided into categories, some risk factors could belong to more than one category and prospective investors should carefully consider all of the risk factors set out in this Section.

2.1. Risk factors relating to macroeconomic conditions

Risk of economic slowdown

The Group's performance and the growth of its business are correlated with the performance of the Latvian and Lithuanian economy. The Latvian and Lithuanian economy could be adversely affected by various factors, such as political changes, changes in interest rates, commodity and energy prices, social disturbances and other acts of violence, natural calamities, pandemics, and other factors. Regulatory changes introduced by the government or local governments could also adversely affect businesses and economic conditions in Latvia and Lithuania.

The Group conducts its business operations across all Latvian regions, thereby reducing the risk exposure to a local economic downturn or adverse effects of regulatory changes introduced by local governments. In addition, the Group, with its subsidiary DelfinGroup LT, operates in Lithuania. As of the date of this Prospectus, it has opened 5 pawn shops in the capital, Vilnius. The extension to the Lithuanian market spreads the risk of economic downturn across several markets that are less economically interdependent than Latvian regions. At the same time, additional risks (executional, operational, regulatory and currency exchange) are incurred by the Group.

Any substantial slowdown in the Latvian and Lithuanian economy could adversely affect the ability of customers to afford the Group's services, which, in turn, would adversely affect the business, results of operation and financial condition of the Group.

Moreover, considering the growing inter-connectedness between the Latvian and Lithuanian economy and the global economy, the Latvian and Lithuanian economy is increasingly influenced by macro-economic developments and volatility in the capital markets of other countries. Global economic slowdowns and major disruptions in the leading economies in the past have contributed to deteriorations in the Latvian and Lithuanian financial and economic performance.

The Group's performance may also be affected by financial difficulties encountered by certain Latvian financial institutions and investment platforms, as the commercial soundness of institutions within the Latvian financial system are interlinked through credit, trading, clearing, funding and other relationships. This risk, which is commonly referred to as "systemic risk", exposes the Group to a variety of risks faced by entities operating in the Latvian financial system, including the risk of bank runs, which applies irrespective of the existence of a national deposit insurance programme.

In the Offeror's assessment, the risk of economic slowdown for the Company and the Group is low.

2.2. Risk factors relating to the industry and market in which the Group operates

Risk related to competition in the business areas of consumer loans and pawn loans

Competition risk in the consumer lending segment

The Group competes with 19 licensed consumer lending companies⁷ in Latvia, which, *inter alia*, provide consumer loan services. Therefore, the consumer lending market where the Group operates, is highly competitive. The market share of the Group in Latvia, considering the total size of its consumer loan portfolio in H1 2023 was 14.7% (14.5% in the year 2022 and 12% in the year 2021).⁸ Interest rates charged by consumer loan providers vary significantly. The maximum permitted rates are set by the Latvian legislator (please see Section 7.5 "Regulatory environment" of this Prospectus). Because of this, the Company's strategy is to increase market share primarily through the breadth of its service offering, speed, quality and reliability in the provision of the scale of services, effective brand advertising, established reputation and continuous investment in new technology.

While the Offeror believes that the Management Board of the Company has accumulated extensive experience in managing the Group operations, which is crucial in the changing economic conditions, no assurance can be made that the Company and the Group will be able to continue to sustain its competitive edge as successfully as in the years up to the date of this Prospectus.

In many instances, consumers have the possibility of choosing between the Group and competing lenders. To attract customers, the Group is dependent on its ability to offer loan solutions that resonate with consumers, as well as on its brand being perceived as trusted and likeable. In the opposite case, the increased competition would lead to the loss of customers and market share, thereby adversely affecting the net revenue, profitability and growth prospects of the Group.

In the future, the Group may face increased competition as new national and international companies enter the market, and competitors expand their services and/or reduce their operating costs. Recently, new competitors or alliances among the competitors have emerged, and new competitors may emerge in the future. If the Group's competitors are better able to exploit the existing advantages, the Group may not be able to attract or retain customers, which could have a material adverse effect on the Group's performance, financial indicators and prospects. Moreover, if the Group is unable to offer service of a similar or higher standard compared to its competitors, the Group may lose customers and, potentially, market share to its competitors.

⁷ Capital companies that have received a special permit (license) to provide consumer credit services. Available at: https://registri.ptac.gov.lv/registri/pateretaju-kreditesanas-pakalpojumu-sniedziji?s=1&f%5Bdocument_ft- TypeOfLoan%5D=pat%C4%93ri%C5%86a.

⁸ Based on the information provided in the Overview on Consumer (non-bank) Credit Market Activities in H1 2023 by the Consumer Rights Protection Centre. Available at: <https://www.ptac.gov.lv/lv/media/4008/download?attachment>.

Competition risk in the pawn loan segment

The Company currently competes with 4 companies licensed to provide pawn loans to consumers⁹. In H1 2023, the market share of the Company in Latvia amounted to 58% (compared to 53% in the year 2022 and 46% in the year 2021).¹⁰ Moreover, considering the fact that the Company plans to continue expanding its operations in the area of pawn loans, there may be a risk that the Company will attract additional scrutiny on the part of supervisory authorities as its market share in the pawn loan business will be considered significant. Consequently, additional compliance requirements stemming from the Latvian Competition Law could apply.

The Offeror's assessment for the risk profile related to competition in the business areas of consumer loans and pawn loans is high.

Risk related to unsuccessful development of products and services

The defining trends of consumer lending industry are rapid technological advancement, the emergence of new solutions and changing customer preferences. The Group's strategy is to remain at the forefront of the development of the industry. The process of developing new products and services and enhancing existing products and services is complex, costly and involves significant execution risks. Any failure by the Group to accurately anticipate the changing customer needs and emerging technological trends could significantly harm the Group's competitive positioning and results of operations. In order to remain competitive, the Group must anticipate and respond to these changes. In recent years, the Group has been increasingly leveraging new technologies to expand its product and service offering.

The Group may need to invest significant financial resources in order to license or acquire technology from third parties. The Group may be unable to acquire or commercialise technological advances and introduce new products in a manner and to an extent sufficient for the Group to remain competitive within the industry. The Group may, among other things, lack capacity to invest the necessary level of human and financial resources required to develop these services, make wrong judgements that affect the Group's planning in this area or experience difficulties in implementing product or service rollouts. In addition, the Group may not be able to meet its product and service development and delivery schedules as a consequence of unforeseen circumstances arising during the design, development or implementation phases of the technological processes. Delays in development may also lead to additional expenses on research and development.

Any failure to remain innovative or to introduce new or upgraded technologies that are responsive to regulatory requirements or to other changes within the financial services industry may have a material adverse effect on the Group's competitiveness and could cause the Group to lose market share, which could have a material adverse effect on the Group's performance, profitability and prospects.

In addition, whilst the Offeror believes that the Group is at the forefront of innovation with its existing and planned product and service offerings, in the future the Group's competitors may be able to innovate or adjust to new regulations faster than the Group is able to. New technologies may increase competitive pressure by enabling the Group's competitors to offer more cost-efficient services. Such developments could make the Group's value proposition less compelling to existing and potential customers, which could have a material adverse effect on the Group's performance, profitability and prospects.

In the Offeror's assessment, the level of risk of the Group's competitors being able to innovate or adjust to new technological requirements faster than the Group is medium.

2.3. Risk factors related to the Group's business

Risk related to personnel and workforce

The competence and commitment of the Group's employees are important factors for the successful development and management of opportunities and risks of the Group. Therefore, the success of the Group's business is largely dependent on its ability to attract, train, motivate and retain qualified

⁹ Capital companies that have received a special permit (license) to provide consumer credit services (pawn loans). Available at: https://registri.ptac.gov.lv/registri/pateretaju-kreditesanas-pakalpojumu-sniedzaji?s=1&f%5Bdocument_ft-TypesOfLoan%5D=Kred%C4%ABts+pret+kustamas+lietas+%C4%B7%C4%ABlu.

¹⁰ Based on the information provided in the Overview of Consumer (non-bank) Credit Market Activities in H1 2023 by the Consumer Rights Protection Centre. Available at: <https://www.ptac.gov.lv/lv/media/4008/download?attachment>.

employees. A lack of qualified and motivated personnel could impair the Group's development and growth, increase its costs and harm reputation. Any loss of qualified personnel, high employee turnover, or persistent difficulties in filling job vacancies with suitable applicants could have a material adverse effect on the ability of the Group to compete effectively in its industry and considerable expertise could be lost by the Group or access thereto gained by its competitors. In addition, to attract or retain qualified personnel, the Group offers competitive compensation packages and other benefits which could lead to higher personnel costs. Any failure to attract, train, motivate or retain skilled personnel at reasonable costs could result in a material adverse effect on the business, financial condition and results of operations of the Group.

Having reached the total amount of EUR 9,563,112 in the year 2023 (58.0% of the total selling and administrative expenses (compared to 59.5% in the year 2022)), personnel expenses represent a significant share of the total cost base of the Group. Any material disagreements between the Group and its employees could disrupt the Group's operations, lead to a loss in revenue and customers and increase operating costs. If the Group's operation is affected over a longer period of time by labour disputes, this could have a material adverse effect on the business, financial condition and results of operations of the Group.

Although the Group has initiated a comprehensive rehaul of internal controls, policies and procedures, it may be vulnerable to risks arising from the failure of employees to adhere to the approved procedures. This may adversely affect the Group's operations. Certain risks such as fraud and embezzlement cannot be eliminated entirely given the cash-handling aspect inherent in the Group's activities.

The Offeror's assessment for the risk profile relating to personnel and workforce is high.

Lending concentration risk

The Group is subject to high sectoral and geographical concentration, since its operations are carried out entirely in Latvia. In the event of disruptions in the Latvian credit market or a deterioration in economic conditions in Latvia (or other macro-economic conditions, including higher interest rates), the high sectoral and geographic concentration could cause the Group to experience a deterioration in its earnings and/or reduced business activity.

In the Offeror's assessment, the level of risk of lending concentration is medium.

Reputational risk

Reputational risk is the risk that an event or circumstance could adversely impact the Group's reputation among customers, shareholders, employees, authorities and other parties, resulting in reduced revenue and profits. This is primarily related to customer expectations regarding the delivery of the Group's services and the ability to meet regulatory and consumer protection obligations applicable to such services. The adverse effects on the Group's reputation may originate internally or from partners, suppliers, merchants and even competitors. Reputational risk can be damaging to the Group's operations, considering the Group's brand is well-established, and if such risk materialises it can materially adversely affect the Group's business, financial condition and results of operations.

In the Offeror's assessment, the level of risk of occurrence of events adversely affecting the Group's reputation is low.

Risk posed by providing consumer loan services

From the total amount of MEUR 89,026 issued loans by the Group in 2023, most loans are not secured by any collateral or security of any kind (*unsecured loans*).

The Group uses debt service to income ratio to evaluate borrower's ability to repay a loan and an application scoring engine to assess credit risks. The Group uses reports from the State Revenue Service, credit bureaus and other credit history databases to determine borrowers' income, current liabilities, current and past debts, and other financial information. The Group realizes that the accuracy of creditworthiness assessment may be affected by the quality of reports relied on in making the assessment. For example, in some cases the information contained in the reports may be incomplete due to records not being updated in a timely manner. Therefore, the efficiency of creditworthiness analyses carried out by the Group with respect to the potential and existing customers may be limited (please see Section 8.6 "Risk management" of this Prospectus). As a result, some of the Group's customers in the consumer loans segment present a higher degree of credit loss risk compared to that of the borrowers in the Company's pawn loan segment, which is backed with collateral (*pawn loans*).

In 2023, the revenue generated by consumer loans constituted 70% of the Group's total revenue. The non-performing loan ratio at the end of 2023 was 1,6%.

Due to the underlying profile of the consumer loan segment, the Group may experience increased levels of non-performing assets, reserve provisions and write-offs, which would materially and adversely impact the business and results of operations of the Group.

In the Offeror's assessment, the degree of risk related to the provision of consumer lending services is medium.

Risk related to Force majeure

Force majeure risk is related to events/situations out of the Group's reasonable control and therefore affects the business and operations of the Group in a manner which is unpredictable.

During recent years and up until today several factors affect the world at large, of which some are and have been more relevant to Europe and Latvia and Lithuania specifically. These factors are potential risk drivers in the economies affected by them.

Risk related to Geo-political tension

Increased geopolitical tension was noticeable in the Baltics towards the end of 2021 as Russia and Belarus conducted one of the largest military exercises since the 1980s and targeted the EU's neighbouring countries that criticized the 2020 presidential election in Belarus. Furthermore, geopolitical tensions between Russia and Belarus on the one side and Europe and the United States on the other side escalated during the first months of 2022. On 24 February 2022 Russia invaded Ukraine which additionally can be perceived to be an attack against Europe and its democratic values and violation of international law.

In the Offeror's assessment, the degree of risk relating to Force majeure due to uncertainties and limited ability to mitigate the force majeure risk is medium.

Risks posed by providing pawn loan services

Risk of inaccurate appraisal of pledged assets

The accurate appraisal of pledged assets is a significant factor in the successful operation of the Company's business and such appraisal requires a skilled and reliable workforce. Despite the on-going training of employees engaged by the Company, inaccurate appraisal of pledged assets by the Company's workforce may result in one or more assets being overvalued and serving as collateral for loans that are higher in value than the asset's actual value, which could adversely affect the financial returns of the Company in the case of default by the borrower.

Moreover, the Company is subject to the risk of its asset appraisers and customers engaging in fraudulent dealings regarding their estimation of the value of pledged assets. Any such inaccuracies or fraudulent dealings in relation to the appraisal of assets may adversely affect the reputation, business and financial condition of the Company.

Risk related to origin of the goods

The Company may inadvertently accept goods with illicit origin. However, the Company has put in place several guidelines which the Company updates on a regular basis to minimise this risk. The Company's employees undergo detailed training in verifying the true ownership of goods offered as collateral for pawn-based loans. This includes checking the identity of the individual(s) and tracing title to the goods. Regardless of such procedures, an event where the legal origin of the good has been determined incorrectly cannot be totally excluded. Failure to identify the true owner of goods could adversely affect the reputation, business and financial condition of the Company due to subsequent actions by authorities and/or the media.

The Offeror's assessment for the risk profile relating to the provision of pawn loan services is low.

Risk related to branch operations

Risk of fraud, theft, burglary and misappropriation

The Company's business involves cash and jewellery transactions that expose the Company to the risk of fraud by employees, customers or third parties, theft, burglary or unauthorised transactions by the

Company's employees. Storage of cash, pre-owned goods and jewellery entails the risk of theft and the resulting deterioration in the reputation and business of the Company.

Pledged pre-owned goods and jewellery are usually stored on the Company's premises. Insurance and the appropriate storage of collateral goods are required by regulations Regarding Consumer Credit adopted by the Cabinet of Ministers. The Company complies with the requirements provided in this regulation and has adopted an internal instruction on the issuance of pawn loans and assessment of value of pawned goods. Moreover, the Company has imposed different layers of security in the branches to ensure that the risk of fraud, burglary and misappropriation is minimised.

The Company is insured against the risk of burglary arising from its business, however, there have been instances when theft and burglary have taken place in the Company's branches. In 2023, the total value of stolen goods was EUR 3116.98, from which EUR 2965 have been recovered as of the date of this Prospectus. One criminal proceeding was initiated in 2023 to protect the Company's rights in relation to these cases (please see Section 8.6 "Risk management" of this Prospectus).

In addition, the actual recovery of the insured amount from the insurer requires the undertaking of certain procedures, and any delay in recovery or non-compliance with the conditions of the insurer could adversely affect the reputation and performance of the Company. If a theft or burglary takes place in one of the Company's pawnshops, then the damage may be so extensive that the Company is required to close the relevant branch for some time, thus disturbing the continuity of business operations and incurring losses.

Risk related to lease agreements

The Company operates most of its branches on leased premises. The Company leases around 7.6 thousand square metres of branch premises in Latvia – around 4 thousand square meters in Riga and around 3.6 thousand square meters across the regions. DelfinGroup LT leases around 300 square meters of branch premises in Vilnius. As of the date of this Prospectus the Company has entered into around 93 lease agreements with various third parties, which may be renewed from time to time. Any delay or failure to renew the lease agreements on terms and conditions favourable to the Company may force the Company to move some of its branches to new premises. The Company may incur expenses in relation to such relocation, which may affect the results of operations of the Company. All lease agreements are not due to expire at the same time.

The risk not only involves the possibility of non-renewal of the lease agreements, but also the unfavourable rent fluctuations and the need for the refurbishment of premises. As of the date of this Prospectus, the Company has leased its branch premises on fair market terms.

The Offeror's assessment for the risk profile relating to branch operations is low.

Risks related to the Group's technical operations

The Group has invested significant resources in the amount of EUR 1,546 thousand in 2023 into information systems, software, computers, electronics devices, other equipment and maintenance. Constant connectivity of the branches of the Company across Latvia with the head office is the key to the proper functioning of the Group's business. At the same time, malfunction of security systems, computer system disruptions, communication systems failure and data interception during transmission through the external communication channels and networks may have a negative effect on the Group's operations. Please also refer to Section 8.9 "Investments" for more details.

In the Offeror's assessment, the degree of risk relating to the occurrence of disruptions to the Group's technical operations is low.

2.4. Risk factors relating to IT and intellectual property

Cybersecurity and IT-related risks

The business operation of the Company and the Group is driven, to a significant extent, by IT platforms and software solutions. The dependence on IT infrastructure carries risks inherent to all IT systems, such as software or hardware failures or malfunctions, physical damage occurring to vital IT infrastructure, computer virus infections, data security breaches, malicious hacking or other cybersecurity attacks, as well as other cybersecurity threats. The Group may potentially become subject to cyber-attacks as an ever-increasing number of hackers and those demanding ransoms target the financial sector, including non-bank lenders, to exploit their internal systems and processes for personal gain. There is a high probability of attempts to hack the Group's systems. Any type of service disruption

may harm the Group's software and platforms and may result in a loss of data and require the Group to incur significant expenditure for repair.

Although the Group has implemented cybersecurity measures designed to mitigate these risks, such measures may not be successful in detecting or preventing all attempts to compromise its systems, including denial-of-service attacks, viruses, malicious software, phishing attacks, social engineering, security breaches or other attacks, and similar disruptions that may jeopardize the security of information stored in, and transmitted by, the Group's IT systems. However, up until the date of this Prospectus the Group has not experienced any material cybersecurity threats or attacks on its systems and, to a certain extent, mitigates such risks by using security systems and protective measures of high quality.

Whilst the Group has business continuity procedures in place, there can be no assurance that these will be sufficient in preventing all disruptions to the availability of the Group's IT platforms or other services. The Group carries out part of disaster recovery itself, while relying on services provided by third parties to cover other aspects. To the extent that the Group outsources its business continuity or disaster recovery operations, it is at risk of the vendor's unresponsiveness in the event of breakdowns in the Group's systems, which could cause delays in recovering service.

In the Offeror's assessment, the degree of risk related to the occurrence of cybersecurity breaches or breakdown of IT systems of the Company is high.

Risks related to third-party cloud systems

The Group stores some of the data on cloud platforms operated by third-party service providers, and relies on third-party technical solution providers in connection with the implementation of its software solutions and platforms. Although the IT system of the Group, along with the cloud-based elements of its IT infrastructure, have been developed to support business scalability, no assurance can be made that the existing IT system will be able to support a significant expansion in business, in particular, as the customer base of the Group continues to grow. Moreover, no assurance can be made that the data stored by the Group on third-party cloud platforms, or cloud platforms used that support software solutions and the operating platform of the Group, will be subject to secure processing, and that an adequate level of maintenance and transmission procedures will be applied. Any disruption in these processes as well as any cybersecurity breach could adversely affect the Group's operations and financial position. If a cybersecurity breach occurs in the cloud systems, the Group could potentially lose all its data and software stored on the cloud, including sensitive information about the Group, its services, and customers. Any breach of security in the cloud system could lead, inter alia, to significant claims from customers and negatively affect the Group's reputation as a trusted service provider with secure and reliable software solutions and platforms.

In the Offeror's assessment, the degree of risk relating to failure on the part of third-party cloud systems is medium.

Risks related to third-party service providers

The Company has entered into agreements and arrangements with independent third-party contractors aimed at the provision of services to the Company that include telecommunications, IT infrastructure, and software services. The Company cannot guarantee that no disruptions will occur in the provision of such services or that third-party providers will adhere to their contractual obligations. In the event of any dispute, no assurance can be made by the Company that the terms of such agreements or arrangements will not be breached, and this may result in litigation or other costs. However, the Company has mitigated risks by enhancing its internal IT department, which is capable of carrying out the majority of the IT-related tasks internally.

In the Offeror's assessment, the degree of risk related to disruption in operations of the Company that is attributable to third-party service providers is low.

Risks related to the Group's trademarks and other proprietary rights

The Company maintains a portfolio of protected trademarks that the Company considers to be of significant importance to its business. If the actions taken by the Company to establish and protect its trademarks and other proprietary rights are not adequate to prevent the limitation of its services by others or to prevent others from seeking to block the offering of the Group's services by invoking a violation of their trademarks and proprietary rights, the Company may find it necessary to initiate or enter into litigation in the future to enforce the Company's trademark rights or to defend itself against the claimed infringement of the rights of others. The Company cannot ensure that third parties will not

infringe on or misappropriate the use of any of the Company's intellectual property rights. In addition, the Company may fail to discover an infringement of its intellectual property, and/or the specific steps taken by the Company may not be sufficient to protect its intellectual property or prevent others from seeking to invalidate its intellectual property (please see Section 8.6 "Risk management" of this Prospectus).

The Offeror's assessment for the risk profile related to the Group's trademarks and other proprietary rights is low.

Brand-related risks

The Company's business depends, to a significant extent, on a strong brand name. Customer complaints or negative publicity concerning the service level, working conditions of employees, preservation of customer data and security practices, or customer support, including on internet-based platforms such as blogs, online ratings, review services and social media websites, could have a material adverse effect on the business, financial condition and results of operations of the Company.

In order to promote brand awareness and make sure that the Company's brand is associated with quality, the Company participates in the development of sustainable and community-friendly practices, cooperates with partner organisations, supports live seminars and publications in regional and national media aimed at raising financial literacy. The Company donates to public benefit organisations and public benefit projects.

The Offeror's assessment for the risk profile related to the Group's brands is low.

Risks related to infringing third-party intellectual property rights

The Group maintains business relationships with a number of technical solution providers for the development of its software solutions and platforms and from time to time might be reliant on technology, know-how, patents and other intellectual property rights that are held by third parties or restricted by third parties holding such intellectual property rights. Consequently, the Group's services could infringe third-party intellectual property rights. However, such risk is minimal as prior to the usage of third-party intellectual property, the Group always seeks to obtain a licence from such parties.

In order to provide Group-wide services, the Group's IT specialists develop software solutions and platforms which are subject to intellectual property protection. For these reasons, it is a priority for the Group to implement strategies for the protection of intellectual property rights in order to avoid infringements by third parties.

In the Offeror's assessment, the degree of risk related to the occurrence of infringements of third-party intellectual property rights is low.

2.5. Risk factors relating to laws, regulations and compliance

Risks related to statutory licencing requirements

The Group is subject to licensing requirements, strict regulation and close supervision by the Latvian Consumer Rights Protection Centre (the "CRPC"). As part of the existing licensing framework, the Company and the Group is required to comply with certain statutory and regulatory requirements. The Group's licences have an indefinite duration, but are subject to revocation or suspension by the CRPC. The CRPC must intervene if the Company and/or the Group violate their obligations under the applicable laws. The CRPC can suspend the licence for up to 6 months if the Company and/or the Group does not comply with regulatory enactments and fails to cooperate to solve the identified discrepancies. In the case of material violations, the CRPC can, as an ultimate measure, revoke the Company's and/or the Group's licence. In such case, the Company and/or the Group would not be allowed to issue any more loans for a period of 3 years, however, following the expiration of 3 years, the Company and/or the Group would be able to re-apply for the licence. Nevertheless, even if the licence were revoked, the Company and/or the Group would be able to continue servicing the existing loans, but it would not be allowed to change the terms of existing agreements to be more unfavourable from the perspective of the consumers.

Taking the nature, gravity, duration and potential effects of the violation into consideration, the CRPC can, instead of revoking the Company's and/or the Group's licence, suspend the Company's and/or the Group's licence for a period of up to 6 months. A suspension may be combined with the imposition of monetary fines. The CRPC can impose monetary fines without suspending the licence. In 2023, 2022 and 2021 the Group did not pay any fines to the CRPC. The imposition by the CRPC of material fines,

penalties or warnings upon the Company and/or the Group would cause significant and potentially irreparable harm to the Group's reputation and, as a result, the Group's business, financial position and results of operations could suffer. The Group's operations are contingent upon the operating licences granted by the CRPC. If the licences are revoked or suspended, the Group will have to cease its consumer credit operations which, in turn, will produce a material adverse effect on the Group's business, financial condition and results of operations.

In the Offeror's assessment, the degree of risk related to the Group's failure to comply with the statutory licencing requirements is high.

Risks of regulatory requirements and regulatory changes

The Group's operations are subject to national and EU legislation and regulations, as well as codes of conduct of CRPC, general recommendations, policies and guidelines.

The Company and the Group are also subject to EU regulations that are directly applicable and EU directives that are transposed into national law through legislation of the Member States, including Latvia. Failure to comply with applicable regulations and laws can expose the Group to the risk of monetary fines and other penalties, which may have a material adverse effect on the Company's reputation, business, financial condition and results of operations. Ultimately, the Group's licences can be revoked and the Group can be required to discontinue its business operations. Numerous initiatives for regulatory changes have been taken in the past and the impact of such initiatives is, to some extent, difficult to predict with certainty.

The respective interpretations currently affecting the Group can change and the Group may be unable to predict what regulatory changes can be imposed in the future as a result of regulatory initiatives of the EU or at a national level, or a change in interpretation guidelines adopted by the CRPC. Such changes can have a material adverse effect on the Company's services, activities and profitability, giving rise to the increased costs of compliance. The Company incurs significant costs and expenditures toward ensuring compliance with the increasingly complex regulatory framework under which it operates.

The laws and regulations governing the consumer lending services industry in Latvia have become increasingly complex and cover a broad range of matters such as the permitted level of interest rates, liquidity requirements, money laundering and privacy. Moreover, these laws and regulations can be amended, supplemented or changed at any time such that the Group may be required to restructure its activities and incur additional expenses to comply with such laws and regulations, which could materially and adversely affect the business and financial performance of the Group.

The failure by the Group to effectively manage these legal and regulatory risks can have a material adverse effect on the Group's business, financial condition and the results of its operations. Please find more information relevant to regulatory requirements in the Section 7.5 and 7.9 "Regulatory environment" of this Prospectus.

In the Offeror's assessment, the degree of risk related to the Group's failure to properly comply with the entire set of regulatory requirements and regulatory changes is medium.

Risks related to supervision, guidelines and interpretations of law and regulations issued by the Consumer Rights Protection Centre

Operations of the Company and the Group are subject to the codes of conduct adopted by the CRPC, general recommendations, policies and guidelines and interpretations of law and Cabinet of Ministers regulations. The Group is subject to supervision by the CRPC with regard to, among other things, rules on internal governance and control, compliance with legal enactments, including compliance with non-binding interpretation guidelines issued by the CRPC. In addition, as for any provider of consumer loans, the offerings of the Group's services are subject to targeted reviews by the CRPC.

The Group has established a satisfactory working relationship with the CRPC and communicates with the CRPC on a regular basis. Regardless, whenever the interpretation of a law or regulations by the Group differs from the interpretation by the CRPC, the Group may become subject to the imposition of penalties and its business could be adversely affected.

The Group cannot guarantee that the interpretation or changes to the interpretation of any existing or future laws will not adversely affect the Group and its financial performance.

In the Offeror's assessment, the degree of risk related to the misinterpretation by the Group of any law or regulation issued by the Consumer Rights Protection Centre is medium.

Risks related to EU General Data Protection Regulation

Both the Company and the Group rely on new and advanced methods of analysing personal data to provide a range of benefits to customers. The aspiration for innovation is continuously weighed against the need to ensure that the data processing practices of the Group are compliant with applicable data protection legislation (including the General Data Protection Regulation 2016/679/EU (the "GDPR")) and are aligned to the affected individuals' expectations in relation to the Group.

As a significant participant in the Latvian consumer lending market, the Group's data processing practices are likely to attract attention on the part of supervisory authorities. Also, data breaches can occur due to non-technological issues, including breaches by persons with whom the Group has commercial relationships, resulting in the unauthorised release of personal or confidential information. Non-compliance with the applicable data protection legislation exposes the Group to the risk of substantial fines and other courses of action which would have a material adverse effect on the Group's ability to conduct its business, such as a temporary or permanent ban on data processing. Any administrative and monetary sanctions (including administrative fines of up to EUR 20 million or 4% of the Company's or the Group's total annual turnover) or reputational damage due to the incorrect implementation or breach of the GDPR would adversely impact the business, financial condition and the results of operation of the Company. Actual, as well as perceived non-compliance, is also capable of having a substantial adverse effect on the amount of trust consumers and the general public extend to the Group. To mitigate the risks connected to the GDPR, the Group has set up an internal data protection system (please see Section 8.6 "Risk management").

In the Offeror's assessment, the degree of risk related to the Group's failure to fully comply with the requirements of the EU General Data Protection Regulation is low.

Risks related to compliance with AML/CFT/CPF and sanctions regulations

Since the Group carries out its business operations in Latvia, the Group is subject to the requirements of the Latvian Law on the Prevention of Money Laundering and Terrorism and Proliferation Financing and the Latvian Law on International Sanctions and National Sanctions and is required to comply with the international law and legal acts of Latvia which regulate the prevention of legalization of proceeds derived from criminal activity and financing of terrorism.

The Group 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 and implementing the "Know Your Customer" principles in its business operations. The internal control system of the Group is based on the "Know Your Customer" principles. Policies and procedures are in place covering AML and Sanctions as well as control measures are developed and implemented on the basis of international legal acts and legal acts of Latvia that regulate AML and Sanctions. The international standards and the best practice guidelines as well as Policy and Guidelines of the Finance Latvia Association in the area of AML and Sanctions are also followed. The Group has a scoring system that assigns an AML risk score to every client of the Group.

The Group ensures compliance with Sanctions list requirements defined by EU regulations, OFAC and UN Regulations. The Group has a centralised AML and Sanctions compliance function with respect to AML and Sanctions compliance through an automated system.

Cash transactions entail a higher risk of money laundering as opposed to cashless payments. The Group allows the execution of cash transactions amounting to no more than EUR 6,900 over the course of a month. Several measures mitigating the risk of money laundering are in place: 1) whenever the value of a cash transaction exceeds EUR 3,000, the Group employees are required to advise the customer to execute the transaction by means of bank transfer; 2) whenever the value of the cash transaction exceeds EUR 5,000 (in a single transaction or in aggregate over the course of a month), Group employees are required to obtain approval of the AML department and fill in the relevant AML form.

The Group is also exposed to the risk of international sanctions. Although the Group conducts regular assessments of its customers, it does not implement automatic client due diligence procedures designed to check sanction compliance by all of its customers on a daily basis, which may cause a situation where a sanctioned entity or person is on-boarded as a customer of the Group. Hence, a risk exists that the measures adopted by the Group may be insufficient to prevent the occurrence of money laundering or

terrorism and proliferation financing, as a result of which the Group may incur a loss, be subjected to legal sanctions or its reputation may be damaged. This may have an adverse effect on the financial position and reputation of the Group.

In the Offeror's assessment, the degree of risk related to the Group's failure to comply with the applicable AML/CFT/CPF and Sanctions regulations is low.

Information disclosure risk

Company's shares are listed on Baltic Main List of Nasdaq Riga and a part of the Company's debt securities (bonds) are listed on the Nasdaq First North Bond List (please see Section 8.15 "Material Agreements" of this Prospectus). Nasdaq Riga and Nasdaq First North as well as Market Abuse Regulation which applies to companies which shares are listed and trading on regulated market applies a range of information disclosure requirements that the Company must comply with on an ongoing basis. These requirements stipulate when the information should be publicly disclosed and how. In circumstances where the Company fails to comply with information disclosure requirements stipulated in statutory acts and Nasdaq's Guidelines, the Bank of Latvia or Nasdaq Riga may impose penalties for a violation of the applicable disclosure requirements. In exceptional instances, the Company may be required to de-list its securities. This exposes the Company to reputational risks, and the resulting costs may negatively impact the Company's financial standing.

In the Offeror's assessment, the degree of risk pertinent to a failure to adequately disclose the required information is low.

2.6. Risk factors relating to financial matters

Risk related to borrower credit risk

The Group is exposed to the potential risk that a borrower will fail to meet its financial obligations in accordance with the agreed contractual terms as the obligations fall due. This risk mainly arises from defaulting loans and is one of the most significant risks faced by the Group as its loan portfolio keeps growing. Any failure by a borrower to meet its obligations in accordance with the agreed contractual terms may have an adverse impact on the Group's earnings and the value of assets on its balance sheet.

The Group has set detailed prudential guidelines and policies regarding the issuance of consumer loans and pawn loans. Despite the detailed guidelines and policies, the Group may still fail to adequately identify the relevant factors or accurately estimate the impact and/or magnitude of identified factors with respect to a borrower's credit quality, which could adversely affect its business, financial condition, results of operations and prospects.

Further, there is a risk that, despite the Group's belief that it conducts an accurate assessment of borrower credit quality, borrowers might be unable to meet their commitments as they fall due as a result of specific circumstances, macroeconomic disruptions or other external factors. In addition, the Group is exposed to risks associated with deterioration in the credit quality of its customers which can be driven by, for example, socio-economic or customer-specific factors linked to economic performance.

A deterioration in borrower credit quality and the consequent increase in impairments would have an adverse impact on the business, financial condition, results of operations and prospects of the Group.

As of 31 December 2023, the total net loan portfolio including accrued interest of the Group amounted to MEUR 89. The Group reported MEUR 10.7 of credit losses for the year 2023. The degree to which credit risk may affect the Company can potentially increase. The increase in credit risk profile of the loan portfolio, in turn, may adversely affect the credit quality of the Company's assets.

In the Offeror's assessment, the degree of risk related to the proper assessment of borrower credit risk is high.

Funding and liquidity risk

The Company is exposed to funding risk, meaning the risk of the Company not being able to fund an increase in its loan portfolio or not being able to meet its obligations when they fall due, without incurring increased costs. The risk arises when there is a negative difference in the duration of liabilities and assets, or if there is insufficient funding to finance the expansion of the Company's business.

Moreover, companies belonging to the Group have entered into several financing agreements and issued bonds (see Section 8.15 "Material Agreements" of this Prospectus) and have substantial

indebtedness under the respective agreements and terms of notes of issued bonds. As of the date of this Prospectus, the Group complies with all the conditions of these financing agreements and terms of notes and there has been no material breach of these conditions in the past. Nevertheless, these agreements and terms of notes include certain restrictive covenants and early repayment clauses. Furthermore, as the Group is dependent on external creditors for receiving financing for its operations and future investments, there is a risk that the Group may be unable to raise additional funds if and when necessary.

Funding risks can be exacerbated by company-specific factors, such as over-reliance on a particular source of funding or changes in the Company's creditworthiness, or by market-wide phenomena, such as market dislocation. In addition, the Company is exposed to market risks related to the fluctuations of interest rates between loans granted and funding received, as well as the demand for the Company's services.

The Company's ability to access funding sources on satisfactory economic terms is subject to a variety of factors, including a number of factors over which the Company has no control. Any inability on the part of the Company to secure requisite financing or continue with existing financing arrangements could have an adverse effect on the business, results of operations and financial condition of the Company.

In the Offeror's assessment, the degree of risk related to funding and liquidity is medium.

Risks related to the debt collection process

The Group is exposed to risks related to the debt collection process in situations where it is not possible to collect a non-performing loan. The risk arises from the Group's lending activities and the inability to recover the amount issued together with fees and interest.

An issued loan becomes a non-performing loan when the Company judges it improbable to receive scheduled payments from the customer (based on objective evidence, it may be presumed that the customer will be unable to settle all of the financial obligations and the situation cannot be resolved in a manner that is satisfactory for both the Company and the customer). In such situations, the Group can choose to pursue the collection of the non-performing debt by (1) collecting the debt internally; (2) granting the debt for external collection; or (3) selling the debt to specialised third party debt purchasing companies.

The Group cannot guarantee that the debt collection process will be successful and the extent to which it will be possible to recover the debt. Moreover, the Group is exposed to debt sales (loan assignment) risk when the demand for non-performing debt portfolios decreases and/or non-performing debt prices fall. Consequently, the overall profitability of the Group may deteriorate in the short term until the Group boosts its internal debt collection capabilities.

Nevertheless, the Group is constantly prepared to make a loss on its issued debt by estimating the expected future loss on the loan and booking a corresponding provision.

In the Offeror's assessment, the degree of risk related to the debt collection process is low.

Risks associated with related party transactions

The Company has entered into transactions with related parties. Transactions such as these typically carry a risk of adverse tax consequences. Any future transactions by the Company with related parties can involve conflicts of interest. Moreover, transactions with related parties can be subject to the imposition of additional taxes and other adverse effects may apply (please see Section 8.16 "Related party transactions" of this Prospectus).

In the Offeror's assessment, the degree of risk associated with related party transactions is low.

2.7. Risks relating to the Shares and the Offering

Share price and share liquidity risk

The Nasdaq Riga stock market is considerably less liquid and considerably more volatile compared to other established securities markets with a longer history. The fairly small market capitalisation and low liquidity of the Nasdaq Riga stock market may adversely affect shareholders' ability to sell the Shares in substantive amounts. It may also result in increased volatility of the price of the Shares, while an individual transaction may result in a significant movement of the price of the Shares. Low general

levels of transactional activity may cause material differences in the total consideration of overall sale and purchase transactions in the Shares. The decision to de-list by one or more companies admitted to trading on Nasdaq Riga or the Admission to trading of one or more new companies could have a significant impact on the market capitalisation and liquidity of Nasdaq Riga as a whole.

The Offeror's assessment for the risk profile relating to the share price and share liquidity is medium.

Cancellation of Offering

Best efforts will be made by the Offeror to ensure that the Offering is successful; however, there can be no assurances by the Offeror that the Offering will be successful and that the investors will receive the Offer Shares they apply for to purchase. The Offeror is entitled to cancel the Offering (please see Section 4.13 "Postponement or cancellation of Offering" of this Prospectus).

Risk of share value dilution

The Company may subsequently seek to raise capital through offerings of debt securities (potentially including convertible debt securities) or additional shares. The issuance of additional shares or securities containing a right to convert to common shares, such as convertible bonds or convertible notes, may potentially reduce the Company's share price through dilution should existing shareholders not participate in such issues to retain existing level of participation in the Company.

Furthermore, the dilution of an individual shareholder's participation in the Company may occur if that shareholder cannot or decides not to subscribe for any subsequently newly-issued shares or convertible securities pro rata to their existing shareholding. As a result, the proportion of the shareholding of any individual shareholder in the Company may decrease in the future.

Risks related to the ability to pay dividends

In the past, the Company has regularly paid dividends to its shareholders. The Company is under no regulatory obligation to pay annual or quarterly dividends and no representation can be made with respect to future dividends. The ability of the Company to pay dividends depends upon, among other factors, the results of the Company's operations, financing and investment requirements, as well as the availability of distributable profit.

Therefore, the Management Board's recommendations for the distribution of profit will be based on financial performance, working capital requirements, possible restrictive covenants of financing or other agreements, reinvestment needs and strategic considerations which may not necessarily coincide with the short-term interests of all shareholders.

The payment of dividends and the amount of dividends will, however, be subject to the ultimate discretion of the majority of the Company's shareholders. With respect to dividends, the shareholders are not bound by the recommendations of the Management Board.

According to the Offeror's assessment the category of this risk is low.

Lack of adequate analyst coverage

There is no guarantee of continued (or any) analyst research coverage for the Company. Over time, the amount of third-party research available in respect of the Company may increase or decrease with little or no correlation with the actual results of its operations, as the Company has no influence on the analysts who prepare such research. Negative or insufficient third-party coverage would be likely to have an adverse effect on the market price and the trading volume of Shares.

The Offeror's assessment for the risk profile regarding the lack of adequate analyst coverage is low.

Tax regime risks

Changes in the tax regime applicable to transactions with the Shares or to the associated dividends may result in an increased tax of the Shareholders and may therefore have an adverse effect on the rate of return from investment into the Shares.

The Offeror's assessment for the risk profile relating to the tax regime is low.

3. INTRODUCTORY INFORMATION

3.1. Applicable Law

This Prospectus has been drawn up in accordance with 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 (the "**Prospectus Regulation**") and Regulation (EU) 2019/980 of 14 March 2019 supplementing the Prospectus Regulation as regards the format, content, scrutiny and approval of the Prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Commission Regulation (EC) No 809/2004 (the "**Delegated Regulation**"), in particular with Schedule 1 and 11 thereof. Latvian law shall apply to this Prospectus and any disputes arising from this Prospectus shall be settled in Latvian courts, except for when, according to the applicable law, the jurisdiction cannot be agreed on.

Please review the following important introductory information before reading this Prospectus.

3.2. Responsible Persons and Limitation of Liability

The Offeror has drawn up the Prospectus primarily using publicly available information regarding the Company and information published online by the Company and the Group on its websites and Nasdaq's information portal or which has been otherwise disseminated by the Company to the Company's shareholders, including the Offeror. The Management Board of the Company in accordance with regulatory requirements is responsible for the correctness and accuracy of the aforementioned information which is also included in the Prospectus. Therefore, the Offeror takes responsibility for accurate presentation of information in this Prospectus, which is made publicly available by the Company, however the Offeror assumes no responsibility regarding the contents of such information.

Certain information contained in this Prospectus have been obtained from third parties, including from the Company's Management Board. Such information is accurately reproduced and, as far as the Offeror is aware and is able to ascertain from the information published and provided by the third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. In addition, where the information is obtained from the Company's Management Board or other sources it is identified.

Without prejudice to the above, the persons responsible for the information provided in this Prospectus are not liable solely on the basis of the Summary of this Prospectus, unless the information given in the Summary is misleading or inaccurate together with this Prospectus or does not provide the material information needed for a decision on the investment in Offer Shares together with other parts of the Prospectus.

In the context of the above mentioned the Offeror is responsible for the Prospectus and to the best its knowledge the information contained in the Prospectus is in accordance with the facts and the Prospectus makes no omission likely to affect its import.

signed with a safe electronic signature

AS ALPPES Capital
Chairman of the Management Board
Aigars Kesenfelds

3.3. Presentation of Information

Approximation of numbers

Numerical and quantitative values in this Prospectus (e.g., monetary values, percentage values, etc.) are presented with such precision that the Offeror deems necessary in order to provide adequate and sufficient information on the relevant matter while avoiding an excessive level of detail. In some cases, quantitative values have been rounded up to the nearest decimal place or whole number to avoid an excessive level of detail. As a result, certain values may not necessarily add up to the respective totals due to the effects of the approximation. Exact numbers can be examined and derived from the Financial Statements to the extent that the relevant information is reflected therein.

Currencies

In this Prospectus, financial information is presented in euro (EUR), the official currency of the EU Member States participating in the Economic and Monetary Union, including Latvia.

Date of financial information

The financial information presented in this Prospectus has been derived or taken from the audited consolidated financial statements of the Group pertaining to the three financial years which ended on 31 December 2023, 31 December 2022, 31 December 2021 (the "**Audited Financial Statements**") prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union. The Financial Statements have been reviewed and prepared by "KPMG Baltics SIA" for financial years which ended on 31 December 2023 and 31 December 2022 and by "BDO ASSURANCE" SIA for financial year which ended on 31 December 2021, and have been incorporated by a reference.

The financial information in this Prospectus for the 3-month period which ended on 31 March 2024 and 3-month period which ended on 31 March 2023 has been derived or taken from the unreviewed consolidated interim financial statements of the Group for the 3-month period which ended on 31 March 2024 and for the 3-month period which ended on 31 March 2023 (the "**Interim Financial Reports**") which have been prepared in accordance with the International Accounting Standards (IAS) 34 but have not been reviewed by external auditors (the Interim Financial Reports together with the Audited Financial Statements also referred to as the "**Financial Statements**").

Unless expressly stated otherwise, this Prospectus provides information as of the date of registration of the Prospectus. If information has been provided as of any other date than the date of this Prospectus, it will be indicated with a reference to the specific date.

Market information

Certain information regarding the markets in which the Group operates is based on the best assessment made by the Offeror. Reliable information pertaining to the markets in which the Group operates is not always available or conclusive. While all reasonable measures have been taken to provide the best possible assessment of information about the relevant area of activity, such information may not be relied upon as final and conclusive. Prospective investors are encouraged to conduct their own analysis of the relevant areas of activity or employ a professional consultant.

Updates

The Offeror will only update the information contained in this Prospectus to such extent, with the regularity, and by such means as required by the applicable law or considered necessary and appropriate by the Offeror. The Offeror is under no obligation to modify or update the forward-looking statements included in this Prospectus (please see the Section 3.5 "Forward-Looking Statements" below).

Definitions of terms

In this Prospectus, terms with capitalised first letters have the meaning given to them in Section 16 "Glossary", unless the context evidently requires the contrary, whereas the singular shall include plural and vice versa. Other terms may be defined elsewhere in the Prospectus.

References to the Group's Websites

This Prospectus contains references to the Group's websites (<https://www.delfingroup.lv/>; <https://vizia.lv/>; <https://banknote.lv/>; <https://banknote.lt/>). The Offeror does not incorporate the information available on the websites in the Prospectus, i.e., the information on the website is not part of this Prospectus and has not been verified or confirmed by the Bank of Latvia. This does not apply to the hyperlinks indicating information incorporated by way of reference.

3.4. Accounting Principles

The Audited Financial Statements have been prepared in accordance with the International Financial Reporting Standards (the "**IFRS**") as adopted by the European Union. The Interim Financial Report has been prepared in accordance with the International Accounting Standards (the "**IAS**").

3.5. Forward-Looking Statements

This Prospectus includes statements that are, or may be deemed to be “forward-looking statements”. These forward-looking statements are based on opinions and best judgments by the Offeror relative to the information currently available to the Offeror. All forward-looking statements in this Prospectus are subject to risks, uncertainties, and assumptions regarding the future operations of the Company, the local and international macroeconomic environment and other factors.

These forward-looking statements can be identified in the Prospectus by the use of words including, but not limited to, “strategy”, “anticipate”, “expect”, “anticipate”, “believe”, “estimate”, “will”, “continue”, “project”, “intend”, “targets”, “goals”, “plans”, “should”, “would” and other words and expressions of similar meaning, or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. Forward-looking statements can also be identified in the way they do not directly relate to historical and current facts. They appear in a number of places throughout this Prospectus and include, but are not limited to, statements regarding the Group’s, the Company’s or the Offeror’s intentions, beliefs or current expectations concerning, among other things, the Group’s results of operations, financial condition, liquidity, prospects, growth, strategies and the industry in which the Group operates.

By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Forward-looking statements are not guarantees of future performance and the financial position and results of operations of the Group, and the development of the markets and the industries in which members of the Group operate, may differ materially from those described in, or suggested by, the forward-looking statements contained in this Prospectus. In addition, even if the Group’s results of operations and financial position, and the development of the markets and the industries in which the Group operates, are consistent with the forward-looking statements contained in this Prospectus, those results or developments may not be indicative of results or developments in subsequent periods. A number of risks, uncertainties and other factors could cause results and developments to differ materially from those expressed or implied by the forward-looking statements (please see Section 2 “Risk Factors” of this Prospectus).

The Offeror is under no obligation to, and expressly disclaims any obligation to, update or alter the forward-looking statements in this Prospectus based on changes, new information, subsequent events or for any other reason.

The validity and accuracy of forward-looking statements is influenced by the general operating environment and the fact that the Group is affected by changes in domestic and foreign laws and regulations (including those of the European Union), taxes, developments in competition, economic, strategic, political, and social conditions, as well as other factors. The actual Group’s results may differ from the Company’s expectations due to changes caused by various risks and uncertainties, which could adversely impact the Group’s operations, business, or financial results. As a result of these risks, uncertainties and assumptions, a prospective investor should not place undue reliance on these forward-looking statements.

3.6. Use of this Prospectus

This Prospectus may be used for the purposes of an offer to the public of securities.

3.7. Approval of this Prospectus

This Prospectus has been approved by the decision of the Bank of Latvia as competent authority under Prospectus Regulation, dated 15 May 2024. The Bank of Latvia merely confirms that this Prospectus is in accordance with the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. This approval should not be considered as an endorsement of the Company or the Offeror or the quality of the Offer Shares. Prospective investors should assess the suitability of investing in the Offer Shares by themselves.

3.8. References incorporated into this Prospectus

The following information has been incorporated into this Prospectus by references from the following statutory Financial Statements of the Group:

- 1) the Group's audited consolidated annual report for the financial year ended 31 December 2023; available: <https://www.delfingroup.lv/storage/files/delfingroup-annual-statements-2023-en-en.pdf>;
- 2) the Group's audited consolidate annual report for the financial year ended on 31 December 2022, available: <https://delfingroup.lv/storage/files/delfingroup-annual-statements-31122022-eng-with-auditors-report-en-en.pdf>;
- 3) the Group's audited consolidated annual report for the financial year ended on 31 December 2021, available: <https://delfingroup.lv/storage/files/delfingroup-annual-statements-31122021.pdf>;
- 4) the Group's unreviewed consolidated interim financial statements for the 3-month period which ended on 31 March 2024, available: <https://delfingroup.lv/storage/files/delfingroup-interim-report-31032024-en-en.pdf>;
- 5) the Group's unreviewed consolidated interim financial statements for the 3-month period which ended on 31 March 2023, available: <https://delfingroup.lv/storage/files/delfingroup-interim-report-31032023-en-en.pdf>;
- 6) the Company's Articles of Association, available: <https://delfingroup.lv/storage/files/delfingroup-statuti-20231220.pdf>.

The Financial Statements have been audited or reviewed by an independent auditor "KPMG Baltics SIA" for financial years which ended on 31 December 2023 and 31 December 2022 and "BDO ASSURANCE" SIA for financial year which ended on 31 December 2021 (please see Section 11.9 "The external auditor" of this Prospectus). The Financial Statements incorporate by reference the information requested under sections 18.1.1, 18.1.3, 18.1.6, 18.2.1 and 18.3.1 of Schedule 1 to the Delegated Regulation.

It is possible to get acquainted and download the aforementioned documents from the website of the Company at <https://www.delfingroup.lv/reports> and <https://www.delfingroup.lv/governance>. Any interested party may also request the delivery of electronic copies of the aforementioned documents from the Offeror.

3.9. Documents on Display

This Prospectus will be available in electronic form on the website of the Bank of Latvia (<https://bank.lv/>) and Nasdaq Riga website (www.nasdaqbaltic.com).

Any interested party may download the Prospectus from the Bank of Latvia and Nasdaq Riga website free of charge or request the delivery of electronic copy of the Prospectus from the Offeror.

4. TERMS AND CONDITIONS OF THE OFFERING

4.1. The Offering

In the course of the Offering, up to 5,395,000 shares (the "**Base Offer Shares**") with an option to increase the Offering by up to 2,400,000 shares (the "**Additional Offer Shares**"), to a maximum amount of up to 7,795,000 shares (the "**Offer Shares**") are being offered by the Offeror. The Offeror may increase the size of the Offering by adding Additional Offer Shares at its discretion, following consultation with the Global Lead Manager and considering the results of the Offering.

The Offer Shares are offered (i) publicly to retail investors in Latvia, Estonia, and Lithuania (the "**Retail Offering**") and (ii) non-publicly to qualified investors within the meaning of Article 2(e) of the Prospectus Regulation in Latvia and in certain selected member states of the European Economic Area and to other selected investors in reliance on certain exemptions available under the laws of respective member states (the "**Institutional Offering**").

The Retail Offering will take place in Latvia, Estonia and Lithuania after the Bank of Latvia has approved this Prospectus and notified the Estonian Financial Supervision and Resolution Authority and the Bank of Lithuania of the approval of this Prospectus in accordance with the Prospectus Regulation and the Prospectus together with its Summary translated into Estonian and Lithuanian has been published in Estonia and Lithuania.

All the Shares and the Offer Shares are dematerialised bearer shares with the nominal value of EUR 0.10 each. The Shares are registered with Nasdaq CSD under the ISIN LV0000101806 and are kept in book-entry form. No share certificates have or may be issued. The Offer Shares are denominated in euro and governed by the laws of Latvia. The Offer Shares are freely transferrable. All the Shares since 20 October 2021 are listed and admitted to trading on the Baltic Main List of Nasdaq Riga.

All the Shares, including the Offer Shares, are of one class, rank *pari passu* with each other and carry equal voting rights. The Offer Shares will give rights to dividends declared by the Company (if any). For further description of the rights attached to the Shares, including the Offer Shares (please see Section 6 "Right to dividends and Dividend Policy" and Section 10.5 "Shareholder rights" of this Prospectus).

The Offer Shares between the Retail Offering and the Institutional Offering will be divided pro rata according to principles set forth in Section 4.7 "Allocation of Offer Shares" of this Prospectus. The total amount of Offer Shares may decrease in case any part of the Offering is cancelled (please see Section 4.13 "Postponement or Cancellation of Offering" of this Prospectus).

Table 4.1.1

The indicative timetable of the Offering

Start of the Offer Period	20 May 2024
End of the Offer Period	3 June 2024
Announcement of results of the Offering and Allocation	On or about 4 June 2024
Settlement of the Offering	On or about 5 June 2024

4.2. Offer Period

The Offer Period is a period during which persons who have a right to participate in the Retail Offering and the Institutional Offering may submit Purchase Undertakings for the Shares. The Offer Period commences on 20 May 2024 at 10:00 local time in Latvia and terminates on 3 June 2024 at 15:30 local time in Latvia, Estonia and Lithuania unless it is shortened or extended (described in more detail in the Section 4.11 "Change to the Offer Price and Offer Period" of this Prospectus).

4.3. Retail Offering

Rights to participate in the Retail Offering

The Retail Offering is directed to all retail investors in Latvia, Estonia and Lithuania. For the purposes of the Retail Offering, a natural person is considered to be "in Latvia", if such person has a securities

account with a financial institution which is a member of Nasdaq Riga. A legal person is considered to be "in Latvia", if such person has a securities account with a financial institution which is a member of Nasdaq Riga, or such person's registration number is a registration number of the Commercial Register.

For the purposes of the Retail Offering, a natural person is considered to be "in Estonia", if such person has a securities account with a financial institution which is a member of Nasdaq Riga. A legal person is considered to be "in Estonia", if such person has a securities account with a financial institution which is a member of Nasdaq Riga, or such person's registration number registered is a registration number of the Estonian Commercial Register.

For the purposes of the Retail Offering, a natural person is considered to be "in Lithuania", if such person has a securities account with a financial institution which is a member of Nasdaq Riga. A legal person is considered to be "in Lithuania", if such person has a securities account with a financial institution which is a member of Nasdaq Riga, or such person's registration number is a registration number of the Lithuanian commercial register.

Purchase Undertakings in Retail Offering

Purchase Undertakings may only be submitted during the Offer Period. An investor participating in the Offering may apply for the Offer Shares for the Offer Price only. The minimum purchase amount is one share. All investors participating in the Offering may submit Purchase Undertakings in euros only. An investor shall bear all costs and fees charged in connection with the submission, cancellation or amendment of a Purchase Undertaking pursuant to the price list of the respective financial institution who is a member of the Nasdaq Riga accepting the Purchase Undertaking.

In order to acquire the Offer Shares an investor must have a securities account with a financial institution who is a member of Nasdaq Riga. The Purchase Undertakings submitted within the Retail Offering are registered through the auction system of Nasdaq Riga.

Investors may open a securities account through financial institution which is a member of Nasdaq Riga. The list of financial institutions that are members of Nasdaq Riga is available on the webpage of Nasdaq Riga at <https://nasdaqbaltic.com/statistics/en/members> (in order to review the list of members of the Nasdaq Riga, the selection "Riga" should be made).

Submission of Purchase Undertakings within Retail Offering

An investor wishing to acquire the Offer Shares must contact the financial institution, which is a member of the Nasdaq Riga and manages such investor's securities account and submit a Purchase Undertaking for the purchase of Offer Shares in a form accepted by the financial institution and in conformity with the terms and conditions of the Prospectus. The investor may use any method that such investor's account operator offers to submit the Purchase Undertaking (e.g., physically at the client service venue of the account operator, via internet bank or by other means).

An investor may submit a Purchase Undertaking through a nominee account only if such investor authorises in writing the holder of the nominee account to disclose in writing the investor's identity to Nasdaq Riga. Purchase Undertakings submitted through nominee accounts shall be taken into account in allocation only if the owner of the nominee account has disclosed in writing to Nasdaq Riga the investor's identity, place of residence or seat, personal identification number or registry code, the number of securities subscribed for and the total amount of the transaction. Among others, the person's permanent address, personal identification number or the registered address of a legal person must be disclosed. An investor may submit a Purchase Undertaking either personally or through a representative whom the investor has authorised to submit the Purchase Undertaking.

A Purchase Undertaking is deemed submitted from the moment Nasdaq Riga receives a duly completed transaction instruction from the financial institution managing investor's securities account. An investor must ensure that all information contained in the Purchase Undertaking is correct, complete and legible. The Offeror reserves the right to reject any Purchase Undertakings which are incomplete, incorrect or illegible, or which have not been completed and submitted during the Offer Period in accordance with all the terms and conditions of the Prospectus.

By submitting a Purchase Undertaking each investor:

- (1) confirms that they have read this Prospectus and its Summary, including (but not limited to) risk factors set out in this Prospectus and a description of rights and obligations resulting from the ownership of the Shares;

- (2) accepts the terms and conditions of the Offering set out in this Section and elsewhere in this Prospectus and agrees with the Offeror that such terms will be applicable to the investor's acquisition of any Offer Shares;
- (3) acknowledges that the Offering does not constitute a binding sales offer of the Offer Shares, and that the submission of a Purchase Undertaking does not constitute the acceptance of a binding sales offer, and therefore does not in itself entitle the investor to acquire the Offer Shares, nor does it result in an agreement for the sale of the Offer Shares between the Offeror or the Global Lead Manager and the investor;
- (4) accepts that the number of the Offer Shares indicated in the Purchase Undertaking will be regarded as the maximum number of Offer Shares which the investor wishes to acquire (the "**Maximum Amount**") and that the investor may receive less (but not more) Offer Shares than the Maximum Amount (described in more detail in the Section 4.7 "Allocation of Offer Shares");
- (5) undertakes to acquire and pay for any number of Offer Shares allocated to them in accordance with these terms and conditions up to the Maximum Amount;
- (6) authorises the financial institution and instructs them to forward the registered Purchase Undertaking to Nasdaq Riga;
- (7) consents to the processing of investor's personal data to the extent such data processing is required for the purposes of the Offering in accordance with this Prospectus;
- (8) authorises the financial institution, or Nasdaq Riga, as the case may be, to amend the information contained in the Purchase Undertaking, including to (a) specify the value date of the transaction and (b) specify the number of Offer Shares to be purchased by the investor and the total amount of the transaction, which results by multiplying the Offer Price by the number of Offer Shares allocated to the respective investor.

Investors have the right to amend or cancel their Purchase Undertakings at any time until the end of the Offer Period. To do so, the investor must contact the financial institution which is a member of Nasdaq Riga through whom the Purchase Undertaking in question has been made and carry out the procedure required by the financial institution for amending or cancelling the Purchase Undertaking (such procedures may differ between different financial institutions).

4.4. Institutional Offering

Rights to participate in the Institutional Offering

The Institutional Offering is directed at qualified investors within the meaning of Article 2(e) of the Prospectus Regulation in Latvia and certain selected member states of the European Economic Area, and to other investors in reliance on certain exemptions available in the laws of respective member states. The Institutional Offering is carried out non-publicly. The Institutional Offering is not subject to a minimum application for purchase consideration.

Submitting Purchase Undertakings in the Institutional Offering

In order to apply for the Offer Shares in the Institutional Offering, an application must be submitted during the Offer Period informing the Global Lead Manager or the financial institution, who is a member of Nasdaq Riga of the number of Offer Shares the investor wishes to purchase (the "**Purchase Undertaking**"). Investors have to submit the Purchase Undertaking with a value date that enables settlement "delivery versus payment" on 5 June 2024.

The Global Lead Manager accepts the Purchase Undertakings of institutional investors, with whom a mutual brokerage agreement is in place. Institutional investors, who do not have a brokerage agreement with the Global Lead Manager, should contact a financial institution, who is a member of the Nasdaq Riga, who manages the securities account of the respective investor, and submit a Purchase Undertaking in a format accepted by the respective financial institution for applying for the Offer Shares. An investor may use any method suggested by the financial institution for submitting the Purchase Undertaking (e.g., physically at the location of the broker or the bank's customer service, via Internet Bank or in any other way).

The investor may amend the Purchase Undertaking or cancel it at any time before the end of the Offer Period. For this, the investor should contact the financial institution through which the respective Purchase Undertaking was submitted, and carry out the actions required by the financial institution for changing or annulling the Purchase Undertaking. Upon ending of the application period, all Purchase Undertakings which have not been cancelled become binding on the investor.

An investor may submit the Purchase Undertaking through a nominee account only in case the investor authorises the holder of the nominee account to disclose the identity of the investor to Nasdaq Riga in writing. Purchase Undertakings submitted via nominee accounts shall be taken into account upon allocation only if the holder of the nominee account has disclosed the investor's identity, seat and registry code, the number of securities applied for purchase and the total amount of the transaction to or Nasdaq Riga in writing. Among others, the registered address of a legal person must be disclosed.

4.5. Offer Price

In accordance with the information obtained from Nasdaq Riga the volume weighted average Share price from 1 February 2024 until 30 April 2024 (3 months) has been EUR 1.25. To incentivize investors to purchase Offer Shares, the Offeror is providing 12.8% discount from the average Share price.

Therefore, the Offer Price is **EUR 1.09** per one Offer Share. The Offer Price will be the same in the Retail Offering and in the Institutional Offering.

4.6. Payment

By submitting a Purchase Undertaking, each investor authorises the financial institution managing the investor's current account connected to their securities account to immediately block the whole transaction amount on the investor's current account until the settlement is completed or funds are released in accordance with the terms and conditions of this Prospectus. The transaction amount to be blocked will be equal to the Offer Price multiplied by the Maximum Amount. An investor may only submit a Purchase Undertaking when there are sufficient funds on the current account. The Offer Shares allocated to the investor shall be paid for pursuant to that which is described in the Section 4.9 "Settlement and Trading".

Depending on the terms and conditions of the financial institution which is a member of Nasdaq Riga, the financial institution which operates the current account connected to the investor's securities account, may immediately block the whole transaction amount on the investor's current account until the settlement is completed or funds released in accordance with the terms and conditions described in this Prospectus. The Offer Shares allocated to the investor shall be paid for pursuant to as described in Section 4.9 "Settlement and Trading".

4.7. Allocation of the Offer Shares

The Offeror together with the Global Lead Manager have decided that the Offer Shares will be allocated on proportional basis (*pro-rata*) for both Retail Offering and Institutional Offering on or about 4 June 2024.

The Offeror has been made aware that another shareholder of the Company is planning to publicly offer its shares of the Company on the same terms as the Offeror. If the other shareholder (a) offers its shares on the same terms as the Offeror and (b) the sale proceeds are divided on *pro-rata* basis against total amount of Shares offered by each shareholder (by considering the total amount of Offer Shares purchased from the selling shareholders), then the Offeror agrees that all Offer Shares are offered jointly, i.e. through one auction, at the discretion of Global Lead Manager.

The Offeror is not aware whether any major Shareholders or any members of management, supervisory or administrative bodies intend to apply for the Offering or whether any person intends to apply for more than 5% of the Offering.

If there is no sufficient interest to purchase the Offer Shares, the Offeror may reduce the number of the Offer Shares accordingly, or cancel the Offering as described in the Section 4.13 "Postponement or Cancellation of the Offering".

The funds blocked on the current account of the investor who participated in the Retail Offering will be released in the amount corresponding to the Offer Price multiplied by the number of Shares not allocated to such investor as described under the Section 4.12 "Return of Funds".

The Offeror and Global Lead Manager expects to announce the results of the allocation process on the website of Nasdaq Riga <https://nasdaqbaltic.com/statistics/en/news> on or about 4 June 2024.

4.8. Settlement Through the Global Lead Manager

In order to simplify and expedite the settlement of the Offering, the Offeror will transfer Offer Shares to the Global Lead Manager's account so as to allocate these existing Shares to investors in accordance with the allocation rules described above.

4.9. Settlement and Trading

Settlement of the Offering will be carried out by Nasdaq CSD. The Offer Shares allocated to investors will be transferred to their securities accounts from the securities account of the Global Lead Manager on or about 5 June 2024 through the "delivery versus payment" method simultaneously with the transfer of payment for such Offer Shares, in accordance with the rules of Nasdaq CSD. The title to the Offer Shares will pass to the relevant investors when the Offer Shares are transferred to their securities accounts.

If an investor has submitted several Purchase Undertakings through several securities accounts, the Offer Shares allocated to such investor will be transferred to all such securities accounts proportionally to the number of shares indicated in the Purchase Undertakings submitted for each account, rounded up or down as necessary, in order to ensure that a whole number of Offer Shares is transferred to each securities account. If the transfer cannot be completed due to the lack of sufficient funds on the investor's current account, the Purchase Undertaking of the respective investor will be rejected and the investor will lose all rights to the Offer Shares allocated to such investor.

4.10. Agreements Related to the Offering

Placement and Services Agreement

The Offeror has appointed AS LHV Pank as the Global Lead Manager and Bookrunner and intends to conclude a Placement and Services Agreement in connection with the Offering on or about 15 May 2024, which includes, among others, the obligation of the Global Lead Manager to sell the Offer Shares "on a best effort basis", arrange the settlement of the Offering. The total commissions to be paid to the Global Lead Manager will be approximately EUR 77,139.

Lock-up Agreement

In addition, the Offeror and certain other Shareholders of the Company have agreed to be subject to lock-up agreement as follows:

AS ALPPES Capital (the Offeror) who owns directly approximately 29.32% of the Company's Shares before the Offering, has agreed without the prior written consent of AS LHV Pank not to, directly or indirectly, sell, contract to sell, exercise any option to sell, or otherwise dispose of any Shares of the Company owned by the Offeror during the period commencing on the date of the End of the Offer Period and ending after the 28th of February 2026. The same restriction shall apply to any securities convertible into or exchangeable for the Shares of the Company and to any swap or other agreement or any transaction, the economic consequence of which would be the transfer of the ownership of the Shares of the Company. AS LHV Pank is not entitled to unreasonably withhold its consent for the transfer of the ownership of the Shares of the Company, provided that the proposed new owner of the locked-up shares of the Company has executed or has committed to execute a lock-up agreement on similar terms for the remaining term of the lock up period.

The restrictions provided above shall not apply to the Base Offer Shares if they are not fully acquired during the Offer Period. In such case, the Offeror has the right to continue to sell the Base Offer Shares within the lock up period without the consent of LHV.

SIA Curiosity Capital who owns approximately 12.16% of the Company's Shares before the Offering, has agreed without the prior written consent of AS LHV Pank not to, directly or indirectly, sell, contract to sell, exercise any option to sell, or otherwise dispose of any Shares of the Company during the period commencing on the date of the End of the Offer Period and ending after the 28th of February 2026. The same restriction shall apply to any securities convertible into or exchangeable for the Shares of the Company and to any swap or other agreement or any transaction, the economic consequence of which would be the transfer of the ownership of the Shares of the Company. AS LHV Pank is not entitled to unreasonably withhold its consent for the transfer of the ownership of the Shares of the Company, provided that the proposed new owner of the locked-up shares of the Company has executed or has

committed to execute a lock-up agreement on similar terms for the remaining term of the lock up period.

The restrictions provided above as regards SIA Curiosity Capital shall not apply to the base offer shares of the Company as provided in the respective prospectus of the public offering by SIA Curiosity Capital of the Company's Shares if they are not fully acquired during the offer period. In such case, the SIA Curiosity Capital has the right to continue to sell the base offer shares as provided in the respective prospectus of the public offering by SIA Curiosity Capital of the Company's Shares within the lock up period without the consent of LHV.

Mrs Linda Kesenfelde who owns approximately 0.38% of the Company's Shares has agreed without the prior written consent of AS LHV Pank not to, directly or indirectly, sell, contract to sell, exercise any option to sell, or otherwise dispose of any Shares of the Company during the period commencing on the date of the End of the Offer Period and ending after the 28th of February 2026. The same restriction shall apply to any securities convertible into or exchangeable for the Shares of the Company and to any swap or other agreement or any transaction, the economic consequence of which would be the transfer of the ownership of the Shares of the Company. AS LHV Pank is not entitled to unreasonably withhold its consent for the transfer of the ownership of the Shares of the Company, provided that the proposed new owner of the locked-up shares of the Company has executed or has committed to execute a lock-up agreement on similar terms for the remaining term of the lock up period.

SIA LK Investments who owns approximately 4.85% of the Company's Shares has agreed without the prior written consent of AS LHV Pank not to, directly or indirectly, sell, contract to sell, exercise any option to sell, or otherwise dispose of any Shares of the Company during the period commencing on the date of the End of the Offer Period and ending after the 28th of February 2026. The same restriction shall apply to any securities convertible into or exchangeable for the Shares of the Company and to any swap or other agreement or any transaction, the economic consequence of which would be the transfer of the ownership of the Shares of the Company. AS LHV Pank is not entitled to unreasonably withhold its consent for the transfer of the ownership of the Shares of the Company, provided that the proposed new owner of the locked-up shares of the Company has executed or has committed to execute a lock-up agreement on similar terms for the remaining term of the lock up period.

4.11. Change to the Offer Price and Offer Period

In accordance with the Prospectus Regulation, the Offeror may be required to draw up a supplement to the Prospectus if the Offer Price of the Offering is changed or the Offer Period is shortened or prolonged. The obligation to register a supplement to the Prospectus may apply if the Offer Period is prolonged. The supplement to this Prospectus will be published after the registration thereof in the same way as this Prospectus and its Summaries.

Furthermore, in accordance with the Prospectus Regulation, every significant new factor, material mistake or material inaccuracy relating to the information included in this Prospectus which may affect the assessment of the securities and which arises or is noted between the time this Prospectus is approved and the time the Offer Shares are listed on Nasdaq Riga, shall be mentioned in a supplement to the Prospectus. All other changes will be disclosed on the website of Nasdaq Riga <https://nasdaqbaltic.com/statistics/en/news> and on the Company's website <https://delfingroup.lv/announcements>.

In the case that the Offeror is required to publish a supplement to the Prospectus, an investor, who has submitted a Purchase Undertaking in the Offering before the publication of the supplement to the Prospectus, has a right to withdraw within 2 working days (or within another time period as specified in the supplement to this Prospectus) after publication of the supplement to the Prospectus in accordance with the procedure described under the Section 4.3 "Retail Offering" and Section 4.4 "Institutional Offering".

4.12. Release of Funds

If the Offering or a part thereof is cancelled in accordance with the terms and conditions described in this Prospectus, if the investor's Purchase Undertaking is rejected or if the allocation deviates from the amount of Offer Shares applied for, the funds blocked on the investor's current account, or a part thereof (the amount in excess of payment for the allocated Offer Shares), is expected to be released by the respective account operator within 2 working days. Regardless of the reason for which funds are

released, the Offeror shall not be liable for the release of the respective funds and for the payment of interest on the released funds for the time they were blocked.

4.13. Postponement or Cancellation of the Offering

The Offeror has reserved the right to postpone or cancel the Offering in full or in part at any time until the end of the Offer Period. The reason for postponement or cancellation of the Offering could be, among others, the following circumstances:

- Unexpected and significant change in the economic or political situation in Latvia or the world, which may affect the financial markets, the economic situation or the prospects and operations of the Group;
- Significant change or development, which affects the general situation, management, financial position, capital or results of operations of the Group;
- Insufficient demand for the Offer Shares.

Any cancellation of the Offering will be announced on the website of Nasdaq Riga <https://nasdaqbaltic.com/statistics/en/news>. All rights and obligations of the parties in relation to the cancelled part of the Offering will be considered terminated as of the moment when such announcement is made public.

4.14. Taxation

The following sections outline a number of key principles of the Latvian, Estonian and Lithuanian tax regime that may be relevant to the acquisition, holding and transfer of the Shares, as well as a general overview of taxation principles applicable to the Company as a Latvian tax resident. The Section does not constitute a comprehensive or exhaustive explanation of all possible aspects of taxation that may be of relevance to the Shareholders and is not intended to constitute tax or legal advice to potential investors. Persons interested in the acquisition of the Offer Shares should seek the individual professional tax advice of qualified tax advisors in order to establish the particular tax implications of acquiring, holding or transferring the Shares as well as the required procedures related to the payment of withholding tax, if applicable.

The following summary of certain Latvian, Estonian and Lithuanian tax consequences of ownership of the Shares is based upon laws, regulations, rulings and Double taxation treaties in effect at the date of this Prospectus. Legislative, judicial or administrative changes or interpretations may, however, be forthcoming that could alter or modify the statements and conclusions set forth herein. Any such changes or interpretations may be retroactive and could affect the tax consequences for holders of the Shares.

Risks associated with taxation and changes in tax legislation

Future increase of applicable tax rates or imposing of additional taxes by Latvian government or relevant EU authorities may reduce the profitability of the Company's business. The interpretation of tax laws and regulations may change, causing the introduction of changes unfavourable to the Company. Such changes may have a material adverse effect on business, financial condition, prospects, results of operations or cash flows of the Company.

Future increase of applicable tax rates or imposing of additional taxes by the Latvian, Estonian or Lithuanian government may affect the taxation of dividends or capital gains of the shareholders.

4.15. Latvia

Taxation of the Company

This Section contains a general overview of taxation principles applicable to the Company as a Latvian tax resident.

The Company is subject to, or liable to, a number of tax obligations, including with respect to corporate income tax, value added tax, personal income tax (to the extent personal income tax is withheld at source as payroll tax or withholding tax, which may apply to other sources of income of private individuals), social security contributions, real estate tax and company car tax along with other taxes. The tax policy of the government may change in a manner creating material adverse effects on business, prospects, financial condition, results of operations or cash flows of the Group.

Corporate income tax

The system of taxation of corporate income currently in force in Latvia differs from the traditional model of corporate income taxation in that it shifts the point of corporate taxation from the moment of accrual to the moment of distribution. Therefore, corporate income tax is only applicable to the distributed profits (actual or deemed), but retained and reinvested profits are not taxable with corporate income tax.

Corporate income tax rate is 20% and is applicable to the taxable base that is divided by a coefficient of 0.8.

Distribution of profits includes calculated dividends, disbursements equivalent to dividends and conditional dividends calculated upon the completion of liquidation or reduction of the share capital. Deemed distribution of profits includes non-business expenses, bad debts, increased interest payment adjustments, certain loans to related parties, transfer pricing adjustments, certain transfer of assets upon reorganisation, certain transfer of assets to a permanent establishment abroad, liquidation quota.

The corporate income tax charged on the above profit distributions is only payable at the level of the Company with the Company being responsible for calculating, declaring and paying the respective corporate income tax. Corporate income tax imposed on distributed profit is not a withholding tax, therefore recipient of distributed profits might be subject to tax in its country of residence.

Dividends and capital gains received by the Company

Dividends received by the Company from its Latvian shareholdings and capital gains of the Company are not subject to corporate income tax upon receipt, nor are dividends subject to withholding tax upon distribution to the Company, if received by the Company from its Latvian subsidiaries.

Moreover, further distribution of profits of the Company into dividends are not applicable with corporate income tax in the respective amount of: a) received dividends by the Company from its subsidiaries; b) profits from the sale of shares of a subsidiary, that are held for at least 36 months.

When received dividends or profits from the sale of shares that were held for at least 36 months exceed the distributed dividends by the Company within the respective taxation period, the exceeding amount is attributable to the profit distributions of the Company within the next taxation periods in chronological order.

Taxation of the Shareholders

For the purpose of this Section a "resident individual" means a private individual who is deemed a Latvian resident for personal income tax purposes under Latvian laws and any applicable Double taxation treaty as outlined below.

Under Latvian laws, a resident individual is a private individual that has a declared place of residence in Latvia; or has been present in Latvia for 183 days or longer during any twelve-month period; or is a Latvian citizen employed by the government of Latvia abroad.

If a private individual qualifies as a tax resident under Latvian laws and domestic law of another country, tax residency of the respective person is determined by applying the following criteria of the Double taxation treaty entered into between Latvia and the respective country: the individual shall be deemed to be a resident of the country in which he/she has a permanent home available; if the individual maintains permanent homes in both countries, he/she shall only be deemed to be a resident of the country with which his/her personal and economic relations are closer (centre of vital interests); if the country in which the individual has his/her centre of vital interests cannot be determined, or if the individual has no permanent home available to him/her in either country, he/she shall only be deemed to be a resident of the country in which he/she has a habitual abode; if the individual has a habitual abode in both countries or in neither of them, he/she shall only be deemed to be a resident of the country of which he/she is a national; if the individual is a national of both countries or neither of them, the competent authorities of both countries shall settle the question by mutual agreement.

"Resident entity" means a legal person that is deemed a Latvian resident for tax purposes under Latvian laws and any applicable Double taxation treaty, if any.

Pursuant to Latvian laws, a resident entity is a Latvian resident primarily if it is established and registered in Latvia or if it should have been established and registered according to the Latvian laws. Whenever any activity of a non-resident entity is performed in Latvia, it should be evaluated whether

such activity creates a permanent establishment under Latvian laws and the applicable Double taxation treaty, if any. Permanent establishment is treated as a regular taxpayer in Latvia.

“Non-resident individual” and “non-resident entity” in this Section means all private individuals and legal persons that do not qualify as a resident individual or resident entity under Latvian laws.

Taxation of dividend income

Dividends distributed by the Company to resident and non-resident individuals or entities are not subject to deduction at source or withholding tax, except dividends paid to a non-residents, residing, located, established, registered in a low-tax or no-tax countries or territories, when 20% withholding tax is applicable. Low-tax or no-tax countries or territories are specified in accordance with Regulation of the Cabinet of Ministers No. 333 of 27 June 2023.

For resident individuals no additional personal income tax is applicable if corporate income tax is applied upon profit distribution by the respective company.

Moreover, whenever private individuals use an investment account for their investments that qualifies as such under the Latvian Law on Personal Income Tax and is opened with an investment services provider, personal income tax of 20% is applied to the difference between the amount that is paid into the investment account and the amount that is paid out from the investment account (minus dividends that have already been taxed upon payment at source; minus income from Latvian or other EU or European Economic Area state and local government securities). Thus, personal income tax is only applied upon making payments out from the investment account and not upon each case when income is received in the investment account from any investments made.

Each non-resident individual, however, should determine if any tax obligations with regard to taxation and reporting are applicable under the domestic law of his/her country of residence. Considering that the tax amount paid at the company level is a corporate income tax and not a personal income tax, a non-resident individual may not be able to credit any tax payments of the Company to the tax liabilities of the non-resident in its country of residence. Each non-resident individual should seek professional advice with respect to any tax obligations under the domestic law of his/her country of residence.

For resident entities no corporate income tax is applicable to the received dividends.

Non-resident entities should determine if any tax obligations with regard to taxation and reporting are applicable under the domestic law of the country of residence. The possibility to credit corporate income tax paid by the Company in Latvia upon profit distribution must be evaluated in each individual case in line with the domestic law of the country of residence and applicable Double taxation treaty, if any.

Taxation of capital gains

Personal income tax at a 20% rate is applicable to the capital gains (determined as the difference between the sale price and acquisition value of an asset) obtained by the resident individual from the sale of the Shares. Depending on the amount of capital gains, personal income tax should be paid and reported either on monthly/quarterly or annual basis. Losses from the sale of assets within a taxation year may be covered with income from the sale of other assets of the same type within the same taxation year.

Capital gains from the sale of publicly traded shares (i.e., the Shares) owned by a non-resident individual are not subject to personal income tax in Latvia. A non-resident individual might have an obligation to pay income tax from the sale of publicly traded shares in his/her country of residence.

Other capital gains of a non-resident overall are subject to personal income tax of 20% in Latvia, unless specific provisions of a Double taxation treaty, if any, provide that the income tax shall not be paid in Latvia, but in the country of residence of a non-resident individual. Whenever income is paid by a Latvian commercial company, cooperative company, non-resident's permanent establishment, institution, organisation, association, foundation or resident private individual that is registered as performer of commercial activity, personal income tax of 3% of the total value of the transaction shall be withheld at source. Nevertheless, a non-resident private individual that is a resident of another EU Member State or of a State that has signed a Double taxation treaty with Latvia shall have the right to account for the sale transaction and make personal income tax payment in the amount of 20% on the gains from the sale, submitting relevant supporting documents for the purchase value of the assets. In such case personal income tax of 3% of the total value of the transaction that was withheld at source may be recovered.

Each non-resident individual, however, should always seek professional advice and determine if any tax obligations with regards to taxation and reporting are applicable under the domestic law of his/her country of residence.

Capital gains from the sale of Shares owned by a resident entity are exempt from corporate income tax irrespective of the percentage of shareholding and holding period. Holding period of the Shares might affect the taxation of further profit distribution by the resident entity to its shareholders.

Capital gains from the sale of Shares owned by a non-resident entity are not subject to corporate income tax or any withholding tax in Latvia, except for when the non-resident entity is registered, located or established in a low-tax or no-tax jurisdiction and payment of the income is made by a Latvian resident, obliged to withhold tax of 20% at source.

Each non-resident entity should determine if any tax obligations with regards to taxation and reporting are applicable under the domestic law of its country of residence.

Other Taxes

No transfer tax, value added tax, stamp duty or similar taxes are assessed on the purchase, sale or other transfer of the Shares. No net wealth tax is applied in Latvia.

4.16. Estonia

The Company is not considered to be a resident of Estonia for tax purposes; therefore, this Section outlines the key principles of Estonian income tax issues that may be relevant to the acquisition, holding and transfer of the Shares for shareholders that are tax residents of Estonia.

Taxation of the Shareholders

For the purpose of this Section a "resident individual" means a private individual who is deemed an Estonian resident for income tax purposes under Estonian laws and any applicable Double taxation treaty as outlined below.

Under Estonian laws, a resident individual is a private individual whose place of residence is in Estonia or who stays in Estonia for at least 183 days over the course of a period of twelve consecutive calendar months. Estonian diplomats who are in foreign services are also deemed to be Estonian residents for tax purposes.

If a private individual qualifies as a tax resident under Estonian law and the domestic law of another country, tax residency of the respective person is determined applying the Double taxation treaty entered into between Estonia and the respective country, if any.

For the purpose of this Section "resident entity" means a legal person that is deemed an Estonian resident for tax purposes under Estonian laws and any applicable Double taxation treaty.

Under Estonian laws a resident entity is primarily a tax resident in Estonia if it is established pursuant to Estonian laws. European public limited companies (SE) and European associations (SCE) whose seat is registered in Estonia are also tax residents in Estonia.

"Non-resident individual" and "non-resident entity" in this Section means all private individuals and legal persons that do not qualify as a resident individual or resident company under Estonian laws.

Taxation of dividend income

Dividends distributed by the Company to Estonian resident individuals or entities are not subject to withholding tax in Latvia, however the Company pays corporate income tax upon profit distribution to its shareholders.

Estonian resident individuals do not pay personal income tax for received dividends from a foreign legal entity, provided that either the underlying profits out of which dividends are paid have been subject to foreign corporate income tax or if income tax was withheld from the respective dividends. When tax has not been paid or withheld at the legal entity level or corresponding documents are not provided, Estonian resident individuals shall pay personal income tax of 20% for dividend income received from a foreign legal entity.

Estonian resident entities do not pay corporate income tax upon the receipt of dividends.

Corporate income tax is only levied upon further profit distribution by the Estonian resident entity to its shareholders and currently a 20% tax rate is applicable to the taxable base that is divided by a coefficient of 0.8. Distribution of profits includes dividends, share buy-backs, capital reductions, liquidation proceeds, certain issued loans to a shareholder or a partner, or deemed profit distributions (such as transfer pricing adjustments, business non-related expenses and payments). Currently, corporate income tax at the rate of 14% (dividing taxable base by a coefficient of 0.86) is applicable to Estonian resident entities making regular profit distributions, namely, dividends paid in the amount that is below or equal to the extent of taxed dividends paid during the three preceding years. In addition, a withholding tax of 7% will apply in such case. Certain corporate income tax exemptions might be applicable for the further distribution of profits to the shareholders of the Estonian resident entity, for instance, in case the company passing through the dividends holds a minimum of 10% of the shares in the subsidiary company.

Taxation of capital gains

Estonian resident individuals pay personal income tax of 20% on capital gains from the sale or exchange of shares. Capital losses can be offset against capital gains.

A tax-exempt investment account scheme is applicable for Estonian resident individuals, under which individuals can defer the moment of taxation of investment income and capital gains derived from qualified securities. Under certain conditions, individuals can reinvest respective gains or income without paying any income tax.

Estonian resident entities do not pay corporate income tax upon the receipt of capital gains.

General corporate income tax principles apply to the income of Estonian resident entities from the sale of a shareholding and are outlined above in the dividend taxation section.

Other Taxes

No transfer tax, value added tax, stamp duty or similar taxes are assessed on the purchase, sale or other transfer of the Shares. No net wealth tax is applied in Estonia.

4.17. Lithuania

The Company is not considered to be a resident of Lithuania for tax purposes; therefore, this Section outlines the key principles of Lithuanian income tax issues that may be relevant to the acquisition, holding and transfer of the Shares for shareholders that are tax residents of Lithuania.

Taxation of the Shareholders

For the purpose of this Section a "resident individual" means a private individual who is deemed a Lithuanian resident for income tax purposes under Lithuanian laws and any applicable Double taxation treaty as outlined below.

Under Lithuanian laws, a resident individual is a private individual: a) whose permanent place of residence during the tax period is in Lithuania, b) whose personal, social, or economic interests during the tax period may be considered to be in Lithuania rather than in a foreign country, c) who stays in Lithuania, continuously or intermittently, for 183 or more days during the tax period, d) who stays in Lithuania, continuously or intermittently, for 280 or more days during a number of successive tax periods and who, during one of such periods, stayed in Lithuania, continuously or intermittently, for 90 or more days, e) who is a Lithuanian citizen residing outside Lithuania and receives remuneration for work and has the costs of living in another country covered from the state or municipal budgets of Lithuania.

For the purpose of this Section "resident entity" means a legal person that is deemed a Lithuanian resident for tax purposes under Lithuanian laws and any applicable Double taxation treaty.

Under Lithuanian laws, a resident entity is primarily a tax resident in Lithuania if it is incorporated in Lithuania or its activities create a permanent establishment in Lithuania for tax purposes or if it in Lithuania earns income subject to withholding tax in Lithuania.

"Non-resident individual" and "non-resident entity" in this Section means all private individuals and legal persons that do not qualify as a resident individual or resident company under Lithuanian laws.

Taxation of dividend income

Dividends distributed by the Company to Lithuanian resident individuals or entities are not subject to withholding tax in Latvia. The Company pays corporate income tax upon profit distribution to its shareholders and it is not a withholding tax.

Lithuanian resident individuals pay income tax of 15% from received dividends.

Lithuanian resident entities pay corporate income tax on profits, including passive income, such as dividends. Taxable income is calculated by reducing the general income of a certain tax period with deductible expenses and non-taxable income. General corporate income tax rate is 15%. A reduced rate of 5% applies to corporate profits of small companies that conform to certain criteria. Newly established small companies, owned by natural persons, may be subject to corporate income tax of 0% for the first year of activity, provided that certain conditions are met.

Dividends received for shares, share capital or other rights held by the Lithuanian resident entity or assigned to it by a foreign taxable entity registered or otherwise organised within the European Economic Area and the profits of which are subject to corporate income tax or similar tax are tax exempt in Lithuania.

Taxation of capital gains

Lithuanian resident individuals pay personal income tax of 15% or 20% (15% on the income annually not exceeding 120 average monthly salaries, 20% on any amounts exceeding the respective amount). Among other cases the following capital gains are tax exempt: a) capital gains (not covered by other exemptions) from the disposal of property not exceeding EUR 2,500 in a taxation period; b) capital gains from the disposal of financial instruments not exceeding EUR 500 per taxation period with certain exceptions applicable.

Lithuanian resident entities pay corporate income tax on profits, including capital gains. General corporate income tax principles apply to the income of Lithuanian resident entities from the sale of shareholding and are outlined above in the dividend taxation section.

Capital gains that are derived from the transfer of shares in a company incorporated in the European Economic Area or in a country with which Lithuania has a valid Double taxation treaty and that pays corporate income tax or similar tax in its country of residence are tax exempt in Lithuania if the following conditions are met: Lithuanian resident entity holds more than 10% of voting shares for a) a continuous period of at least two years or b) upon reorganisation, a continuous period of at least three years.

Other Taxes

No transfer tax, value added tax, stamp duty or similar taxes are assessed on the purchase, sale or other transfer of the Shares. No net wealth tax is applied in Lithuania.

5. REASONS FOR OFFERING AND USE OF PROCEEDS

5.1. Reasons for the Offering

The Offeror provides the following reasons for Offering:

- 1) to increase the amount of Shares in free-float and thus increase the Share liquidity;
- 2) for Offeror to diversify its assets and investments.

The Company will not receive any proceeds from the Offering.

The Offeror is covering all costs and expenses related to the Offering.

The Offer is not subject to an underwriting agreement on a firm commitment basis. There are no material conflicts of interest pertaining to the Offer.

5.2. Use of Proceeds

The Company will not receive any proceeds from the Offering.

Expenses directly related to the Offering are estimated to be approximately EUR 88,196, including commissions to be paid to the Global Lead Manager.

The statements and plans described in this Section should be regarded as forward-looking statements that are based on opinions and best judgment of the Offeror. The anticipated use of proceeds of the Offering is subject to risks, uncertainties, and assumptions.

6. RIGHT TO DIVIDENDS AND DIVIDEND POLICY

6.1. Types, determination and distribution of dividends

Each shareholder of the Company has the right to a share in the profit of the Company. The Company in accordance with Latvian Commercial Law, Articles of Association and Dividend Policy has **two types of dividends**:

- **Extraordinary dividends** which are: (1) **determined** after adoption of quarterly financial report in accordance with the proposal from the Management Board which is reviewed by the Supervisory Board in the amount up to **50% of the consolidated profit in the previous financial quarter**; and (2) **distributed** once per quarter after the General Meeting in which the financial report for previous quarter is adopted and decision on dividends distribution duly passed.
- **Annual dividends** which are: (1) **determined** after adoption of the annual report; and (2) **distributed** once per year after the General Meeting in which the annual report is adopted and decision on dividends distribution duly passed.

In line with the past practice, the dividend distribution ratio is expected to grow in accordance with the profitable growth of the Company under normal conditions.

So for the Company has fulfilled shareholders' interests by generating regular and predictable yield-based returns while maintaining the financial stability of the Company and focusing on long-term development goals.

6.2. Dividend Policy

The initial edition of the Dividend Policy of the Company was adopted on 4 September 2020, and the amended edition on 28 March 2024. The Dividend Policy is available on the website of the Company.¹¹

The Company has adopted a Dividend Policy comprised of a general information section, the principles of dividend distribution, the key considerations relevant to calculating and determining the amount of dividends, the dates and procedures for payment of dividends and disclosures to be made in connection with the distribution and payment of dividends.

The governing body of the Company deciding on profit distribution and dividend payment, including the date of dividend payment, is the General Meeting. However, the Management Board prepares proposal for dividend allocation and distribution, which then is reviewed by Supervisory Board and adopted at the General Meeting. The General Meeting is not legally bound by the recommendations of the Management Board and / or the Supervisory Board and may opt to pass a decision deviating from such recommendations.

The profit proposal prepared by Management Board for determination of both Extraordinary dividends and Annual dividends are based and include considerations of the following information in accordance with the Dividend Policy: (1) the Articles of Association of the Company and Latvian laws and regulations; (2) Company's long-term development goals; (3) financial situation of the Company; (4) Legal obligations and duties of the Company (if any), e.g., contractual obligations stipulated by the Company's financing terms and conditions; (5) optimal shareholder equity ratio which is attained if the rate of the Company's consolidated equity including subordinated liabilities to the total consolidated assets of the Company is equal to or exceeds 20% (twenty percent).

The circumstances under which shareholders may not expect dividend to be declared by the Company include, but are not limited to, the following:

- to preserve funds that are required for the growth of the Company;
- due to operation of any law in force;
- due to losses (if any) incurred by the Company in any particular year;
- due to any restrictions or covenants contained in any agreement as may be entered with lenders of the Company;
- due to any other appropriate circumstances.

¹¹ The current version of the Dividend Policy of the Group: <https://delfingroup.lv/storage/files/delfingroup-dividenzu-politika-eng-nr12pl10-3-2023.pdf>.

The external and internal factors which may affect recommendation by the Management Board on the distribution of Company's profits include, but are not limited to, the following:

- state of the economy: the Management Board would endeavour to retain larger part of profits to absorb future shocks in case of uncertain or recessionary economic conditions and in situations where the policy decisions of the Government or governmental authorities have a bearing upon or affect the business of the Company;
- regulatory concerns: the Management Board will keep in mind the restrictions imposed by applicable laws and regulations with regard to declaration and distribution of dividends;
- taxation policy: the tax policy of Latvia also influences the dividend policy of the Company and the applicable rate of tax directly influences the amount of profits available for distribution to shareholders;
- capital markets: in the event of unfavourable market conditions, the Management Board may recommend resorting to a conservative dividend distribution in order to conserve cash outflows and reduce the cost of capital through alternative sources;
- magnitude and stability of earnings: the extent of stability and magnitude of the Company's earnings, as well as the availability of any accumulated earnings, will directly affect the recommendation by the Management Board to distribute dividends;
- liquidity position: if the Company does not have sufficient cash resources to make dividend payment, the Management Board may recommend reducing the amount of dividend distribution.

The Management Board may propose setting aside out of the profits of the Company such sums which may need to be applied for any reasonable purpose, including provisions intended for meeting contingencies or to be invested in such activities of the Company as the Management Board may, from time to time, consider fit. The Management Board may also propose carrying forward any profits which it may think prudent not to distribute with a view to operating needs of the Company.

The portion of profits not distributed among shareholders but retained and used in business of the Company constitutes retained earnings. Whenever retaining a part of the profits, the Company seeks to strike the right balance between the quantum of dividends paid and the amount of profits retained in the business. Retained earnings may be utilised for the internal purposes of financing projects of the Company, maintaining an adequate liquidity ratio and funding of fixed and working capital.

6.3. Entitlement to dividend

Unless otherwise provided by law, dividends which have not been drawn within 10 years shall revert to the ownership of the Company. Dividends may not be declared or paid if the annual report of the Company (or, with respect to Interim Dividends, based on the interim financial statements) shows that the amount of equity of the Company is less than its share capital.

In general, the Company cannot demand return of dividends previously paid to shareholders. However, the Company may claim back dividends previously paid to shareholders in the instances where the distribution of dividends was unlawful, provided that the shareholder receiving the dividends knew or should have known that the distribution of dividends was unlawful at the time of the distribution.

The list of Shareholders who are entitled to participate in the distribution of profit and receive dividends shall be determined on the basis of the list of Shareholders as maintained by the Nasdaq CSD SE, which is fixed on the date determined by the General Meeting, whereas in respect of companies listed on the Nasdaq Riga, such date may not occur earlier than on the tenth trading day after the General Meeting where the nature or extent of the rights arising from the securities were determined (rights conferred on holders of securities or their scope). While distributing profit and making dividend payments to the shareholders, a public limited company is under the obligation to treat all shareholders equally.

There are no dividend restrictions for non-Latvian resident shareholders to claim dividends.

6.4. Amount of the dividend per share

The historical breakdown of dividends distributed to shareholders of the Company in the financial years 2021 through to 2023 is presented in the table below*:

Table 6.4.1.

The historical breakdown of dividends distributed to shareholders of the Company

	2021	2022	2023
The total amount of dividends distributed, EUR	3,723,138	5,424,757	3,494,140
Dividends per share distributed, EUR (rounded)	0.09	0.12	0.08
Dividends per share distributed on comparable basis (as if the amount of share capital on year-to-year basis was 45,319,911 shares), EUR (rounded)	0.08	0.12	0.08

**Where the number of shares of the Company has changed, the information is adjusted to make it comparable*

7. PRINCIPAL MARKETS

The information contained herein relates to the consumer lending segment and the business segment of pre-owned goods retail, and is provided for informational purposes only. The information summarised in this section has been obtained through various public and private sources. The Offeror has, to the best of its abilities, sought to ascertain and accurately reproduce the information contained herein, omitting no facts which could render the reproduced information inaccurate or misleading. However, the Offeror accepts no further responsibility in respect to the information contained in this Section.

Prospective Investors should read this Section 7 "Principal markets" in conjunction with the more detailed information contained in this Prospectus including Section 2 "Risk Factors", Section 13 "Historical Financial Information", Section 14 "Operating and Financial Review".

7.1. Introduction

The Group operates in the consumer lending segment in Latvia, which forms part of the Latvian financial services industry. In addition, the Company operates in the business segment of pre-owned goods retail, where goods are offered to consumers in Latvia and Lithuania.

This Section provides an overview of both the consumer lending segment and the business segment of pre-owned goods retail in Latvia. Further, it addresses the relevant key developments and trends, competitive landscape, and regulatory environment in the respective industries.

In December 2023, the Group via its Subsidiary DelfinGroup LT commenced operations in Lithuania by opening five branches in Vilnius and in early 2024 by opening an online store where customers can purchase and sell pre-owned goods. Although the Group intends to expand its operations in Lithuania by increasing its presence and service offerings, as of the date of this Prospectus, the revenue generated from operations in Lithuania is insignificant compared to the revenue generated from the Group's main market, Latvia. Therefore, the Offeror has provided a description of the Group's operations in Lithuania where necessary to gain an understanding of the Group's operations, risks, and future plans. However, the Offeror has not provided a comprehensive description of the consumer lending, pawn loans, and retail of pre-owned goods industry in Lithuania, as Lithuania, in the view of the Offeror, cannot yet be considered a principal geographical market for the Group.

7.2. Overview of the consumer lending segment

The consumer lending segment is part of the financial services industry, also known as retail financial services, which focuses on the private sector of the economy – the consumer. The borrower receiving the loan (a consumer), and the purpose of the issued loan (personal use) are the main features setting the consumer lending segment apart from other lending segments.¹²

Consumer loans in Latvia mainly originate from banks and specialised consumer lenders. Demand in this segment is driven by consumer income and demographics. The profitability of individual companies to a large extent depends on efficient customer acquisition, customer service, customer retention, credit risk management and debt collection practices. Relatively large companies enjoy economies of scale in securing access to capital. Small companies can compete effectively by targeting niche customer segments.

Two types of consumer loans exist: secured and unsecured. The loan is secured when the borrower provides security or collateral as a guarantee for loan repayment. The lender can sell or force the sale of the collateral if the borrower fails to repay. An unsecured loan, on the other hand, is made solely on the borrower's contractual promise to repay.

The Group has the status of a specialised consumer lender. In Latvia, specialised consumer lenders are primarily financial institutions that do not have a banking licence and provide loans to consumers. They can engage in various lending services and credit card operations to provide consumers with more flexible loan terms.

Function of consumer lending

¹² As defined in the Implementing technical standards on supervisory reporting, Schedule V, Part 2. 88 (a), credit for consumption includes loans granted mainly for the personal consumption of goods and services (European Central Bank (ECB) Balance Sheet Item (BSI) Regulation). The ECB BSI Regulation, Part 3.

Consumer lending is one of the mechanisms through which consumers participate in economic activity. Access to loans enables consumers to meet their basic needs, for example, buying or renovating a house, or buying household and electronic appliances.

A well-functioning consumer loan market is in the interests of consumers, financial institutions, and the economy at large. A consumer's access to loans on flexible and tailored terms allows the economy to function more efficiently and stimulates economic growth by allocating and channelling capital to those in need of financial resources.

A loan is a crucial enabler of consumption for consumers that might otherwise be unable to finance a certain product or service. Wages do not always correspond to customers' ability to spend, especially when it comes to premium products and emergency needs. Consumer loans support purchases without the need to call on savings and allow consumers to structure the loan repayments into manageable repayment schedules. For those facing unexpected expenses or emergencies, access to consumer loans can provide a vital financial lifeline, helping them navigate challenging circumstances without facing significant financial difficulty.

Consumer lending services

There are various types of consumer lending services ranging from simple loan transactions to more complex loans, including mortgage, auto, student loans, credit cards, pawn loans, and point of sale ("POS") loans.

The Group currently provides the following types of secured and unsecured consumer lending services:

- **consumer loans:** a loan product that allows consumers to receive a principal amount upfront and then repay it with interest charges in instalments over the mutually agreed loan term.
- **point of sale loans:** this is an alternative form of lending where the loan provider makes an upfront purchase payment on behalf of a consumer, who then repays the price of the purchase and pays the associated credit charges in instalments according to a mutually agreed repayment schedule.
- **credit line:** this type of loan allows the borrower to borrow money repeatedly up to a set limit, and repay the loan over time.
- **pawn loans:** collateral-based loans where the loan is secured by an underlying asset provided by the borrower and the lender typically takes possession of the underlying asset. The loan is provided by a pawnbroker that issues the loan following an assessment of the value of the underlying asset.

7.3. Key developments and trends in the provision of consumer lending services

Evolution of the segment

Banks hold the majority share of the consumer lending segment in Latvia, in terms of net loan portfolio, the share of the specialised consumer lenders market has remained stable from December 2019 until June 2022 being around 37% - 38% of total consumer loan portfolio. At the end of December 2022, market share of specialised consumer lenders for the first time reached 40% and continued to gradually increase, reaching 41% by June 2023 (please see Table 7.3.1.).

Table 7.3.1.

Market share of specialised consumer lenders by consumer loan portfolio¹³

Period	Banks, MEUR	Specialised consumer lenders, MEUR	Total, MEUR	Market share of specialised consumer lenders
Dec-19	493	307	800	38%
Jun-20	459	283	742	38%
Dec-20	503	297	800	37%
Jun-21	497	303	800	38%

¹³ Sources: <https://www.ptac.gov.lv/lv/media/4008/download?attachment> and <https://uzraudziba.bank.lv/statistika/kreditiestades/ceturksna-parskati/>.

Dec-21	588	345	933	37%
Jun-22	620	385	1004	38%
Dec-22	648	436	1084	40%
Jun-23	709	490	1199	41%

Historically, the market share of banks was sustained by their long-standing customer relationships, branch networks, economies of scale and large deposit bases which have allowed banks to offer consumer loans at lower costs. However, the trend is shifting in consumer lending from banks to specialised consumer lenders due to the following reasons:

- access to online financial services, with technology-driven specialised consumer lenders seeking to improve the digital customer experience, including partial automation of loan underwriting and decision making;
- greater access to consumer credit data which provide specialised consumer lenders with enhanced information to assess a potential customer's credit capacity, thereby allowing them to improve the quality of their loan portfolios;
- increased regulation of banks, which has made bank consumer loan offerings less attractive to potential borrowers than was previously the case relative to specialised consumer lender.

Table 7.3.2.

Total loan portfolio of Latvian specialised consumer lenders¹⁴

Period	Loan portfolio, MEUR	Percentage change compared to previous half-year
Dec-18	711	8.5
Jun-19	732	2.9
Dec-19	764	4.4
Jun-20	733	(4.1)
Dec-20	754	2.8
Jun-21	768	1.9
Dec-21	831	8.2
Jun-22	888	6.9
Dec-22	945	6.4
Jun-23	1006	6.5

Table 7.3.2. provides a general overview of the specialised consumer lending segment performance, and thus also includes, for example, mortgage and leasing loan portfolios.

Despite the decline in the number of consumer loans issued in the period from 2017 to 2020 (please see Table 7.3.4), specialised consumer lenders have increased their total loan portfolio by 41.5% from the second half of 2018 to the first half of 2023 (please see Table 7.3.2.).

Focusing specifically on the services provided by the Group (consumer loans), there is a similar trend of stable and strong yearly growth within the specialised consumer lending market segment.

¹⁴ Source: <https://www.ptac.gov.lv/lv/media/4008/download?attachment> .

Table 7.3.3.

Consumer loan portfolio of Latvian specialised consumer lenders¹⁵

Period	Consumer loan portfolio, MEUR	Percentage change from previous half-year	Percentage change from the base period
Jun-18 (base period)	255	4.9	-
Dec-18	285	11.8	11.8
Jun-19	291	2.1	14.1
Dec-19	307	5.5	20.4
Jun-20	283	(7.8)	11.0
Dec-20	297	4.9	16.5
Jun-21	303	2.0	18.8
Dec-21	345	13.9	35.3
Jun-22	385	11.6	51.0
Dec-22	436	13.2	71.0
Jun-23	490	12.4	92.2

As per the data available, the consumer loan portfolio has increased by 92.2% from the first half of 2018 to the first half of 2023 (please see Table 7.3.3.). Moreover, it has more than tripled since second half of 2013, when the consumer loan portfolio was valued at just MEUR 133.43¹⁶.

At the first half of 2023, the consumer credit sector continued to grow, and the total value of consumer loan portfolio was the largest in the last seven years.

Table 7.3.4.

Total number and value of consumer loans newly issued by Latvian specialised consumer lenders and the average loan size¹⁷

Period	Number of new loans	Total value, MEUR	Year-on-year change in total value	Average loan size, EUR
2015	1,178,371	291.69	23.93%	247.54
2016	1,190,297	336.03	15.20%	282.31
2017	1,088,750	361.53	7.59%	332.06
2018	1,068,051	392.28	8.51%	367.29
2019	826,489	369.27	(5.87)%	446.79
2020	608,865	308.25	(16.52)%	506.27
2021	549,077	350.41	13.68%	638.05
2022	568,558	418.04	19.30%	735.27

Table 7.3.4. provides insight into a consistent trend of consumer lenders increasingly focusing on longer term instalment loans with relatively larger average loan amounts than previously. This is a result of numerous factors, inter alia, inflation and the rise in consumer incomes. Moreover, larger competition

¹⁵ Source: <https://www.ptac.gov.lv/lv/media/4008/download?attachment>

¹⁶ Source: <https://www.ptac.gov.lv/lv/media/3705/download?attachment>.

¹⁷ Source: <https://www.ptac.gov.lv/lv/media/3705/download?attachment>.

among the specialised consumer lenders and lower costs of providing loans are forcing down interest rates, thereby indirectly pushing up average loan amounts. The average loan sizes and tenures are increasing, the loan portfolio is growing (please see Table 7.3.2.) and for the first time in 4 years, the number of new loans issued in 2022 has grown by almost 20 thousand compared to 2021 (please see Table 7.3.4.).

In 2020, the volume of new consumer loans in Latvia underwent a decline of approximately 16.50% from pre-COVID-19 levels. The reduction can be attributed to consumer concerns regarding income and employment stability and the implementation of stringent restrictions on in-person consumer lending at branch offices. However, in 2021, the volume of new consumer loans rebounded and reached almost pre-COVID-19 levels. Furthermore, there was a significant increase of 13.68% as compared to 2020. This trend appears to be continuing in the second half of 2022 which showed an increase by 19.30% as compared to 2021, and it continues to steadily grow.

Despite the lack of publicly available data on the total number and value of consumer loans newly issued by Latvian specialized consumer lenders for the year 2023, data from the first half of 2023 shows a similar growth trend in the consumer loan sector, indicating an increase in the volume of newly issued loans.¹⁸ Similarly, there is also an increase in the average loan size issued, comparing data from the first half of 2023 with data from the first half of 2022, by almost 20%.¹⁹

Table 7.3.5.

Quality of the loan portfolios of Latvian specialised consumer lenders²⁰

Period	Percentage of in-person consumer loans without delays	Percentage of distance consumer loans without delays
2013	79.99%	63.83%
2014	82.95%	67.76%
2015	85.21%	72.32%
2016	82.30%	71.55%
2017	84.97%	77.58%
2018	86.50%	78.96%
2019	87.93%	77.63%
2020	88.86%	81.57%
2021	90.98%	85.02%
2022	88.92%	85.94%
H1 2023	89.26%	86.11%

The data provided in Table 7.3.5. show that the quality attached to consumer loans issued by specialised consumer lenders has been slightly increasing. The proportion of loans that were repaid on schedule has been growing over recent years, with 89.26% of in-person consumer loans and 86.11% of distance consumer loans repaid without delay in the first half of 2023, compared to only 79.99% and 63.83%, respectively, in 2013. This positive change may be the mark of a changing approach to lending on behalf of both the loan providers and the borrowers.

The overall tendencies reflected in Table 7.3.2.– Table 7.3.5. can be explained with the following:

- the introduction of more rigid regulations and a cap on interest rates restricted the appetite of specialised consumer lenders for high-risk loans;
- the greater access to more reliable and qualitative consumer income and credit history data. In recent years, the lending companies have gained easy access to advanced databases (e.g., *Credit Information Bureau (KIB); CREFO*);

¹⁸ Source: <https://www.ptac.gov.lv/lv/media/4008/download?attachment>.

¹⁹ Source: <https://www.ptac.gov.lv/lv/media/4008/download?attachment>.

²⁰ Source: <https://www.ptac.gov.lv/lv/media/3705/download?attachment> and <https://www.ptac.gov.lv/lv/media/3705/download?attachment>.

- along with the market development, more and more relevant historical data is being accumulated, allowing one to make more accurate estimates about future behaviour;
- advances in the field of IT within the industry have also enabled *FinTech* loan providers to analyse the available data with more efficiency and depth by employing tools such as, for example, scoring or the analysis of account statements (please see "The emergence of FinTech consumer lenders"). These developments provide specialised consumer lenders with enhanced methods to assess a potential customer's credit capacity, thereby allowing them to improve the quality of their loan portfolios;
- as already explained above, the implications caused by the COVID-19 pandemic have left an impact on data of the consumer loan portfolios of Latvian specialised consumer lenders (Table 7.3.2. and Table 7.3.3.) and the total number and value of consumer loans newly issued by Latvian specialised consumer lenders, as well as the average loan size (Table 7.3.4.).

Developments of applicable regulations

1) Additional Corporate Income Tax Surcharge of 20%, regardless of whether profit distribution in dividends is made

Amidst the dynamic landscape of fiscal regulations, the Corporate Income Tax Law underwent a notable amendment at the conclusion of 2023, impacting consumer lending providers. Effective from 1 January 2024, Article 4.¹ of the Corporate Income Tax Law stipulates an obligation to impose a 20% surcharge on corporate income tax in the taxation year, irrespective of whether profit distribution in dividends is made.

The surcharge for corporate income tax in the taxation year is calculated based on the data indicated in the company's pre-tax year profit or loss calculation. The surcharge amount calculated in the taxation year can be reduced by the amount of tax calculated for-profit distribution in dividends in previous years until the submission of the surcharge calculation.

Additionally, the surcharge amount for corporate income tax paid in the taxation year can be offset against subsequently calculated corporate income tax for profit distribution in dividends over an indefinite period, i.e., reduced by the tax calculated for dividends.

Consumer lenders, including the Company, are required to submit the tax surcharge calculation to the State Revenue Service within 4 months after the deadline for submission of the pre-tax year company's annual report. The surcharge must be paid into a unified tax account by the 23rd day of the month following the month in which the tax surcharge calculation for the taxation year is submitted.

Notably, this regulation applies uniformly to both banks and consumer lenders, underscoring its broad applicability across the financial sector.

2) Amendments to Latvian Consumer Rights Protection Law

The consumer lending segment comprises a range of activities that attract considerable attention on the part of legislators and supervisory authorities at both the EU and Latvian levels.

The provision of consumer lending services is a regulated business activity in Latvia and it is subject to high standards of monitoring and compliance. A number of stringent measures have been introduced into Latvian law in 2019 to enforce a higher standard of compliance for consumer lending.

Specifically, as of 1 July 2019, numerous amendments have been introduced into the Latvian Consumer Rights Protection Law setting forth the requirements described below:

- assessment of consumer's ability to repay the loan: the law sets certain minimum requirements for creditors in making ability-to-repay determinations, including the obligation to request, acquire and evaluate information regarding a consumer's income and expenses for the fulfilment of the obligation in adequate amount;
- interest rate restriction: the total cost of capital to the consumer has been expressed as per diem percentage (0.07%) of the issued loan amount;
- advertising restrictions: the law has introduced a general ban on the advertising of consumer loans. The ban is subject to several exceptions, including an exception for trademark advertising.

Following the introduction of these legislative amendments, at the end of 2019, the Consumer Rights Protection Centre received notifications from six licensed specialised consumer lenders regarding their intention to leave the market. As a result, the amendments to Latvian Consumer Rights Protection Law

have affected the Latvian consumer lending segment, particularly in the field of specialised consumer lending.

3) Introduction of the Possibility to Write-Down Indebtedness of Natural Persons

On 15 June 2021, the Latvian Parliament adopted the Law on the Release of Private Indebtedness for Natural Persons, which became applicable on 1 January 2022 and enables the write-down of debts incurred by certain categories of disadvantaged and economically vulnerable consumers.

The law aims to enable individuals belonging to the disadvantaged and low-income household categories, whose income is insufficient to discharge all liabilities due to their social and economic status, to write-down indebtedness arising from existing consumer loan agreements within the meaning of the Consumer Protection Law.

The law is designed for those in financial distress who wish to but are unable to cover their debts arising from their consumer lending undertakings. The new framework covers indebtedness of a total size exceeding one national minimum monthly salary but not exceeding EUR 5,000. In order to benefit from the law, the natural person must have the status of a person in need or low income for a period of at least three months prior to the application. The law does not apply to debtors who have secured creditors (creditors whose claims against the debtor have been secured by commercial pledge, a mortgage registered in the Land Registry), as well as to natural persons who have property outside Latvia. Similarly, the release of a natural person from debt will not apply to those who have social security obligations to employees. The law includes a provision that each natural person is entitled to use the mechanism only once.

The new law provides, further, that the person must be active throughout the process. More specifically, (i) the person will have to make an application for release and submit it to a sworn notary; (ii) refrain from actions aggravating the situation of the person; (iii) during the examination of the application, classes of financial literacy will be provided by the State Employment Agency.

The emergence of FinTech consumer lenders

The growth dynamics of the consumer lending segment have been influenced by the enabled supply of a variety of consumer lending services.

The set of factors that continue to shape the segment includes improved methodology for the measurement and control of credit risk, technological innovation and a broader range of products. All of these factors are embraced by the Financial Technology (the “**FinTech**”) consumer lenders bolstering continued growth of the market. FinTech lenders are a subset of specialised consumer lenders that seek to leverage data and technology to provide better products through digitally-driven processes.

FinTech consumer lenders, such as the Company, have stepped in by efficiently processing big data (large volumes of information), enabling credit risk assessment with a higher level of accuracy. Often FinTech orientated lenders use alternative credit scoring solutions to determine the creditworthiness of the applicants, such as tracking of digital footprint, e.g., rent and utility payments. Big data analysis allows one to identify new development opportunities and operate more efficiently, increasing profitability as a result.

Historically, the majority of consumer loan providers offered a single interest rate for a loan product, regardless of the credit score of a loan applicant. More recently, with greater data availability and the technology scope for data analysis, it has become more common for loan providers to offer different interest rates depending, inter alia, on the creditworthiness of a borrower and recent cooperation with the lender. These pricing solutions can assist FinTech loan providers in attracting customers with relatively stronger credit characteristics, as these customers may be offered better prices than by providers who offer one price for all customers.

The Company believes that due to these factors, there is a substantial opportunity for technology-led specialised lenders to continue to attract market share from banks.

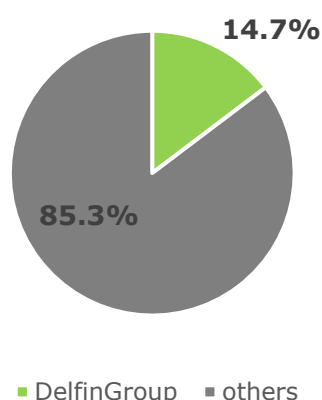
7.4. Competitive landscape of consumer lending services

In recent years, the Company has been increasing its share of the Latvian specialised consumer loan market by leveraging its broad network of branches, digital presence and innovative loan products.

Figure 7.4.1.

Portfolio market share H1 2023, Consumer loans²¹

Portfolio market share H1 2023, Consumer loans



Main competitors: consumer loans

The main competitors of the Company among the specialised consumer lenders with respect to consumer loan issuance are *InCredit Group* (<https://www.incredit.lv/>), *IPF Digital Latvia* (<https://www.credit24.lv/>), *Aizdevums.lv* (<https://www.aizdevums.lv/>), *ExtraCredit* (<https://www.bino.lv/>), *4Finance* (<https://www.vivus.lv/>; <https://www.ondo.lv/>; <https://www.smscredit.lv/>) and *Inbank Latvia* (<https://inbank.lv/>).

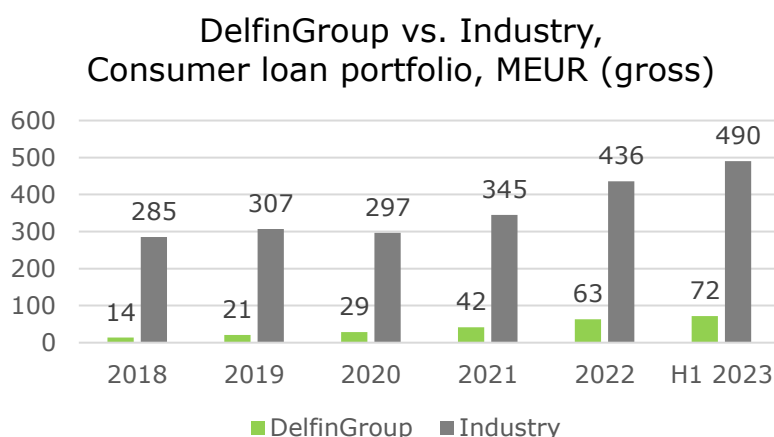
Table 7.4.2.

The Company's main competitors in consumer loan realm

	Offline	Pay day loans	POS loans	Mobile app
DelfinGroup	Yes	No	Yes	Yes
Aizdevums.lv	Yes	No	Yes	No
4Finance	No	No	No	Yes
IPF digital	No	No	Yes	Yes

Figure 7.4.3.

DelfinGroup vs. Industry, Consumer loan portfolio, MEUR²²



The Company has been steadily growing its share of the Latvian consumer loan market and adding to its portfolio of consumer loans.

²¹ Source: <https://www.ptac.gov.lv/lv/media/4008/download?attachment>.

²² Source: <https://www.ptac.gov.lv/lv/media/4008/download?attachment>.

The main competitors: pawn loans

The main competitors of the Company among the specialised consumer lenders operating in the pawn loan segment are Vita Credit (<https://www.vitalombards.lv/>), E-lats (<https://www.e-lats.lv/>) and Finance 360 association (<http://finance360.eu/>).

Figure 7.4.4.

Market share H1 2023, Pawn loans²³

Market share H1 2023, Pawn loans

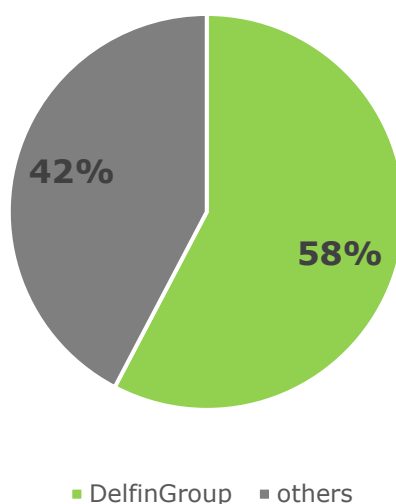
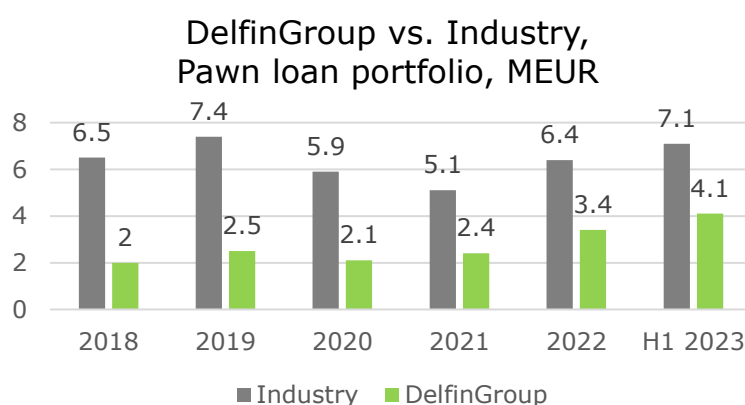


Figure 7.4.5.

DelfinGroup vs. Industry, Pawn loan portfolio, MEUR²⁴



The pawn loan portfolio of the Company is growing steadily over the last 6 years. This has allowed the Company to remain well positioned in this market segment, reaching almost 60% of market share.

²³ Source: <https://www.ptac.gov.lv/lv/media/4008/download?attachment>.

²⁴ Source: <https://www.ptac.gov.lv/lv/media/4008/download?attachment>.

Table 7.4.6.

Pawn loan network in Latvia				
	Wide branch network in regions	Pledge gold	Pledge electronic devices	Developed consumer loan
DelfinGroup	Yes	Yes	Yes	Yes
Vita Credit	Limited	Yes	Yes	No
E-lats	Limited	Yes	Yes	Limited
Finance 360 association	Limited	Yes	Yes	No

The Company continues to operate the largest network of pawn shops in Latvia. A part of its strategy is to continue adding pawnshops to the existing network (see Section 8.11 "Strategy and objectives" of this Prospectus).

7.5. Regulatory environment of consumer lending services

Licensing framework for the provision of consumer loan services

In order for companies to provide consumer lending services and to be regarded as specialised consumer lenders, a special permit (licence) needs to be obtained. The supervisory authority for specialised consumer lenders in Latvia is the Consumer Rights Protection Centre.

Principal laws and regulations relevant to the consumer lending segment and the Group are:

- 1) Commercial Law of the Republic of Latvia;
- 2) Consumer Rights Protection Law;
- 3) Personal Data Processing Law 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);
- 4) Financial Instrument Market Law;
- 5) Unfair Commercial Practices Prohibition Law;
- 6) Law on Out-Of-Court Consumer Dispute Resolution Bodies;
- 7) Law on Safety of Goods and Services;
- 8) Law on Information Society Services;
- 9) Law on Release of Private Indebtedness for Natural Persons;
- 10) Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation).

The principal regulations relevant to the provision of pawn loan services and consumer loan services are:

- 1) Cabinet Regulation No. 245 of 29 March 2011 "Regulations Regarding Special Permit (Licence) for Consumer Credit Services";
- 2) Cabinet Regulation No. 691 of 25 October 2016 "Regulations on Consumer Credit";
- 3) Cabinet Regulation No. 648 of 21 October 2014 "Regulations Regarding Distance Contract for the Provision of Financial Services";
- 4) Law on Extrajudicial Recovery of Debt;
- 5) Cabinet Regulation No. 61 of 29 January 2013 "Regulations Regarding the Permissible Amount of Expenses for Recovery of Debt and Non-Reimbursable Expenses";
- 6) Cabinet Regulation No. 64 of 29 January 2013 "Procedures for the Licensing of Providers of Debt Recovery Services".

The principal laws and regulations relevant to AML/CFT compliance and compliance with international sanctions are:

- 1) Law on International Sanctions and National Sanctions of the Republic of Latvia;
- 2) Law on the Prevention of Money Laundering and Terrorism and Proliferation Financing;
- 3) Cabinet Regulation No. 705 of 13 November 2018 "Regulations Regarding Requirements on the Prevention of Money Laundering and Terrorism Financing for the Providers of Consumer Crediting and Debt Recovery Services";
- 4) Cabinet Regulation No. 550 of 17 August 2021 "Regulations on the Procedure and Content of Submission of Suspicious Transactions and Threshold Declaration".

Licensing requirements

The licensing authority with respect to specialised consumer lenders in Latvia is the Consumer Rights Protection Centre. The existing licensing framework has introduced a high standard of compliance with the applicable requirements for those seeking to enter the specialised consumer lending business in Latvia.

The state duty payable for granting a non-bank consumer lending licence is EUR 250,000. The state duty payable for the annual renewal of the licence is EUR 55,000. The licences are currently held by two Group companies, the Company and ViziaFinance.

7.6. Overview of the retail business segment of pre-owned goods

The segment of pre-owned goods retail is considered to be a part of the general retail trade market, which mainly operates on the basis of re-selling new and/or pre-owned goods to the general public. Typically, the retail business segment of pre-owned goods is separated from the retail segment of new goods because the products are pre-owned or used at least once.

The market participants in the pre-owned goods segment offer consumers a broad selection of goods belonging to different categories, ranging from pre-owned electronic appliances to clothing and jewellery.

Through its network of branches and online store, the Company offers customers a broad range of goods. The main focus of the offering is electronics and home appliances, jewellery, tools, garden and forest machinery, as well as sports and leisure equipment.

7.7. Key developments and trends in the business segment of pre-owned goods retail

Evolution of the segment

The table below provides data relevant to the business segment of pre-owned goods retail in stores.

Table 7.7.1.

The total revenue of the business segment of pre-owned goods in stores at current prices²⁵

Year	Total revenue, thousands of EUR	Year on year change
2017	39,401	4.7%
2018	38,890	(1.3)%
2019	42,435	9.1%
2020	33,687	(20.6)%
2021	25,195	(25.2)%
2022	38,729	53.7%
2023	42,012	8.5%

The revenue of pre-owned goods in stores experienced a decline in the year 2020 and 2021 compared to the year 2019. The decline is attributable to the adverse effects of the COVID-19 pandemic. However,

²⁵ Source: Official statistics of Latvia:
https://data.stat.gov.lv/pxweb/en/OSP_PUB/START_TIR_TI_TIT/TIT030m/table/tableViewLayout1/.

by 2022, there was a remarkable rebound, with revenue soaring by 53.7% to reach levels surpassing those seen before the pandemic. The positive momentum continued into 2023, albeit at a slightly slower pace, with revenue increasing by 8.5% compared to the previous year. It shows that the overall trend in recent years is such that the demand for pre-owned goods is growing due to a shift in the preferences of customers. Digitalisation and the introduction of new trading formats enhances the tendency towards re-sale and leads to the progressive development of the second-hand goods market.

Moreover, one of the most important factors that has contributed to the development of the business segment of pre-owned goods retail is the growing concern for the environment.

The principles of circular economy encourage consumers to put a used or unwanted product back into economic circulation – either by recycling it, leasing it out, or reselling it - in order to lengthen the life-cycle of the product and in most cases receive monetary benefit for it. The idea of circular economy has been developing for years, but its widespread support has accelerated recently with the increased focus on sustainability by consumers. The pre-owned goods market is set to play a significant role in shaping sustainability and promoting environmental consciousness as more companies and consumers adopt the circular economy's ideas.

7.8. Competitive landscape of pre-owned goods retail

The rise of retail sales over the internet (e-commerce), the platform economy and technological advances have reshaped the boundaries and forms of commerce. The nature and types of exchanges and offerings are also being reconfigured within the segment of pre-owned goods retail, thereby providing for a variety of possible business models.

The combination of operating model and the range of goods offered has enabled the Company to attain a market position where it only has a limited number of competitors.

7.9. Regulatory environment of pre-owned goods retail

New consumer policy - General Product Safety Regulation

The new General Product Safety Regulation will substitute the General Product Safety Directive and address risks related to online shopping and new technology products, including cyber-security risks, by introducing product safety rules for online marketplaces. The Regulation is designed to ensure that all marketplaces are fulfilling their obligations to consumers and all products reaching EU consumers are safe, whether coming from within the EU or from third countries.

The principal laws and regulations relevant to the business segment of pre-owned goods retail are:

- 1) Commercial Law of the Republic of Latvia;
- 2) Consumer Rights Protection Law;
- 3) Personal Data Processing Law 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);
- 4) Unfair Commercial Practices Prohibition Law;
- 5) Law on Out-Of-Court Consumer Dispute Resolution Bodies;
- 6) Law on Safety of Goods and Services;
- 7) Law on Information Society Services.

The principal laws and regulations relevant to AML/CFT compliance and compliance with international sanctions are:

- 1) Law on International Sanctions and National Sanctions of the Republic of Latvia;
- 2) Law on the Prevention of Money Laundering and Terrorism and Proliferation Financing;
- 3) Cabinet Regulation No. 705 of 13 November 2018 "Regulations Regarding Requirements on the Prevention of Money Laundering and Terrorism Financing for the Providers of Consumer Crediting and Debt Recovery Services";

- 4) Cabinet Regulation No. 550 of 17 August 2021 "Regulations on the Procedure and Content of Submission of Suspicious Transactions and Threshold Declaration".

8. COMPANY OVERVIEW

8.1. About the Company

The Company is one of the leading specialised consumer lenders in Latvia. The Company provides unsecured loans and loans against a pledge to retail customers in need of quick and convenient access to additional funding. The Company offers a variety of consumer lending solutions tailored to individual consumer needs.

In addition to consumer lending, the Group operates a network of pawnshops across Latvia and Lithuania and an online platform in the business of pre-owned goods retail.

The services offered by the Group complement each other; they contribute to the circular economy by encouraging the reuse of goods, and provide an opportunity for the goods to re-enter the economy through its pawnshops that offer a broad selection of pre-owned goods to walk-in customers.

The culture embraced by the Company is a reflection of its core values. The core values drive behaviour at all levels of the Company's organisation.

Core values of the Company:

- **Respect:** Respect and trust are the cornerstones for success.
- **Courage:** Courage turns ambition into action.
- **Progress:** Progress means getting better every day.
- **Customer-Oriented:** Caring for customers in every step.

Mission of the Company: Make financial inclusion and sustainable consumption more available.

Vision of the Company: Be the best place for everyday financial services and circular retail.

8.2. Historical timeline and milestone events

Table 8.2.1.

Historical timeline and milestone events

2009	First pawnshop opened under the brand name Lombards24.lv; the pawnshop is still operational.
2010	50th pawnshop opened. On average, every pawnshop managed to reach break-even on an EBITDA basis by the sixth month of operation. The 50 pawnshops were spread across 15 cities and towns in Latvia.
2011	Consumer lending services introduced across the pawnshop network.
2012	First 100,000 customers registered.
2014	Issued bonds listed on the Nasdaq Riga stock exchange.
2015	"Lombards24.lv" rebranded as "Banknote" – a customer-friendly brand emphasising the Company's aspiration to expand the offering of personalised finance solutions.
2016	Joined the global lending market place platform Mintos.
2017	ISO certified. The Group became certified by Bureau Veritas ISO certification under ISO 9001:2015 and ISO 50001:2015, attesting to the quality of internal processes and controls. Online lending launched by "Banknote", thereby enabling customers to use the Company's services through its website.

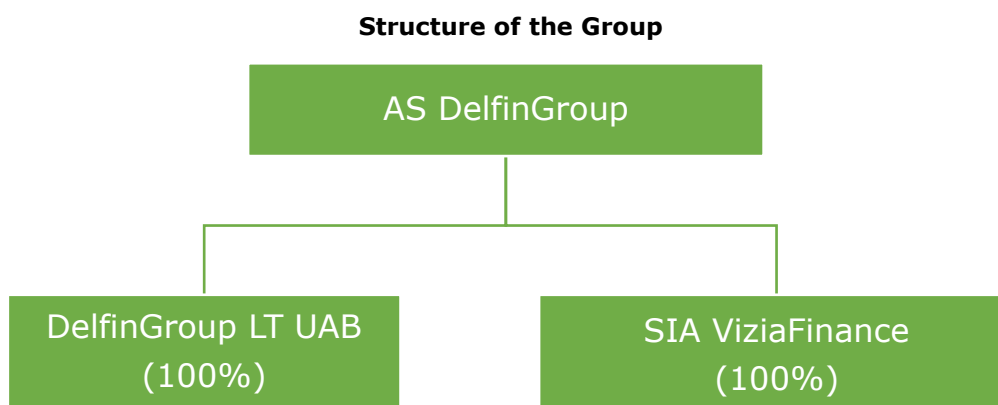
2018	New brand "VIZIA" launched. A modern financial services provider specialising in the provision of online consumer loans.
2019	Corporate name "ExpressCredit" changed to "DelfinGroup" to introduce a brand-new vision, mission and several new values.
2020	"Banknote pirkumiem" launched. A new point of sale (POS loans) financing product developed to penetrate the Latvian leasing and purchase financing markets. By simplifying the shopping process, the product enables streamlining of the customer experience.
2021	<p>First ESG report published. To showcase how the Company's business strategies and operations advance Environmental, Social and Governance objectives and contribute to long-term value creation.</p> <p>New bond issue via private placement in the amount of EUR 5 million with the coupon rate of 9.75%.</p> <p>Reorganisation into a Joint Stock Company. The Company changed its corporate structure to a Joint Stock Company. The reorganisation is aimed at further increasing the Company's transparency and ability to attract outside financing.</p> <p>Initial Public Offering. The initial public offering (IPO) of The Company successfully closed on 14 October 2021. 5,927 investors participated in the IPO and the Company raised 8,09 million euros. On 19 October 2021 Nasdaq Riga decided to list the Company's shares on the Baltic Main List as of 20 October 2021.</p>
2022	<p>Renewal of Banknote online store. In 2022 Bankonte online store underwent renewal and redesign. The new design features a modern and streamlined interface that is easy to navigate and provides a seamless shopping experience for customers. The renewed Bankonte online store is now better equipped to serve its customers and compete in the highly competitive e-commerce market.</p> <p>Acquires pawn shop business of AS Moda Kapitāls. The company completed the acquisition of the AS Moda Kapitāls pawn shop business, which was started in August 2021. AS Moda Kapitāls owned the fourth largest pawn shop network in Latvia and the acquisition of its business will strengthen the leading position of the Company in regions.</p> <p>Two new bond issues via private placement in the amount of EUR 10 million with the historically lowest annual coupon rate of 8% and in the amount of EUR 10 million with annual coupon rate of 3M EURIBOR + 8.75%.</p>
2023	<p>Start of operations in Lithuania. The first five Banknote branches were opened in Vilnius, thus starting geographical expansion outside Latvia. Initially, pawn and retail services were available to Lithuanian clients, with consumer lending to come later in 2024.</p> <p>New service. In 2023, the Company began offering a new service - an e-pawnshop. This service allows consumers to remotely sell pre-owned goods by submitting photos and information. The Company then provides a valuation, and if accepted, the pre-owned goods can be dispatched to the pawn shop.</p> <p>Credit Line. In December 2023, the Company signed a credit line agreement with Multitude Bank p.l.c. for MEUR 11 to further finance business development. The agreement has a maturity of 2 years. In November, the Company successfully redeemed a MEUR 10 bond at maturity. To refinance the existing bonds, the Company issued new unsecured bonds.</p>

8.3. Organisational structure

The charts below present the organisational structure and the subsidiary of the Company, along with the overall organisational structure of the Group, as of the date of this Prospectus.

The Company, together with ViziaFinance and DelfinGroup LT, forms the Group. ViziaFinance and DelfinGroup LT are wholly-owned subsidiaries of the Company. The Company holds 100% of shares and voting rights in both ViziaFinance and DelfinGroup LT.

Figure 8.3.1.



Registration data of the Company, DelfinGroup LT and ViziaFinance are provided below.

Table 8.3.1.

The Company

Company name	AS "DelfinGroup"
Legal form	Joint stock company (AS)
Country of registration	Latvia
Registration authority	Commercial Register of Latvia
Registration number	40103252854
Registration date	12 October 2009
Registered address	50A Skanstes Street, Riga, LV-1013, Latvia
Share capital	EUR 4,531,959.4
Shares	45,319,594 shares with a nominal value of EUR 0.1 each
Shareholders	Please see Section 10.2 "Shareholders" of this Prospectus

Table 8.3.2.

DelfinGroup LT

Company name	DelfinGroup LT UAB
Legal form	Limited liability company (UAB)
Country of registration	Lithuania
Registration authority	Commercial Register of Lithuania
Registration number	306462155
Registration date	28 September 2023
Registered address	25-701 Lvivo street, Vilnius, LT-09320, Lithuania
Share capital	EUR 100,000

Shares	100,000 shares with a nominal value of EUR 1 each
Sole shareholder	"DelfinGroup" AS – 100,000 shares (100% of share capital)

Table 8.3.3.

ViziaFinance

Company name	SIA ViziaFinance
Legal form	Limited liability company (SIA)
Country of registration	Latvia
Registration authority	Commercial Register of Latvia
Registration number	40003040217
Registration date	6 December 1991
Registered address	50A Skanstes Street, Riga, LV-1013, Latvia
Share capital	EUR 569,148
Shares	569,148 shares with a nominal value of EUR 1 each
Sole shareholder	"DelfinGroup" AS – 569,148 shares (100% of share capital)

8.4. Services

The Group operates under three main brand names: Banknote, VIZIA and *Rīgas pilsētas lombards* (Riga City Pawnshop) and is active in two principal markets – consumer lending and retail business of pre-owned goods.

The Group offers the following three types of services: (1) consumer lending comprising consumer loans, point of sale loans and credit line financing, (2) pawn loans and (3) retail business of pre-owned goods. The Group is organised into three operating segments based on services as follows:

Consumer loan segment: handling consumer loans to customers, debt collection activities and loan debt sales to external debt collection companies.

Pawn loan segment: handling pawn loan issuance and the sale of pawn shop items.

Other operations segment: providing loans for real estate development (as of the date of this Prospectus not an active service), general administrative services to the companies of the Group (very minor activity, immaterial).

Table 8.4.1.

The Group's offered services



Brand	Offered Services
	<ul style="list-style-type: none"> Consumer loans Pawn loans Senior loans POS loans Retail of pre-owned goods Credit line with virtual card
	<ul style="list-style-type: none"> Consumer loans Credit line

Table 8.4.1.

Key financial data divided into operating segments (MEUR)

	2021	2022	2023
Revenue			
Total	25.19	35.76	50.42
Pawn loans	4.46	5.96	7.00
Retail business of pre-owned goods	4.82	6.47	9.22
Consumer loans	15.81	23.39	34.20
Other activities	0.10	-	-
Profit/(loss) before taxes			
Total	5.00	7.26	8.29
Pawn loans	0.92	1.44	1.73
Retail business of pre-owned goods	0.26	0.52	0.57
Consumer loans	3.82	5.27	5.95
Other activities	0.15	-	-
Assets			
Total	52.16	77.16	105.06
Pawn loans	6.00	8.39	9.80
Retail business of pre-owned goods	2.02	3.05	4.63
Consumer loans	43.56	65.71	90.62
Other activities	-	-	-

Consumer lending services**Consumer loans**

Consumer loans are provided by both Banknote and VIZIA. *Rīgas pilsētas lombards* (Riga City Pawnshop) also provides consumer loans as part of its broader service offering.

Both the Company and VIZIA seek to offer borrowers better value and a better borrowing experience compared to its competitors. By leveraging the proprietary, end-to-end online technology platform of the Group, both companies aim to provide simple, fast, and competitively priced loans to Latvian consumers. The loan application and settlement processes of the Company are digital-first, which helps its customers to enjoy a simpler and more rapid application and approval experience.

The value proposition underlying loan products offered by the Group is that the borrowing process by consumers should be simple, swift, and fair and provide the best possible outcome for the borrower.

Table 8.4.2.

The Group's provided consumer lending services

Loan products	Banknote Consumer Loans	VIZIA Consumer Loans
Share of gross loan portfolio	67%	25%
Loan amount	EUR 50 – EUR 10,000	EUR 100 – EUR 10,000
Loan maturity	Up to 60 months	Up to 60 months

Interest rate per month	Up to 3.7%	Up to 3.7%
Application and issuance	Via branches, online	Online

Banknote

Banknote offers consumers fast, convenient, and secure means to borrow money. The Company lends money to all customers aged 18 or older and no distinction is made. To facilitate financial inclusion, Banknote also focuses on a particular category of borrowers – seniors, or elderly individuals. Banknote is one of the few services in the Latvian market specifically targeting seniors. The Company believes that seniors are underserved in the Latvian loan market, and access by seniors to consumer loans is limited.

In 2016, the Company launched a consumer loan sub-service “Aizdevums Senioriem” (or “*Loan for Seniors*”) to meet the economic needs of the elderly population of Latvia. The value proposition of this sub-service is in the reduced fees and interest rates.

In 2024, the Company introduced a new product called “Credit Line with Virtual Card”, which allows consumers to access a virtual card via the Banknote app and use it with Apple Pay and Google Pay.

VIZIA is an innovative financial services provider focused on swift and easy consumer loan solutions. This new brand is growing rapidly.

VIZIA

In addition to consumer loans, VIZIA has launched a new consumer lending service under its brand – credit line. The service was launched in the third quarter of 2021 and is the newest service offered by the Group. Credit line provides customers with an opportunity to borrow money up to a certain limit and repay the loan over time.

Pawn loan services

Banknote



The Group offers pawn loans, which are a form of secured loan. Under a pawn loan, the borrower pledges an item of goods with the Group that serves as security, or collateral, for repayment of the loan. The item of goods is transferred into the possession of the Group and remains there for the duration of the term of the loan, unless repayment occurs before the expiration of the term of the loan. The extent of the customer’s liability is limited by the value of the pledged property, while the amount of the loan depends on the value of the collateral and customer’s credit rating as assessed by the Group.

In 2023, DelfinGroup LT, Subsidiary of the Group, opened 5 Banknote branches in Vilnius, Lithuania.

Pawn loans are provided to consumers under the brand names **Banknote** and **Rīgas pilsētas lombards** (Riga City Pawnshop).

Table 8.4.3.

The Group’s provided consumer lending services

	Banknote
	Pawn loans
Share of gross loan portfolio	8%
Loan amount	Depends on pledge, up to 95% from pledge value
Loan maturity	Up to 24 months
Interest rates per month	2-28%
Security	Secured
Application and issuance	Via branches, online (valuation)

Retail business of pre-owned goods

Banknote

VEIKALS

The business of pre-owned goods retail is operated under the brand names Banknote and *Rīgas pilsētas lombards* (Riga City Pawnshop). It has a presence both on-site and online.

The Company has adopted the "*Lietots. Pārbaudīts*" ("Used. Verified.") circular economy initiative through its retail business of pre-owned goods. By providing this service, the Company encourages customers to save resources and acquire pre-owned goods.

In 2022, the Company redesigned its online store and in 2023, the Company opened Banknote XL, largest store of pre-owned goods retail in the Baltics, thus stimulating circular economy.

In 2024, DelfinGroup LT, Subsidiary of the Group, opened the Banknote online shop in Lithuania, providing Lithuanians with access to the circular economy online store, Banknote.

8.5. Customer experience

As of the date of this Prospectus, the Group operates in Latvia and Lithuania (only with pawn loans and online store). The Group strives to deliver its services in a manner offering superior customer experience, tailored to customer needs and expectations.

Customer base

Services of the Group are available to the entire adult population of Latvia and Lithuania. The Group primarily serves customers through the network of branches. The Group has branches in nearly every town in Latvia, and five branches are available in Vilnius, Lithuania. Most of the services of the Group are available on online platforms.

Table 8.5.1.

Age	2021	2022	2023
<30	16%	18%	13%
30-59	55%	55%	58%
>59	29%	27%	29%

Relationships with customers

Customer relationships and the quality of customer experience are essential to Group operation.

- **Customer communication.** The Group cares about customers and takes its reputation seriously. It ensures that the terms of service offered by Group companies to their customers are clear, unambiguous, and carry no hidden costs to customers. The Group conducts its business in an open and transparent manner. It is a priority of the Group that the most suitable solution among the array of available solutions is being offered to customers. The Group uses the following channels to maintain communication with its customers: phone calls and messages, e-mail communication, updates, Banknote app and messages via WhatsApp, in-person interaction.
- **Provision of loans.** The Group offers customers both cash loans (only in branch) and loans via bank transfer (both in branch and online). If the loan amount exceeds EUR 1,000, only bank transfer is possible (both in branch and online). Considering the range of loan solutions offered by the Group, its service offering is convenient, fast, and transparent. Moreover, it takes account of the individual needs of each customer.
- **Recognition by customers.** The Group has approximately 59,000 active customers. Customer feedback and recommendations are taken seriously; they form an integral part of the business development strategy as they help tailor the services offered and continuously refine the service offering.

Distribution of the Group's services

The Company offers services to consumers through several channels. Each customer can choose the channel that suits him or her most.

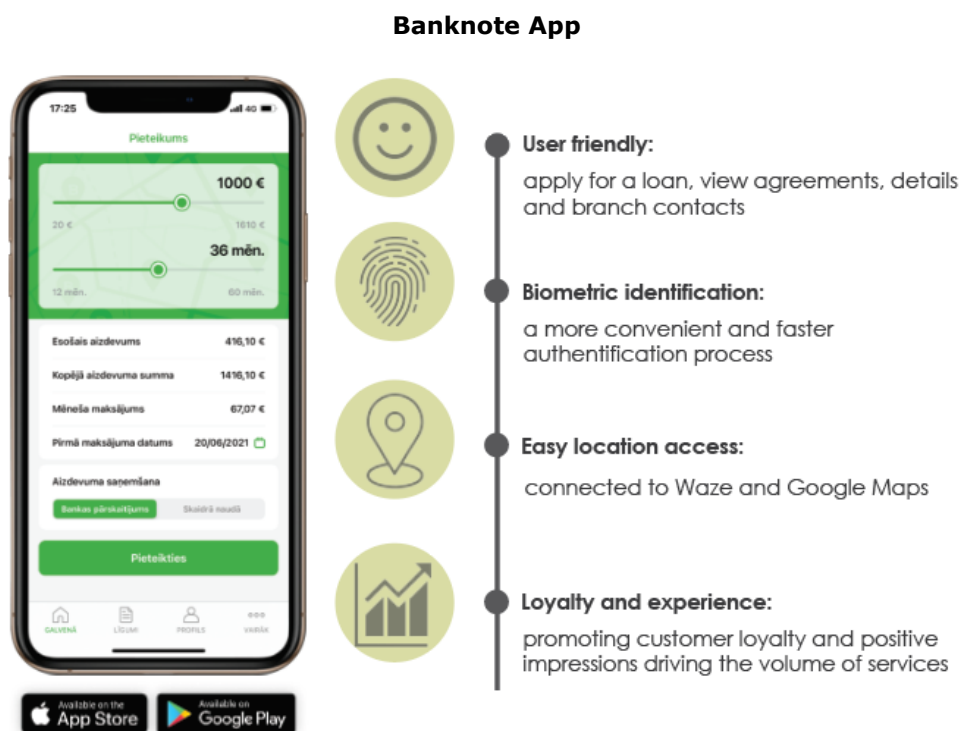
Services provided by Banknote are available online (via Banknote website, the app, WhatsApp, e-mail, and phone) and offline (at branch offices). Services provided by VIZIA are available online (via VIZIA website, WhatsApp, e-mail, phone).

Online

Banknote App

Banknote App is available via Apple App Store and Google Play. At present, the full functionality of the app is available to existing customers of Banknote. The app is used to make loan applications, view current agreements and schedules of payments, as well as to communicate with and receive relevant information from the branch offices.

Figure 8.5.2.

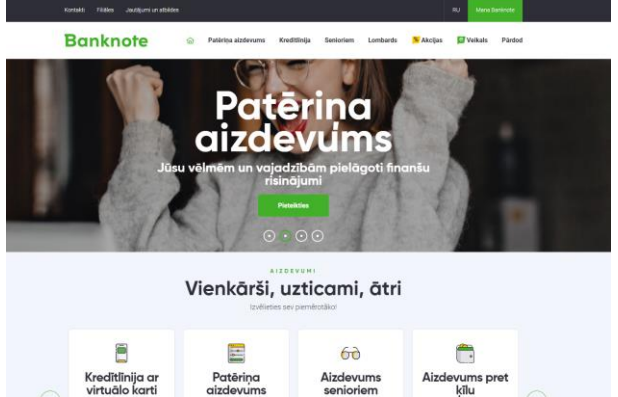

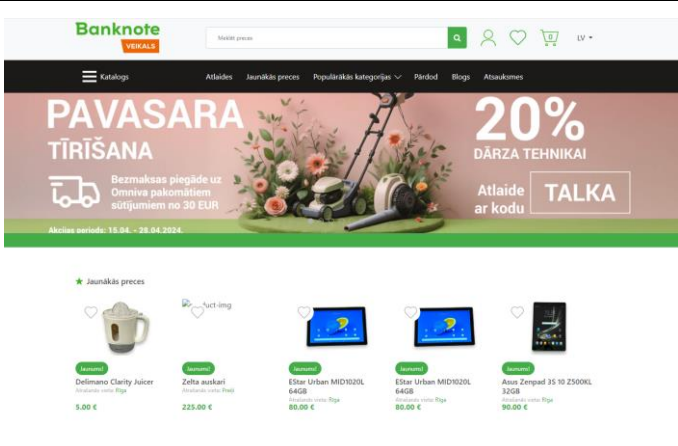
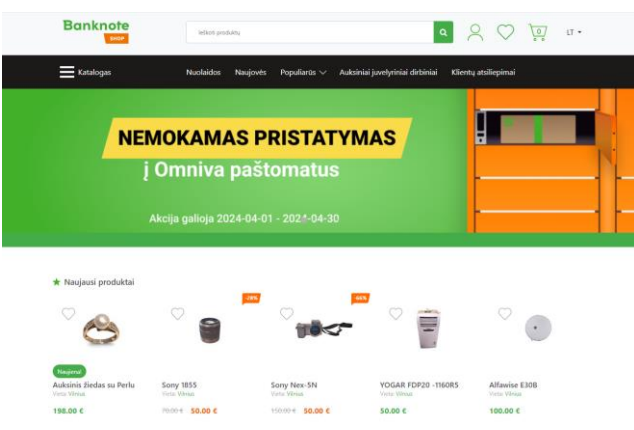


Banknote and VIZIA Website

Both Banknote and VIZIA have a strong online presence via their respective websites <https://www.banknote.lv/>, <https://banknote.lt/> and <https://www.vizia.lv/>. In the case of VIZIA, customers benefit from the possibility of loan disbursement and loan repayment online. In the case of the online platform operated by Banknote, customers benefit from the possibility of online loan disbursement and loan repayment, filing of online applications, valuation and disbursement for the provision of pawn loans ("e-lombards"). If customers wish to purchase pre-owned goods or jewellery, they can do also through the online store operated by Banknote that can be accessed at this link <https://veikals.banknote.lv/> in Latvia and this link <https://shop.banknote.lt/> in Lithuania. In addition, the Company operates a corporate website <https://delfingroup.lv/> that provides access to all corporate information on the Company.

Table 8.5.2.

The Group's offered service websites

Domain	Purpose of the website	Snapshot
<p>https://www.banknote.lv/</p>	<p>Online platform enabling consumer loans.</p>	
<p>https://shop.banknote.lt/</p>	<p>Online platform enabling pawn loans.</p>	
<p>https://veikals.banknote.lv/</p>	<p>Internet store for pre-owned goods.</p>	
<p>https://shop.banknote.lt/</p>	<p>Internet store for pre-owned goods.</p>	

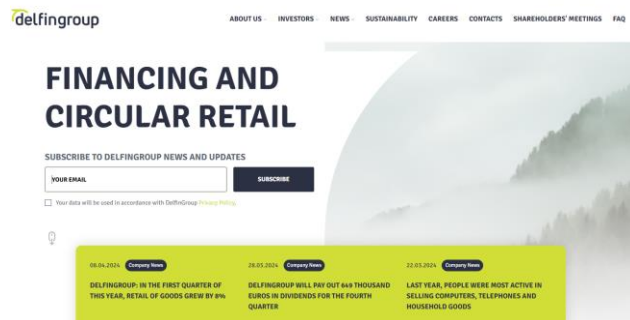
<https://www.vizia.lv/>

Online platform enabling consumer loans.



<https://delfingroup.lv/>

Corporate website of the Group.



WhatsApp, app, e-mail and phone

The Group offers its services to customers through a number of channels, including Whatsapp, app and e-mail. It also provides an opportunity to enter into agreements over the phone.

Offline – branches

Banknote is the largest network of pawnshops in Latvia. It plans to continue adding to and expanding the existing network.

As of the date of the Prospectus, the Group operates and generates revenue in Latvia by serving its customers via 89 branches. 39 of the branches are located in Riga, and 50 of the branches are located in other cities and towns across Latvia. In addition, DelfinGroup LT operates 5 branches in Lithuania which are located in Vilnius.

Figure 8.5.3.

Banknote pawnshop branch network in Latvia

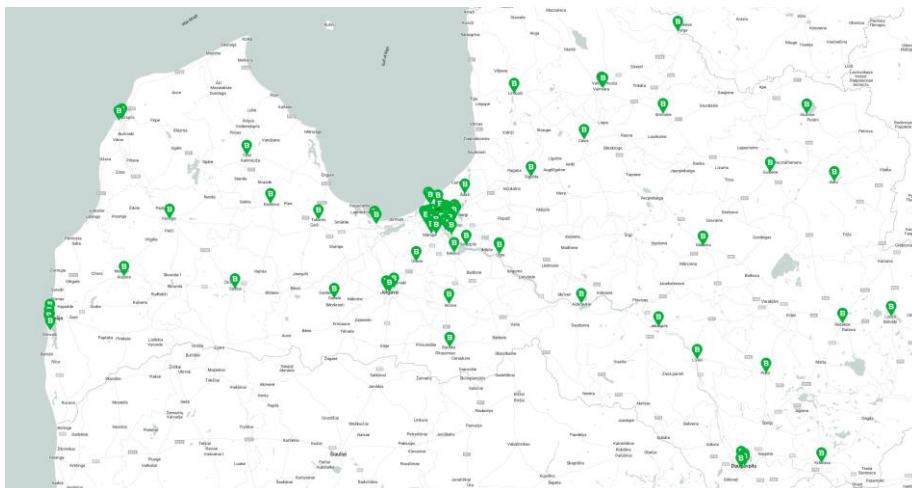


Figure 8.5.4.

Banknote pawnshop branch network in Riga

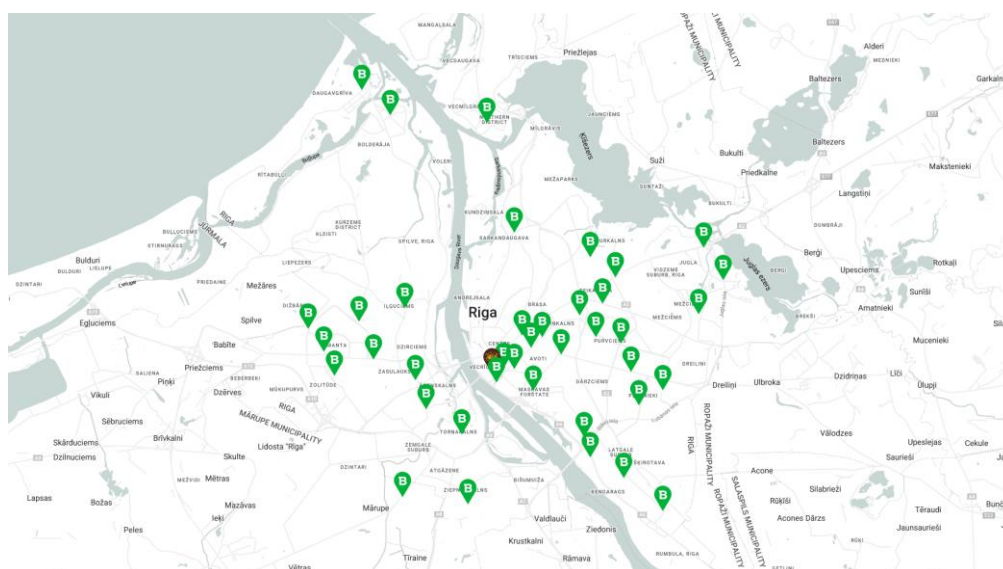


Table 8.5.4.

Banknote pawnshop branch network in Lithuania

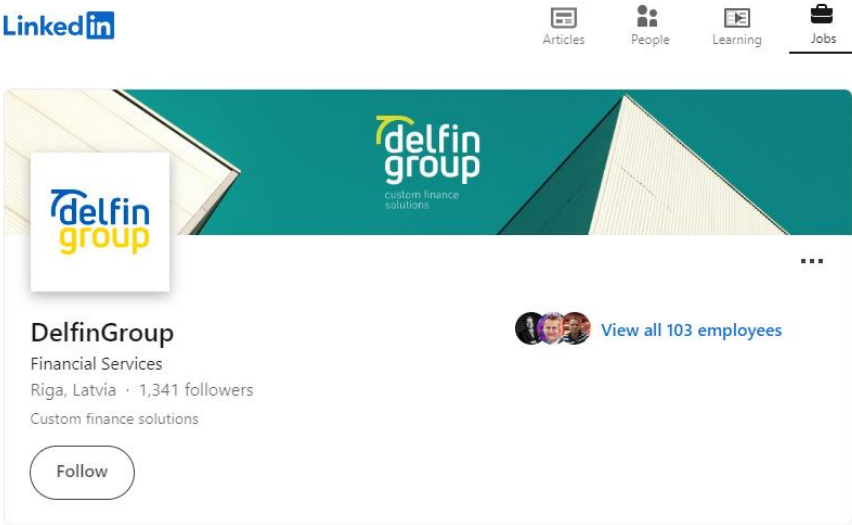
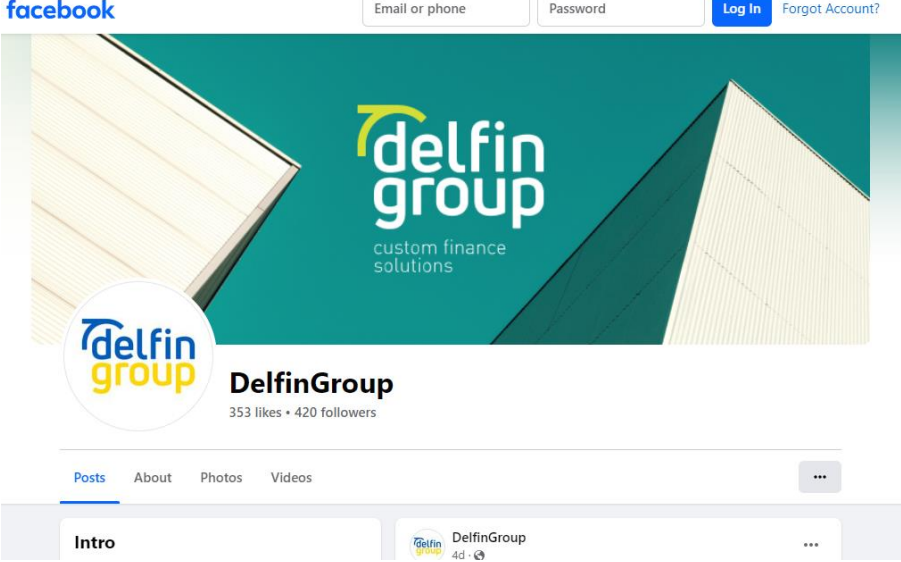
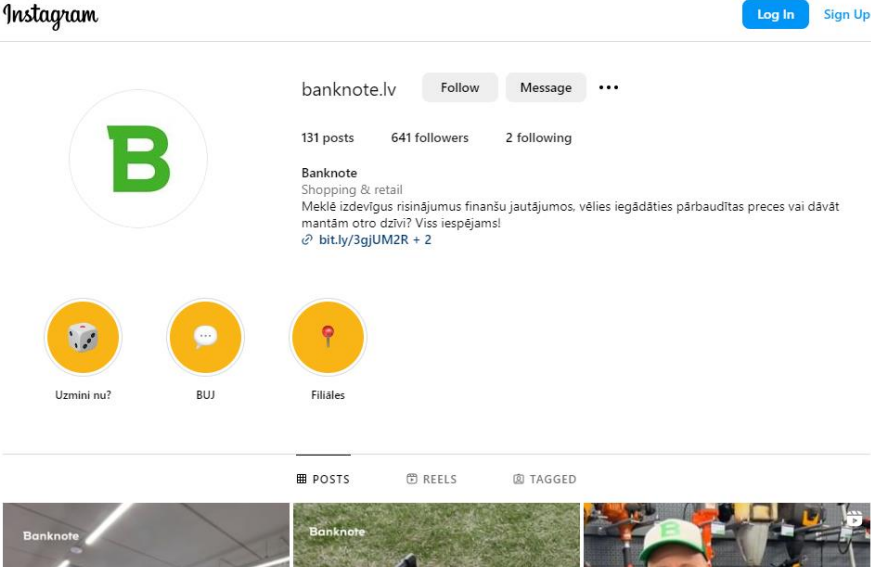
No.	Address
1.	Antakalnio gatvė 78, Vilnius
2.	Šeškinės gatvė 26, Vilnius
3.	Vyduo gatvė 7, Vilnius
4.	Ateities gatvė 91, Mandarinai, Vilnius
5.	Kalvarijų gatvė 59A, Vilnius

Distribution of information

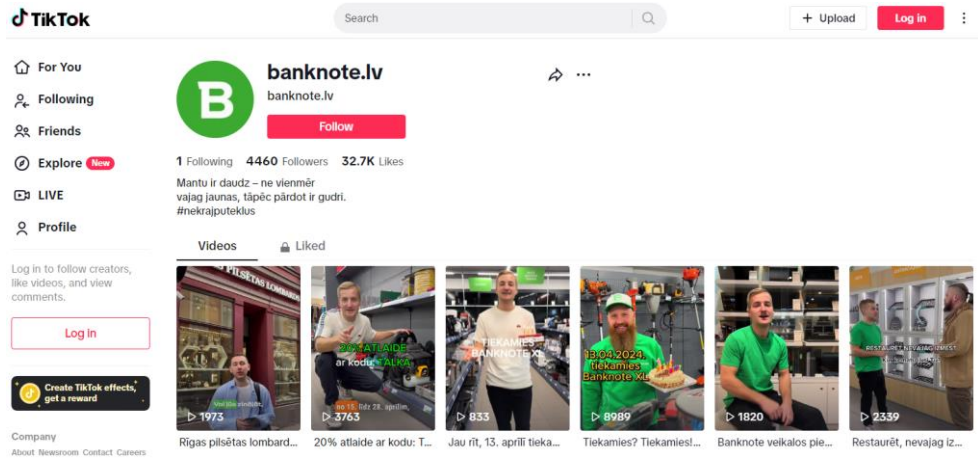
In the business segments in which the Group operates, customers usually commence the search for the available services online. Therefore, the Group continuously makes strategic investments in its online presence to engage potential customers at the earliest possible stage of the customer search journey. Through its core brands, the Group has established a presence on multiple social media platforms, including LinkedIn, Facebook, Instagram, TikTok.

Table 8.5.4.

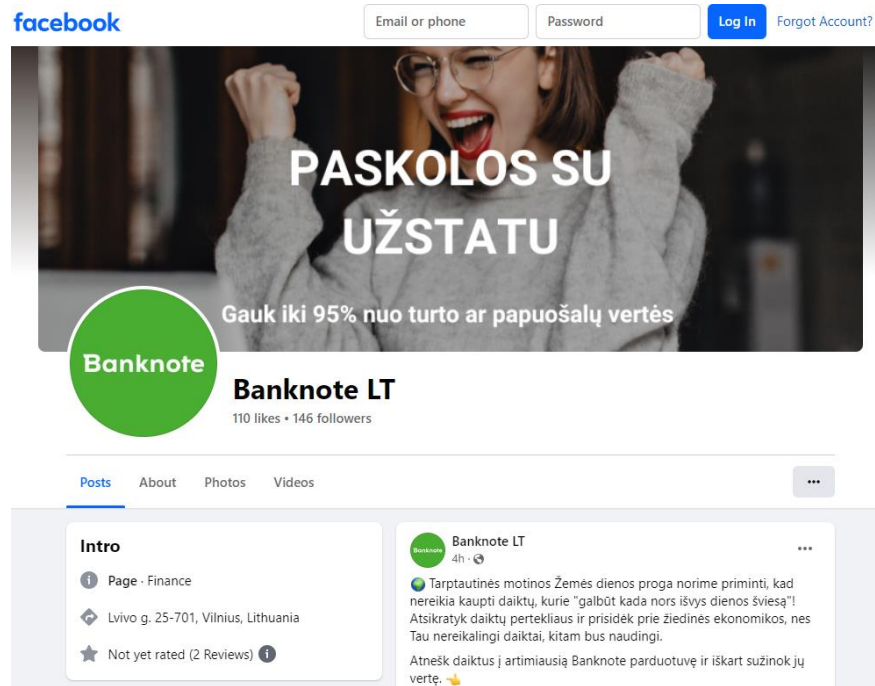
The Groups social media presence

Social media	Social media marketing snapshot
<p>LinkedIn</p>	 <p>LinkedIn profile for DelfinGroup. The profile includes the company logo, name, industry (Financial Services), location (Riga, Latvia), and follower count (1,341). A 'Follow' button is present.</p>
<p>Facebook</p>	 <p>Facebook profile for DelfinGroup. The profile includes the company logo, name, and follower/like counts (353 likes, 420 followers). Navigation tabs for 'Posts', 'About', 'Photos', and 'Videos' are visible.</p>
<p>Instagram</p>	 <p>Instagram profile for banknote.lv. The profile includes a green 'B' logo, post/follower/following counts (131 posts, 641 followers, 2 following), and a bio describing the company as 'Banknote Shopping & retail'.</p>

TikTok



Facebook Banknote LT



Customer engagement

(1) Customer loans – application, disbursement, and repayment

Consumer loans and credit line

Loan application process:

After the loan application process has been initiated, it can be divided into two stages.

(1) Identification and verification

Identification and verification processes differ for new customers and returning customers.

New customers are subject to the initial identification and verification procedure, which is completed by either undergoing the registration process via the online platform of Banknote or VIZIA, or at the branch.

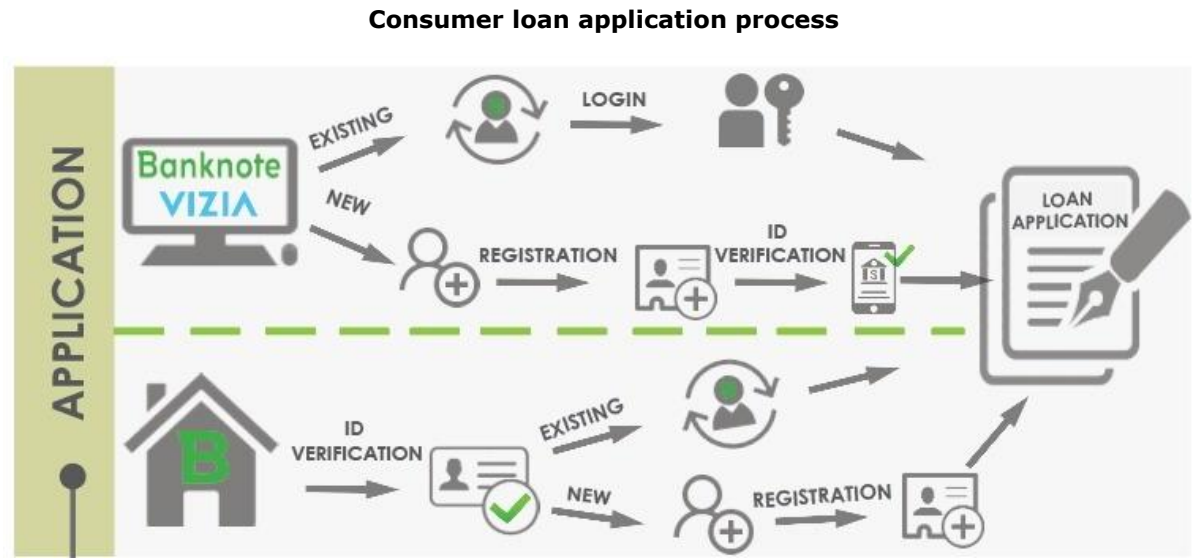
Returning customers are subject to re-identification and verification by means of presenting ID at the branch office. The users of the online platform must only complete the identification procedure once during the registration process. Any subsequent use of the Company's services via online platform requires authentication by entering personal identification code and password.

The process of bank account's identification process is described below in sub-section "Loan approval and disbursement process".

(2) *Application*

Once the identification and verification processes have been completed, both new customers and returning customers can make an application for the loan of the customer's choice.

Figure 8.5.5.



Loan approval and disbursement process:

After the loan application has been submitted by either a new customer or returning customer, a decision is made as to whether to approve the application. If the application is approved, disbursement of the loan is performed.

(1) *Loan approval process*

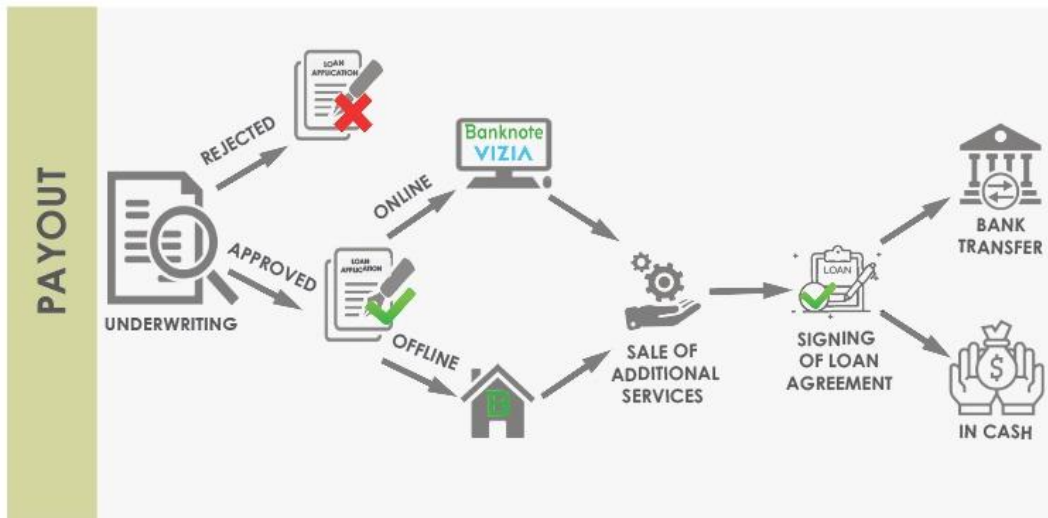
Following the submission of an application, the Group commences the underwriting process which includes a creditworthiness assessment, sanctions and AML compliance checks and other evaluation steps. If the application is rejected, no loan can be disbursed.

(2) *Loan disbursement process*

If the loan application is approved, a loan agreement is signed and executed between the customer and the Group (in the branch office) or online. Hence, the loan is paid out via bank transfer or in cash. The bank transfer is made only to the verified bank account, namely, (i) a bank account that the customer used for identification process, (ii) a bank account that the customer indicated after identification at the branch. If a customer intends to change a bank account to which the loan shall be paid out, the re-identification process must be carried out, namely, (i) by identification process in branch office, (ii) by online identification process transferring EUR 0.01 from the bank account to which the customer intends to receive a loan.

Figure 8.5.6.

Consumer loan pay-out process



Loan repayment process:

(1) Ordinary course of loan repayment

In most cases, loans are repaid in accordance with the repayment schedule in a timely manner. Therefore, the Company does not need to allocate additional resources to recover the debt amount.

(2) Delayed loan repayment

If a delay occurs in the repayment of the loan, a recovery process is initiated against the borrower. If the internal debt collection process is unsuccessful, and if the repayment is delayed for more than 60 days, then the loan is handed over for external collection. If this part of the recovery process is unsuccessful, then the loan is sold in a competitive debt sale process.

Figure 8.5.7.

Consumer loan repayment process



(2) Pawn loans

Loan application process:

The application process for pawn loans is different from the application process for consumer loans as collateral needs to be provided for an appraisal.

(1) *Identification and verification*

Similarly, to consumer loans, the Company complies with identification and verification procedures as the first step in the loan application process (see more "Consumer loans and credit line: The loan application process" above).

(2) *Application and provision of collateral*

In the loan application phase, the borrower must provide collateral, as security against which the loan will be issued. The collateral is evaluated by a skilled appraiser, and the loan amount is determined as a set percentage of the value of the collateral.

Loan approval and disbursement process:

After the loan application has been submitted and the collateral has been provided for the appraisal, a decision is made on the approval of loan issuance. If the application is approved, disbursement of the loan is performed.

(1) *Loan approval and appraisal of the collateral process*

The first step in the process is the appraisal or evaluation of the items used as security for the loan. Each of the Company's branches has designated personnel for carrying out appraisals who operate under a clear policy regarding their function and responsibilities. The appraisal is performed by a trained employee who has experience in appraising a broad array of goods. Several steps are involved in the appraisal process, including a test of the authenticity of the specific good in accordance with standard guidelines that are applied across all of the Company's branches.

(2) *Loan disbursement process*

If the loan application is approved, a loan agreement is signed and executed between the customer and the Company. The loan is paid out via bank transfer or in cash.

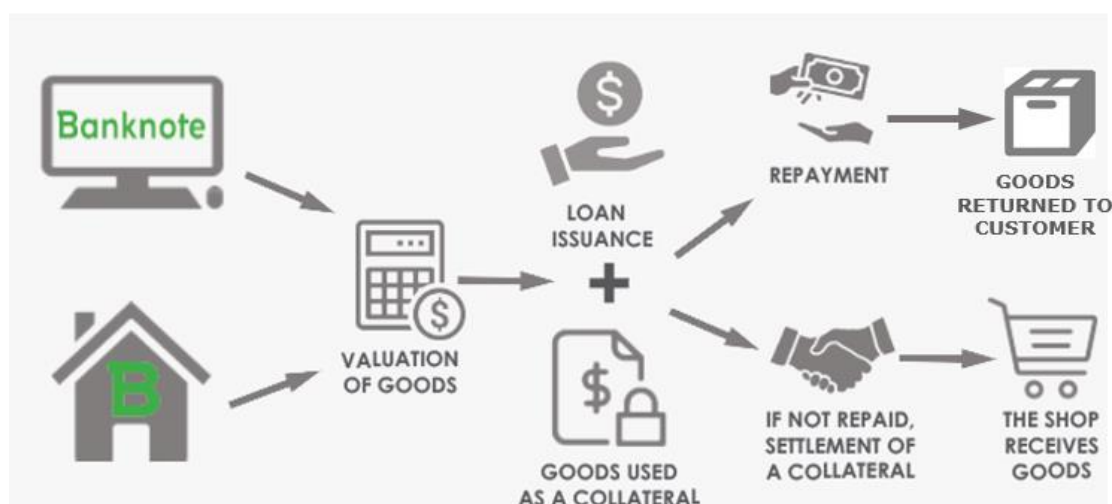
Once loan disbursement has occurred, the collateral is transferred into the possession of the lender.

Loan repayment and release of collateral process:

The Company monitors outstanding loans and the recovery of interest on an ongoing basis. Once a loan is fully repaid, the pledged good is returned to the customer. When a customer does not repay a loan on or before its maturity, the Company initiates the recovery process and assumes ownership of the pledged good to satisfy the amount owed to the Company, including both the principal and accrued interest. Before commencing the recovery process, the Company informs the customer through legal notices. The recovery process involves the sale of the pledged goods at one of the Company's branches or online store. If the goods are in bad condition, they are sent to the Company's workshop for repair and refurbishment. After the goods have been repaired and refurbished, they are put up for sale at one of the Company's branches and online store.

Figure 8.5.9.

Pawn loan life-cycle



(3) Operation of retail business of pre-owned goods

Goods can end up at a Banknote store in one of the following three ways:

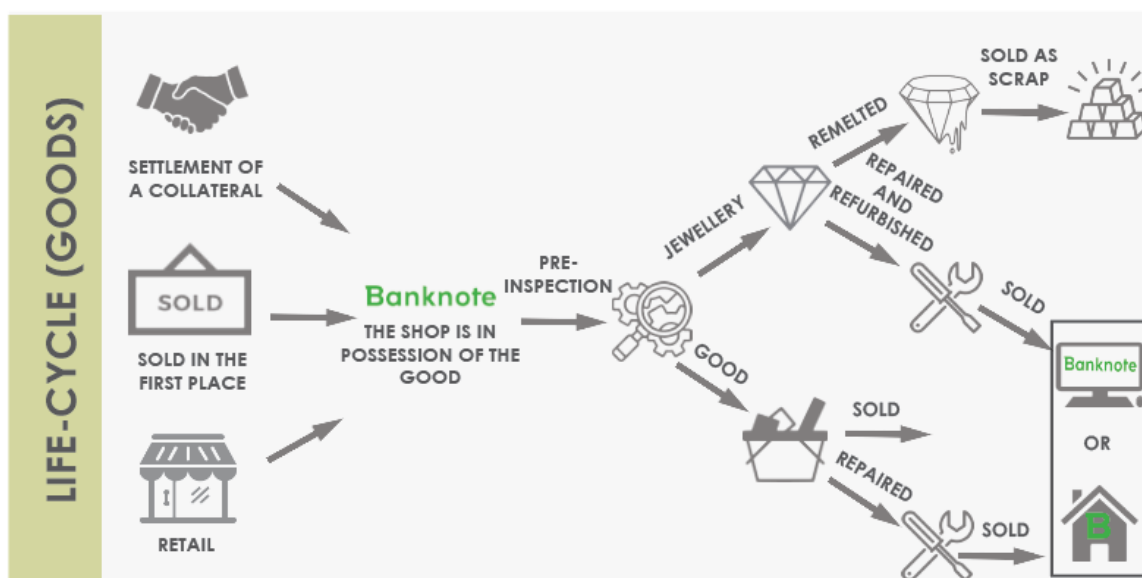
- placement of pre-owned good used towards collateral for sale, following failure by the borrower to repay a pawn loan;
- a natural person sells a pre-owned good to the Company via a branch office or online;
- the Company purchases a pre-owned good from another retailer.

A preliminary examination is carried out with respect to all goods that are put up for sale at branch offices of the Company. The nature and scope of examination differs depending on whether the goods are jewellery or contain precious metals:

- jewellery: if jewellery is in fair condition, it is refurbished and put up for sale immediately; if jewellery is defective and capable of repair, it is repaired and then put up for sale; if jewellery is defective and not capable of repair, it is sold as scrap metal;
- other goods: if the goods are in fair condition, they are put up for sale immediately; otherwise, they are repaired and refurbished in the workshop and put up for sale after having been restored to optimum condition.

Figure 8.5.10.

Life cycle of goods



8.6. Risk management

The Company is susceptible to different kinds of business risks. Therefore, it maintains effective systems of risk management and controls that scale with the complexity and growth of the Company. The Company’s business model relies on the successful operation, oversight, and accountability of its risk management framework.

Risk Management Architecture

In order to address the risks that are inherent to the Company’s business, the Company has developed a risk management architecture that is overseen, inter alia, by the Audit and Risk Committee and the internal auditor of the Company (see Section 11.4 “The Audit and Risk Committee” of this Prospectus).

Figure 8.6.1.



Regulatory. Regulatory compliance is at the core of risk management processes of the Company. The Company devotes significant effort and resources to ensuring compliance with the entire set of regulatory requirements applicable to its business (please see Sections 7.5 and 7.9 “Regulatory environment” of this Prospectus).

Compliance with AML/CFT/CPF and sanctions regulations. A violation, or even suspected violation, of the applicable anti-money laundering, terrorism, and proliferation financing prevention regulations, as well as international and national sanctions regulations, may result in serious legal consequences for the Group and cause significant harm to its reputation. Compliance by the Group with the applicable requirements of AML/CFT/CPF laws and regulations is currently supervised by the Consumer Rights Protection Centre.

The Group recognises the importance to its business of compliance with AML/CFT/CFP requirements and has implemented a set of appropriate internal compliance policies and procedures. It also proactively monitors the national and international sanctions frameworks. As part of its internal compliance procedures, the Group conducts regular checks of its customers in accordance with the applicable requirements of AML/CFT/CFP laws and regulations. It also undertakes customer due diligence. The Company conducts regular AML/CFT/CPF training for all employees of branch offices of the Group.

Compliance with market abuse regulations. The Company has implemented rules on inside information disclosure in accordance with the Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC. The Company’s internal rules regarding the unlawful disclosure of information are set with the purpose to protect investors by increasing transparency and quelling financial market abuse

Corporate governance. In developing its corporate governance policies and procedures the Company has embraced the best industry practices. The principles of corporate governance of the Company are set out in the Articles of Association, the Corporate Governance Policy and other policies and internal rules of procedure of the Company. Good corporate governance is the cornerstone of the Company’s strategy. It encompasses the processes, practices and policies relied on by the Company when managing its operations (please see Section 9 “General information and Articles of Association” and Section 11 “Management and Supervisory Bodies”).

Information technology. The Information Technology (“IT”) infrastructure of the Group provides a robust support system, including appraisal, internal audit, inventory control capabilities and a security

system. The IT infrastructure has been developed predominantly in-house and is in the process of continuous improvement. It links the network of branches across Latvia with the Company's head office. The benefits of IT infrastructure implemented by the Group include the minimisation of errors, significantly faster transmission of data and risk monitoring. The Group is also benefitting from the availability of real-time information. The Group has developed a disaster recovery IT system that replicates data on a real-time basis. IT technology helps the Group reduce the time it takes to complete customer transactions and maintain customer interactions.

Management of internal IT systems. The Company emphasises the importance of human capital in managing the internal IT systems because it considers human capital to be the key driver of innovation. The Company is focused on attracting skilled personnel to develop, implement, maintain, and upgrade the IT systems of the Group, improve the comprehensive knowledge base and customer profiles and support systems which, in turn, assist the Company in the expansion of its business.

The Company has recruited highly-skilled IT professionals who have significant experience in managing IT systems and plans to maintain focus on hiring additional IT personnel. The Company also plans to continue adapting its IT management procedures to take account of industry trends that the Company has identified.

The Company utilises a broad portfolio of software applications both for internal purposes and to enable better and more efficient customer service. It relies on industry standard-setting DevOps methodology to ensure the quality of software solutions by enabling active interaction between product development and IT personnel. The DevOps methodology facilitates the more efficient development, testing, and deployment of software updates.

Intellectual property. The brand awareness is the key to continued expansion of business of the Group. The Group uses several brands to commercialise different products and services. It devotes significant effort and resources to the protection of its trademarks. It holds several EU-registered trademarks.

The brand name "DelfinGroup" is owned by the Company and has been registered as a trademark with the European Union Intellectual Property Office, United Kingdom Intellectual Property Office, and Latvian Patent Office. Since the Group targets the Latvian market, several figurative and verbal trademarks have been registered locally in Latvia, including the key brand names "DelfinGroup", "VIZIA", "banknote.lv" and "Rīgas pilsētas lombards".

As of the date of the Prospectus, the Group does not own any other registered intellectual property rights (other than usage rights in software that have been licensed to the Group by third-party owners).

Data protection. The Group's business is associated with the necessity to process vast amounts of personal data and confidential information. Personal data is supplied to the Group by its customers or is collected during the provision of services to customers. The data are subject to protection under the General Data Protection Regulation, as well as applicable Latvian laws. To ensure compliance with the applicable legislation, the Group has developed and implemented an internal data protection system, which ascertains that all customer information is collected, stored, used, and processed in accordance with the requirements of the applicable data protection laws.

Employees. The Company's continued progress is due to its highly skilled and dedicated labour. The Company has developed a strategy on the retention of its current employees and performs the recruitment of prospective candidates. In order to reduce employee turnover and attract new talent, the Company aims to provide a workplace that has the principles of open and honest culture as its foundation, offering the prospects of career advancement and regular training opportunities available to each employee. The main training programmes that are offered to the Company's employees are personality development, professional master classes, briefings (training set by state organisations or required as part of the process of the implementation of new products or processes) and team building.

Premises. As of the date of this Prospectus, the Company has entered into lease agreements with respect to its branch premises and the main office of the Group, workshop and storage facilities. The Company owns four properties where its branches are located, however it does not utilise the entire premises, rather it leases a part of the premises to third parties. The premises are maintained in a manner compliant with the applicable health and safety standards.

Insurance. The Company has obtained adequate insurance policies covering the risks specific to its business. The existing insurance policies of the Group cover the risk of burglary arising from its branch operations, however the insurance policies are subject to liability caps, or maximum insurance limits.

According to the scope of insurance coverage, all goods and jewellery related to the Company's pawn loan services and the business of pre-owned goods retail are insured. Thus, the Company fulfils the requirements on the mandatory insurance of goods used as collateral underlying pawn loans required by the Regulations Regarding Consumer Credit adopted by the Cabinet of Ministers.

Security and storage. The pledged pre-owned goods and jewellery are customarily stored on the Company's premises. Regulations Regarding Consumer Credit adopted by the Cabinet of Ministers require that adequate storage facilities be available to store goods used as collateral. The Company ensures compliance with the applicable requirements and has adopted a set of internal instructions on the provision of pawn loans and the procedures for the assessment of value of underlying goods. Moreover, the Company has introduced different levels of security throughout its branches to ensure that the risk of fraud, burglary and misappropriation is minimised for all goods.

Financial risk management. The Company monitors and manages the exposure of its business to financial and liquidity risks to ensure that its day-to-day liabilities and business obligations are met and the long-term financial strategy is adequately implemented (please see Section 14 "Operating and Financial Review" of this Prospectus).

Credit risk management. Credit risk is the possibility of loss due to the failure of any customer to abide by the terms and conditions of any loan agreement with the Company. The Group's credit risk management involves the maintenance and development of an effective risk control system to ensure the Group's successful operations. The framework of risk management is composed of regulatory requirements provided in laws, regulations and guidelines adopted by the Latvian Consumer Rights Protection Centre. The Group has further developed additional internal procedures and a system to assess the credit risk using advanced data analysis.

Credit risk framework. Policies and procedures, technology controls, and scorecards with risk-based lending limits are part of the Group's credit risk framework. It improves proficiency in approving and managing the provided consumer lending services for customers.

The framework of the Group's credit risk management includes the following:

- **Credit risk** – development and monitoring of loan issuance as well as conformity with regulatory changes are entrusted to the Group's underwriting and compliance structures, which are also responsible for payment solutions and collection strategies.
- **Debt service to income ratio (the "DSTI") assessment** – the Company applies the Debt service to income ratio (the "DSTI") assessment approach. The DSTI method encompasses guidance for the Group to determine the permissible amount of maximum loan repayment per month.
- **The Group's credit scoring** – in addition to the applied DSTI method, the Group carries out a scoring procedure to conclude even more precise data analysis, thus, ensuring thorough risk management. The credit scoring encompasses risk assessment, transactional data analysis, payment processing, and collection management.
- **Oversight** – various systems, processes and committees established to analyse loan performance and trends, customer satisfaction, service levels and consistency in loan management.
- **Credit policy and responsible lending procedures** – a unified framework for credit risk management and responsible lending duties.

Credit risk assessment procedure

The risk assessment procedure is divided into several stages, each of which is analysed in conjunction with a scoring method. This approach allows one to efficiently allocate resources, as the loan application can be rejected at any stage of the process. The following steps are taken in the credit risk assessment process:

- identification of a customer (if the customer cannot be identified, the loan application is rejected);
- AML process;
- analysis of the internal databases (Banknote and VIZIA), including a record of delayed payments, refusal list, contact information, etc.;

- analysis of the external databases, including monitoring loan history, capacity, solvency, current liabilities and debts, etc. The Group executes the aforementioned actions and receives information from databases of the State Revenue Service and Credit Information Bureau, which allows the Group to review the customer's income, bank account statements, etc.

Creditworthiness assessment

The Group's applied DSTI and scoring methods assess the loan worthiness of applicants by using many data points from internal and external sources.

- 1) DSTI, as mentioned above, allows one to determine the maximum permissible loan repayment per month. In accordance with the customer's income, it determines how much money the customer is able to allocate for the loan repayment instalment every month. It ensures the issuance of such loans for consumers, which do not create repayment difficulties or excessive debt.
- 2) Furthermore, the Group uses its own credit scoring system. The Group's credit scoring system is used to determine what percentage of the customer's income may be allocated to loan instalment payments.
- 3) In addition, the Group verifies the existing obligations and income of the customer with the Credit Information Bureau, State Revenue Service and several other databases.

The Group calculates the maximum monthly instalment payment according to DSTI methodology and the scoring system, and subtracts the other monthly instalment payment that the customer already has thereby determining the remaining monthly instalment payment capacity for each customer.

Following the DSTI method and using the scoring system, the Group approves the loan if the following requirements are met:

- 1) the loan does not exceed the maximum allowed level of loan payments per month, taking the existing obligations and newly issued loan into consideration;
- 2) after regular loan repayment, the consumer has sufficient financial resources to cover expenses regarding everyday needs;
- 3) based on a thorough assessment of the customer's credit history, it passes all loan underwriting criteria necessary to approve the loan;
- 4) possible risks regarding the repayment of the loan, for instance, loss of a job (source of income) have been assessed and the probability of such risks occurring is established;
- 5) the information provided by the consumer does not raise any doubts as to being accurate and genuine.

Loan provision

The provision of loans is exercised when repayment is delayed. If after certain number of days a customer has not started a process of repayment, the Group reserves a sum that is predictably determined as irrecoverable. If the repayment is delayed for an additional period, respectively the accumulation volume increases. This action is taken as a protection mechanism for the Group to anticipate unexpected losses and costs.

Debt collection process

The Group has created an efficient debt collection process entailing all necessary features for the successful operation. Before the debt collection process begins, the Group also applies its scoring method (please see Section 8.7 "Big data" of this Prospectus) to analyse the possibilities and most suitable scenarios to return unpaid loans. The Group distinguishes two possibilities of assignment procedures. If the Group believes that the debt cannot be recovered within certain number of days of the delay, the debt is assigned. This activity is conducted once a month and is considered to be a regular assignment process. If the repayment is overdue certain number of days of the start of the delay period or cannot be assigned under certain number of days, it is given for external debt collection and if unsuccessful then assigned once in a quarter in the "one-off" assignment.

Loan write-off process

Furthermore, the Group writes off the loan in these situations: (1) a person has been deceased; (2) a person is declared insolvent and has not paid for a year; (3) if a person has lost a capacity to act.

Non-Performing Loans

One of the key performance indicators used by the Group to assess the quality of its consumer loans portfolio and the effectiveness of its credit risk management is the non-performing loan ratio (the “**NPL Ratio**”).

Table 8.6.2.

Consumer loan NPL% ²⁶			
2020	2021	2022	2023
4.8%	1.9%	1.4%	1.6%

The NPL Ratio for the previous four years of operation suggests that the credit risk management strategy of the Company is being implemented properly as the NPL ratio has remained relatively stable with a stable trend from 2021 to 2023.

8.7. Data-driven Consumer Lending Process

The Group bases its consumer lending process on five pillars, all of which are data-driven. They are further described below.

(1) Marketing

Strong brand awareness in Latvia. Mix of digital and traditional marketing.

Digital marketing: SEO (search engine optimization); Pay-per-click, Affiliate marketing; Social media; Broker comparison platforms; Content marketing.

Traditional marketing: TV; Radio; Outdoor advertising; Printed advertising; Direct marketing.

(2) Application

Onboarding via: Website; mobile app; affiliates; branch network; broker comparison platforms.

Online process: 3-step process for new customers; simple authentication; one-click application for repeat customers.

Offline process: one-page registration form for new customers; paperless application for repeat customers; help from professional staff.

Identification methods: online via open banking solutions; in-person identification.

(3) Underwriting

- Automated credit history and income data collection from multiple sources.
- Compliant creditworthiness assessment.
- Use of open banking (account information) services for advanced user experience and data enrichment.
- In-house built predictive scoring models that utilize over 100,000 data points.
- Quick decision making (less than 1 minute for 75% of customers).

(4) Customer Service

- CRM-driven action for operators.
- Integrated third-party contact center software.
- Fully automated transactional and call-status-based follow-up communication (e-mails, messages).
- Fast loan disbursement process, starting from 1 to 10 minutes.

(5) Debt Collection

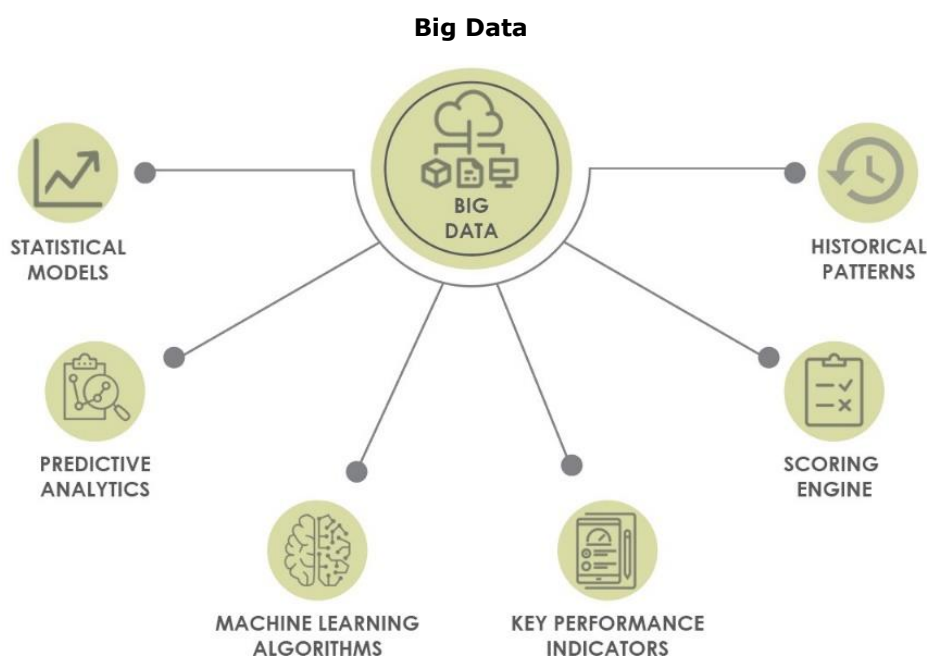
²⁶ Source: https://nasdaqbaltic.com/market/upload/reports/dqr/2022_q4_en_eur_con_ias_inv.pdf

- Automated reminders.
- Robo calls.
- Professional in-house debt collection team.
- Forward flow assignment.
- External collection.

8.8. Big data

Big data is increasingly becoming one of the most valuable and sought-after assets within the lending industry as it enables the tracking of customer behaviours, preferences, interests and trends. The Company has accumulated data spanning over 14 years of operating history, including data covering hundreds of thousands of customers and millions of customer transactions and interactions. The use of data increases the efficiency of overall business operations of the Company, optimises profitability and enhances the quality of customer service.

Figure 8.7.1.



Statistical models

Statistical models are embedded into more than 100,000 data points, including data points storing data provided by customers when submitting loan applications, internal credit history and customer behaviours. Other data points store a variety of data collected from external sources such as credit rating and credit history agencies, debt collection companies, the data base of the State Internal Revenue Service of Latvia and other publicly available databases.

Predictive analytics

The Company uses analytics to model future outcomes by imputing data accumulated during the previous years of operation. The models of predictive analysis are developed in-house by dedicated IT and risk management personnel of the Company. These models help optimise business processes and deliver predictable outcomes.

Machine learning algorithms

Machine learning algorithms are developed in-house using the most widely used programming languages. Data analysts of the Company deploy a broad range of statistical and business intelligence software. Business intelligence systems utilise data aggregated from cloud-based data pools. Extraction, transition, and other tools are combined with other well-known software to enable the aggregation, visualisation, and presentation of data via freely accessible online reports.

Debt collection processes are semi-automated and rely, to a significant extent, on machine learning and analytics-enabled recovery and collection models assessing the likelihood of non-repayment and failure to collect and subsequently modifying collection communication. Collection cases are assigned to dedicated collection professionals based on the available historical data and evidence.

Key Performance Indicators

Dashboards integrating carefully selected Key Performance Indicators (KPI) are used for monitoring and evaluating the performance of main business functions and departments. Access to real-time based and visually immersive insights enable the Management to adopt swift and confident data-based decisions.

Scoring engine

The application scoring engine has been developed using a combined stack of supervised classification algorithms such as logistic regression. Scoring results not only provide a binary answer as to whether a particular loan application should be approved, but also assess the maximum credit risk exposure and the maximum amount of the loan that can be granted to a particular applicant.

Historical patterns

Marketing and sales communications are based on detected patterns, tracing how various customer profiles react to different communication channels and messages. Communication strategies are constantly adjusted using the latest available data aggregated during marketing and sales campaigns.

8.9. Investments

The Group's operations require regular investments in the Group's assets to improve the services offered to customers, develop new products and services for customers. Furthermore, investments are also required to establish and maintain compliance with the regulatory requirements. The Group continuously seeks possibilities to increase the business volume through organic growth but it does not preclude the Group from making material investments in the future.

During the period covered by the historical financial information, the Group has made the following material investment beyond the scope of everyday economic activities:

Acquisition of loan portfolios of six pawnshop branches of the Finance 360

In July 2022 the Group announced that it continues to strengthen its leading positions in the Latvian pawnshop market and has completed the takeover of the loan portfolios of six pawnshop branches of the SIA "Finance 360". Among them were the loan portfolios of four branches of *Loko Finances* in *Rīga*, *Jūsu Lombards* in *Liepāja*, and *Ātrais kredīts* in *Rēzekne*.

The loan portfolios of all six pawnshops will be taken over by the branches of the Banknote pawnshop network. The acquisition of assets does not represent any takeover of claims, risks or liabilities of SIA "Finance 360". All of the assets that acquired by the Company from Finance 360 pawnshop partnership are located in Latvia.

Acquisition of Moda Kapitāls

In February 2022 the Company completed acquisition of the AS Moda Kapitāls pawn shop business, which was started in August 2021. The acquisition was part of the Group's growth strategy, which is focused on expanding its pawn shop network, strengthening regional presence and increasing the customer base. The agreement involved the acquisition of pawn loan portfolio currently owned by Moda Kapitāls and the goods of the pawn shop store. The acquisition of assets does not represent any takeover of claims, risks or liabilities of Moda Kapitāls as a legal entity. The price of the transaction was EUR 823 thousand. The transaction was entirely financed by the Group's internal financial resources. All of the assets that acquired by the Company from Moda Kapitāls are located in Latvia.

8.10. Strengths

Market leadership

Throughout its history the Company has demonstrated consistent growth across the entire spectrum of core business operations. This is evidenced by its successful operation marked by a sizeable branch network together with online business component, significant number of employees, substantial customer base, diversity of product range, diverse financing structure, as well as consistently impressive and increasing profitability for the past 14 years of operation.

The attainment of these performance results was possible because of the management team, which has accumulated significant expertise in the field of consumer lending and retail business. The Company's focus is on responsible lending. It has acquired the reputation of a trustworthy and highly professional business that possesses the ability to respond rapidly and effectively to the challenges of both regulatory changes and unprecedented adverse events.

Focus on sustainability

The Company believes that operating the business in a sustainable manner will help ensure the longevity of the Company and maximise long-term returns for the shareholders. The Company has implemented robust corporate governance practices aligned to the best international practices, with the ultimate goal of operating the business in the best possible way.

Not only has the Company implemented robust corporate governance practices, it also promotes sustainable decision-making and management. In its retail business segment, it adheres to the principles of circular economy. Commencing in 2021, it has begun publishing the Environmental, Social and Governance (the "ESG") report.

Digitally advanced

The Company takes pride in the advanced technology that it has implemented both throughout the range of its products and the provision of services to customers. The Group offers access to nearly all its products and services online and continues adding to the existing array of digital products and services with the ultimate goal of enhancing customer experience. Meanwhile, a robust brick-and-mortar offering of products and services is still there to maximise the benefits of inclusion of customers with no access, or limited access, to the personal finance products and services that are only accessible online.

8.11. Strategy and objectives

The Company aims to be a leader in the fast-growing, dynamic and changing fintech industry by attracting the strongest talent, offering widely used and modern financial products, and maintaining efficient and transparent management processes.

By implementing and designing advanced technological solutions, the Company is able to develop and offer modern and relevant products and services with excellent user experience (UX), thus becoming a major player in the market. Through continued focused technology and product development, the Company aims to become the first choice for customers in the geographies and product lines represented by retail financial services, managing a loan portfolio of MEUR 100 by the end of 2025.

The Company has already fundamentally changed the pawn industry by introducing a modern approach to providing pawn services. The Groups wants to strengthen our leadership position and further transform the industry in Latvia by developing the pawn product in a digital environment, thus offering pawn loans in a way that is relevant, innovative and convenient for our customers.

Also, taking into account the unique infrastructural advantages and global trends, the Company aims to become the main ambassador of the circular economy in the region by promoting the circulation of pre-owned and slightly pre-owned goods, introducing time-appropriate solutions in its online shop and branches, as well as promoting the rational use of resources and raising public awareness of environmentally friendly lifestyle.

To achieve goals, the Group has set the following key priorities:

- To develop the retail and goods circulation segment while ensuring its sustainability, increase in turnover, and profitability growth.
- To develop convenient and innovative digital solutions, offering customers a personalized user experience (UX). To create new digital products and channels that provide customers with even broader online opportunities.
- To ensure the necessary volume and diversification of funding to implement the company's strategy and growth.
- To expand business beyond Latvia to boost business scale and company value. We have gained a significant market share in Latvia, so exploring new markets will foster company development.

- To develop the pawn lending segment by increasing loan portfolio and maintaining a convincing market leader position.
- To develop the consumer lending segment by introducing cutting-edge digital and BNPL products, promoting financial inclusion, providing portfolio growth, and increasing market share.

Financial targets

On 28 February 2023 the Company renewed the previously set financial guidance for 2023 and 2024 and set forecasts for 2025²⁷.

The Company's financial report for 2022 shows that their services have remained in steady demand among customers and that the Company has been able to effectively navigate the challenges posed by the global economy. As a result, all indicators have shown significant growth. The Company's loan portfolio has reached 67.4 million euros, which is 109% of the previously set goals. In addition, the Company has exceeded its EBITDA target, with a growth to 13.1 million euros, representing a 103% achievement.

The same trends that were observed in 2022 are continuing into the first few months of 2023, with a complex geopolitical situation, economic uncertainty, and an uncertain business environment. As a result of these external conditions, there have been changes in the capital markets. While the Company's operations are impacted by these external factors and the rising financing costs of Company's growing loan portfolio, the Company has been able to successfully diversify their sources of financing and earn the trust of investors over the years. Even though the cost of capital is currently higher, the Company is still able to attract financing through bonds and an investment platform.

Although the Company has achieved its EBITDA targets for 2022, the Company is proceeding with caution when it comes to forecasting for the coming years. It's worth mentioning that the Company has seen a 40% increase in profits compared to their 2021 results. As a result, the Company expects to see stable growth moving forward and has set new financial targets accordingly.

After evaluating the Company's growth in all of its main business segments, it is expected that there will continue to be strong demand for the Company's products and services in the coming years, which will contribute to the growth of its loan portfolio. As a result, it is predicted that by the end of 2025, the Company's loan portfolio will reach 100 million euros.

Table 8.10.1.

Planned financial targets for 2024, and 2025 for the Company as of 28 February 2023				
Indicator*	2023 audited results	2023 target	2024 target	2025 target
Net loan portfolio	MEUR 89	MEUR 77	MEUR 90	MEUR 100
Cost-to-income ratio	47%	<45%	<45%	<45%
Return on Equity (ROE)	33.6%	>30%	>30%	>30%
Equity ratio	20.3%	>20%	>20%	>20%
EBITDA**	MEUR 18.2	MEUR 17	MEUR 23	MEUR 26
Profit before tax	MEUR 8.3	MEUR 8	MEUR 12	MEUR 15
Dividend pay-out ratio	53%	>50%	>50%	>50%

*APM (alternative performance measure), where calculations are based on Consolidated results: Cost-to-income ratio = ((Sales expenses) + (Administrative expenses) + (Other expenses (excluding Loss from cession of non-performing loans))) / ((Net sales) - (Cost of sales) + (Interest income and similar income) + (Other operating income) - (Interest expenses and similar expenses)), Equity ratio = (Equity)/(Total assets), EBITDA, Earnings before interest, taxes, depreciation and amortisation = (Profit before tax) + (Interest expenses and similar expenses) + (Rights of used assets depreciation) +

²⁷Source: <https://view.news.eu.nasdaq.com/view?id=b6b6be0196be07aea2f546c8c0dd02645&lang=en&src=listed>

$(\text{Depreciation of fixed assets}) + (\text{Amortisation}), \text{Dividend pay out ratio} = (\text{Dividends paid during the period}) / (\text{Net Profit for the period})$.

****EBITDA source:** Indicator for the year 2023 according to the Management report of the audited AS DelfinGroup Consolidated Annual accounts for the year ended 31 December 2023.

The table above on long-term financial targets of the Company (to be attained by the end of 2025) has been compiled and prepared on a basis which is both comparable with the historical financial information and consistent with the Company's accounting policies.

The Company's strategy in terms of financial governance

- Increasing return on investment.
- Diversification of the sources of funding to support growth of the Company's loan portfolio.
- Regular (quarterly) dividend payments to the shareholders.

Strategy with respect to consumer loan and pawn loan services

- *Increasing market share in terms of the volume of loan issuance and net loan portfolio.* The long-term objective is to become a leading consumer and pawn loan provider in Latvia. The Company has set the goal to achieve the economies of scale by efficiently selling existing and new financial services to a larger customer base. As a result, material improvement of the key performance indicators of the Group can be achieved. By achieving this goal, the Company will increase the long-term shareholder value.
- *Ensuring high profitability of the loan portfolio.* The Group is directing its resources to further develop its data driven decision-making capabilities, issue loans in a trustworthy and secured manner and enhance the overall profitability of the net loan portfolio. Furthermore, the Group plans to persistently work on improving the knowledge and expertise of its employees in order to provide an excellent service to its customers and make sound business decisions.
- *Developing the Group's services and expanding its branch network and online presence.* The Company will continue to focus on developing the business of consumer lending and pawn loans, thus ensuring the longevity of these market segments while also increasing its market share. The Company's goal is to provide services of exceptional quality, all while employing modern business practices, where the decision-making is predominantly data-based. Moreover, the Company is developing new lending products if the available data suggest profitability of such products.

Company's strategy for the retail business of pre-owned goods and jewellery

- *Pawnshops as a part of circular economy.* The Company provides a second life for goods via its network of pawnshops. One of its goals is to raise awareness of the role played by pawnshops in the circular economy. The Company aims to shift consumer preferences towards pawnshops and gain wider recognition of the Company's pawnshops by the general public.
- *Establishing a leadership position in the flow of pre-owned goods and jewellery in the economy.* The Company plans to continue raising recognition of its brand "Banknote" as a leader in the field of retail business of pre-owned goods, thereby increasing the volume of pre-owned goods circulating in the economy.
- *Developing the use of online distribution channels in the retail business.* The Company will continue to promote access by consumers to its retail business of pre-owned goods and jewellery via online distribution channels.

8.12. Community investment

Environmental responsibility and sustainable practices

The Group focuses on implementing sustainable management processes and practices and is conscious of its economic, social and environmental impact on the society and communities in which it operates.

In 2017, the Group became ISO 50001:2015 certified as being compliant with the requirements for an organisation to establish, implement, maintain, and improve energy management systems (EnMS), after having implemented the following standards:

- 1) developing a policy for more efficient use of energy;
- 2) setting targets and objectives to meet the policy;

- 3) analysing data for surpassing comprehension and decision-making regarding energy use;
- 4) measuring the results;
- 5) reviewing the effectiveness and efficiency of the policy;
- 6) improving energy management.

In 2022, for Scope 1 the emissions generated by the Company's fleet of vehicles are included, which encompasses both owned vehicles and those included in leasing contracts. In Scope 2, emissions generated by the use of electricity and heat energy in the company's office and branch network are included.

The Company considers emissions created by its suppliers and employees as significant categories of Scope 3. The largest group of suppliers is "Suppliers-Clients". Given the nature of the Company's operations, goods sold in its branches are supplied by customers of the Company's retail of pre-owned goods or pawn loan services, and with a wide network of branches, goods are usually delivered to the nearest branch to the customer, thus ensuring a sustainable supply practice for goods.

Employee mobility was included in the Scope 3 calculation. In 2021, employee mobility accounted for 206 tCO₂, while in 2022 it was 306 tCO₂. The increase is explained by the lifting of Covid-19 restrictions in 2022. To reduce this indicator, the company provides administrative staff with the opportunity to work remotely, while branch employees have the option to choose the closest workplace to their place of residence.

Table 8.11.1.

DelfinGroup's impact of CO₂ from operation, metric tons			
		2021	2022
Carbon footprint	Scope 1, t CO ₂	112	112
	Scope 2, t CO ₂	117	120
	Scope 3, t CO ₂	206	306
	Total, t CO₂	465	572
Scope 1 and Scope 2 t CO ₂ emissions per 1000 euros of revenue		0.009	0.007
Scope 1, Scope 2, Scope 3 t CO ₂ emissions per 1000 euros of revenue		0.018	0.016

The Group is also taking steps to re-evaluate and optimise its supply chains. More specifically, the Group has established a set of criteria that shall be assessed as satisfactory by all business partners in order to be selected for the supply of goods and service to Group companies, including with respect to quality, costs and alignment with the contemporary standards of eco-friendliness and sustainable society. In selecting suppliers, the Group favours environmentally conscious and socially responsible suppliers.

Sustainability through circular economy

The Group supports the shift from linear (open-loop) economic systems (production-product-waste) to a closed-loop circular economy, or "beyond the zero-waste system", where waste becomes the input material for some other process. In recent years, the amount of goods sold through pawnshops has been growing by around 5% on a year-to-year basis.

In the spirit of growing awareness and adherence to the principles of circular economy, the Group continues to develop and implement environmentally friendly and responsible solutions for the disposal of goods, for instance, by way of offering to repair the goods or recycle them.





Social responsibility and community inclusion

The Group provides services and financial solutions covering all social strata of society without distinction. In addition, the Group seeks to engage underserved and disadvantaged members of society, including rural residents, elderly people, and borrowers who have near prime or sub-prime credit scores,

into financial and economic processes. Because of its commitment to environmental and societal values, in doing business, the Group stays attuned to the following priority areas of investment in community:

- 1) **Education:** acquiring skills to reduce the risk of social exclusion and contributing to financial literacy and employment opportunities;
- 2) **Healthcare:** raising public awareness of shortages and other pending issues in healthcare;
- 3) **Environment:** mitigating the negative effects of climate change and promoting biodiversity.

Table 8.11.3.

Award	Awards Description
<p>Gold category, Sustainability index, 2023</p> 	<p>This award attests to the fact that responsibility of the Company in social and environmental areas are compliant with the highest international standards. This achievement is the direct result of adherence by the Company to the goals and highest standards of sustainable development and corporate governance.</p>
<p>TOP 50 of the "Top Employer" rank, 2023</p> 	<p>The Company was ranked 47th among the 50 top employer brands in Latvia in 2023,. Moreover, in 2023 the Company was the only specialised consumer lender on the TOP 50 list. The highly favourable score among the Company's employees is a direct result of efforts by the Company to create a rewarding and inclusive working environment for all in a manner aligned to most advanced HR practices.</p>
<p>Four honorary Laureate titles in the store category, "Latvia's Best Trader 2022" competition</p> 	<p>The Group participated in the client service quality assessment competition and acquired two Winner titles for the following branches: Liepāja, Lielā iela 4 and Ieriķu iela 3 (TC Domina) and two honorary titles of a Laureate for the following branches: Daugavpils, Jātnieku iela 78-1B; Jelgava, Pērnavas iela 4. The positive evaluation proves the high quality of customer service, effectiveness of environmental management, vast range of products available and information accessibility.</p>
<p>Bureau Veritas – ISO 9001, ISO 50001 certification</p> 	<p>Acquiring ISO 9001 and ISO 50001 certifications from Bureau Veritas, demonstrates Company's commitment to quality management and energy efficiency. ISO 9001 certification ensures consistent product and service quality, while ISO 50001 certification highlights its dedication to reducing energy consumption and improving efficiency.</p>
<p>The Society Integration Foundation</p>	<p>Since 2022 the Company is recognized as Family-Friendly Workplace. The goal of the "Family-friendly workplace" initiative is to promote the development of a work environment culture in Latvia that is empathetic, humane and understanding, while offering tools for both the assessment of the existing work environment and financial assistance in the</p>






implementation of various support measures for employees.

Table 8.11.4.

Partnerships

Partnership	Description
<p>Latvian Association of Senior Communities</p> 	<p>By joining the Association of Senior Communities in Latvia in 2021, the Company has committed itself to support the activities designed to benefit the elderly part of the population of Latvia. The partnership seeks to build a more inclusive society for all, specifically, by way of helping the elderly part of the population to familiarise themselves with modern technology, a skill that is crucial for modern society. As part of the partnership programme, courses in digital literacy and financial literacy is being held across a number of Latvian cities.</p>
<p>Latvian Children's Hospital Fund</p> 	<p>The partnership is entirely charitable. Through its participation in the partnership, the Company hopes to be able to contribute to the wellbeing of children and their families by making donations to the fund with the goal of improving the education of medical staff.</p>
<p>Riga Coding School</p> 	<p>By partnering up with Riga Coding School, the Company has given students of the school an opportunity to undergo internship programmes with the Company and, ultimately, work for the Company. The partnership is part of the Company's policy aimed at ensuring the pipeline of prospective employment candidates capable of implementing advanced technological solutions in the field of both processes and services provided by the Company.</p>
<p>BA School of Business and Finance and Riga Technical University</p> 	<p>The Company in the beginning of 2023 signed an agreement with BA School of Business and Finance (BASBF) and Riga Technical University (RTU) on cooperation in the fields of studies and research. As a result, the Company and these higher education institutions have arranged to work together as part of the Financial Management Information Systems joint vocational bachelor study programme taught by BASBF and RTU.</p>

Table 8.11.5.

Memberships	
Membership	Description
FinTech Latvia Association (FLA)  FINTECH LATVIA ASSOCIATION	FLA unites FinTech companies including other specialised consumer lenders active in the Latvian financial services market.
Baltic Institute of Corporate Governance (BICG) 	BICG is a non-profit, non-governmental association that engages businesses and political leaders in encouraging best corporate governance practices in Lithuania, Latvia, and Estonia.
Mission Zero  MISIJA NULLE <small>VESELĪBA UN DROŠĪBA SĀKAS AR MUMS</small>	As a participant in the "Mission Zero" initiative, the Company is dedicated to prioritizing health and safety in every aspect of its operations and interactions with society. The Company is committed to fostering a culture where health and safety are top priorities, setting annual goals of zero accidents, and continuously improving its work methods and processes to achieve high safety standards.

Stand with Ukraine

The war that began in February 2022 has affected the lives of the Ukrainian people and left the country in a critical state. The Company has made donations in amount of EUR 250,000 to support Ukrainians. Out of EUR 250,000:

- 1) The Company donated EUR 160,000 to the "Entrepreneurs for the Peace" movement, uniting Latvian companies to support Ukraine's fight for peace and freedom.
- 2) EUR 30,000 is meant for the "For People of Ukraine" initiative, facilitated by Ziedot.lv.
- 3) The Company donated EUR 10,000 to the "Help them rise!" movement. It is a Children's Hospital Foundation support program for Ukrainian refugee families and their children.
- 4) The Company donated EUR 50,000 to TEV association. The TEV association arranges and delivers the necessary things to the defenders of Ukraine and the people in eastern Ukraine.

8.13. Employees

As of the date of the Prospectus, the Group has more than 300 employees.

The historical employee headcount numbers of the Group as of the end of the past three years of operation are presented in the table below.

Table 8.12.1.

The Group's employee headcount			
	2021	2022	2023
Average number of employees employed by the Group	283	329	366

At the end of 2023, the place of permanent employment of the majority of employees of the Company (~244) was within the metropolitan area of Riga, Latvia. About 122 employees performed their permanent work duties in other cities or areas across Latvia.

No employee of the Group is a member of any trade union. No subsidiary of the Group, including the Company, is a party to any collective bargaining agreement.

The Company believes that the in-depth industry knowledge and loyalty of its employees provide the Company with a distinct competitive advantage. In the view of the Offeror, the management of the Company has experience in identifying market trends and suitable locations for opening branches to suit target customers. The management also has attained experience and necessary skills in digital realm, successfully managing services offered online. The management is committed to promoting a result-driven culture that rewards employees based on merit. The Company's workforce also includes appraisers who are skilled at appraising the value and authenticity of a broad variety of goods that are pledged by customers to obtain pawn loans from the Company and the Company conducts periodic training programmes to augment their knowledge and efficiency in performing these tasks. To develop further in online presence, the Company invests resources in IT field professionals.

Further, the Offeror believes that the Company has been successful in attracting, fostering, and retaining talent. The recruitment and business strategy has been aligned throughout the years, and having a strong pool of talent gives the Company a competitive edge.

8.14. Dependency on agreements, patents, licences etc.

The Company and its subsidiary ViziaFinance both are holding special permit (licence) authorising companies to provide consumer lending services in Latvia. The Company and ViziaFinance are dependent on its special permit (licence) to provide their main services with respect to the consumer lending segment. Consequently, both special permits (licences) are considered as critical for the Group's business.

As stated in Section 8.6 "Risk management" the brand name "DelfinGroup" is owned by the Company and has been registered as a trademark with the European Union Intellectual Property Office, United Kingdom Intellectual Property Office, and Latvian Patent Office. Since the Group targets the Latvian market, several figurative and verbal trademarks have been registered locally in Latvia, including the key brand names "DelfinGroup", "VIZIA", "VIZIA Finance", "Banknote", "banknote.lv", "Banknote Pirkumiem" and "Rīgas pilsētas lombards". The Company believes that brand awareness is the key to continued expansion of business of the Group. Therefore, the portfolio of trademarks that the Company maintains is considered as business-critical.

Companies belonging to the Group have entered into several financing agreements and issued bonds (please see Section 8.15 "Material agreements" of this Prospectus) and have substantial indebtedness under the respective agreements and terms of notes of issued bonds. The financing agreements are considered to be a substantial part of the Group's funding structure (please see Section 14.5 "Liquidity and capital resources"), thus they are considered as business-critical.

The Company has entered into agreements and arrangements with independent third-party contractors aimed at the provision of services to the Company that include telecommunications, IT infrastructure, and software services, however none of the agreements are considered to be as business-critical.

8.15. Material agreements

All commercial agreements entered into by the Company are within the scope of its stated business objectives.

In the opinion of the Offeror, the below specified agreements are material and require an elevated level of analysis, prior scrutiny and specific corporate governance approvals in view of the volumes, complexity and importance for the Company.

Several of the agreements are subject to confidentiality undertakings. Because of this, the information below may not confer the sufficient level of detail and is limited, primarily due to the considerations of confidentiality. However, in the opinion of the Offeror, the information provided below is sufficient to enable an understanding of the nature and substantive provisions of the relevant agreements.

Financing Agreements

Mintos

The Company and ViziaFinance have entered into a Cooperation Agreement with Mintos Finance. The parties have agreed to mutually cooperate by offering users of the investment platform under the domain name www.mintos.com, operated by Mintos Marketplace, an opportunity to invest in the monetary claims of Mintos Finance against the Company.

Further to the above-mentioned Cooperation Agreement, which was signed on 18 October 2016, the Company and ViziaFinance entered into Cooperation Agreements on Issuance of Loans (as amended from time to time) with Mintos Finance and additionally on 6 May 2022 Cooperation agreement with Mintos Marketplace and Mintos Finance No. 20 was signed on issuance of Notes. The parties have agreed for the potential provision of loans for the Company's advantage, on the condition that Mintos is provided with security. This security ensures that all loans placed on the Mintos platform are backed by 120% collateral. As of 31 December 2023, the weighted average annual interest rate of the issued loans is 10.7%. The term of maturity of each loan is agreed separately for each loan and is aligned to the term of the corresponding loan provided by the Company to its customers.

Multitude Bank p.l.c.

In December 2023, the Company signed a credit line agreement with Multitude Bank p.l.c. for MEUR 11 with a two-year maturity. On September 25, 2023, the Company registered a commercial pledge by pledging its assets for a maximum amount of MEUR 15 as collateral with Multitude Bank p.l.c.

This financing will help finance business expansion in the upcoming years, including loan portfolio growth, product development, and branch network expansion. Additionally, it will improve diversification, representing the largest bank funding in the Group's history.

Financial instruments - corporate bonds

As of the date of the Prospectus, the Company has four bond issues outstanding:

- 1) Unsecured bond issue ISIN LV0000850055 in the amount of EUR 10,000,000, registered with Nasdaq CSD and traded on Nasdaq Baltic First North as of 3 July 2023 and issued by means of a private placement on 7 July 2022 and subject to the following terms: (i) number of bonds issued is 10,000; (ii) bond face (nominal) value is EUR 1,000 each; (iii) coupon rate is 3M EURIBOR + 8.75%; (iv) monthly coupon payments to occur on the 25th day of each month; (v) maturity is reached on 25 September 2024, when the bond principal (EUR 1,000 for each bond) is to be repaid. The bonds are unsecured.
- 2) Unsecured bond issue ISIN LV0000802718 in the amount of EUR 15,000,000, registered with Nasdaq CSD and traded on Nasdaq Baltic First North as of 3 October 2023 and issued by means of a private placement on 1 August 2023 and subject to the following terms: (i) number of bonds issued is 15,000; (ii) bond face (nominal) value is EUR 1,000 each; (iii) coupon rate is 3M EURIBOR + 9.00%; (iv) monthly coupon payments to occur on the 25th day of each month; (v) maturity is reached on 25 February 2026, when the bond principal (EUR 1,000 for each bond) is to be repaid. The bonds are unsecured.
- 3) Unsecured bond issue ISIN LV0000802700 in the amount of EUR 5,000,000, registered with Nasdaq CSD and issued by means of a private placement on 24 July 2023 and subject to the following terms: (i) number of bonds issued is 5,000; (ii) bond face (nominal) value is EUR 1,000 each; (iii) coupon rate is 3M EURIBOR + 11.50%; (iv) monthly coupon payments to occur on the 25th day of each month; (v) maturity is reached on 25 July 2028, when the bond principal (EUR 1,000 for each bond) is to be repaid. The bonds are unsecured.
- 4) Unsecured bond issue ISIN LV0000860146 in the amount of EUR 15,000,000, registered with Nasdaq CSD and issued by means of a private placement on 3 October 2023 and subject to the following terms: (i) number of bonds issued is 15,000; (ii) bond face (nominal) value is EUR 1,000 each; (iii) coupon rate is 3M EURIBOR + 9.00%; (iv) monthly coupon payments to occur on the 25th day of each month; (v) maturity is reached on 25 July 2028, when the bond principal (EUR 1,000 for each bond) is to be repaid. The bonds are unsecured.

Security

The Group has registered commercial pledges by pledging its assets and claim rights for a maximum claim amount of MEUR 34.8 as collateral registered to SIA Mintos Finance No.20 and AS Mintos Marketplace to provide collateral for loans placed on the Mintos platform.

On 25 May 2023, the Company registered a 2nd rank commercial pledge by pledging its assets for a maximum amount of MEUR 1.4 as collateral registered to AS Signet Bank.

On 25 September 2023, the Company registered a 2nd rank commercial pledge by pledging its assets for a maximum amount of MEUR 1.883 as collateral registered to AS Signet Bank.

On 25 September 2023, the Company registered a commercial pledge by pledging its assets for a maximum amount of MEUR 15 as collateral registered to Multitude Bank p.l.c.

On 13 December 2023, the Company signed an agreement for the pledge of bank accounts and balances in the amount of MEUR 0.45 as part of the collateral with Multitude Bank p.l.c.

As of 31 December 2023, the amount of secured liabilities constitutes MEUR 36.704 (as of 31 December 2022 MEUR 34.861). As of 31 March 2024, the amount of secured liabilities of the Company is MEUR 35.257.

8.16. Related party transactions

The Group is party to related-party transactions. Transactions with related parties are generally believed to pose the risk of a conflict of interest and expose shareholders to potential abuse. However, all the related-party transactions involving the Group companies are carried out on market terms and are beneficial to shareholders of the relevant companies. The terms and conditions of the related-party transactions involving the Group Subsidiaries are not different from the terms and conditions of similar transactions that are entered into by Group companies with third parties in the ordinary course of business and are at arm's length. Detailed information on the related-party transactions involving the Group companies is provided in Note 30 of the Group's audited consolidated annual report for the financial year ended on 31 December 2021, Note 26 of the Group's audited consolidated annual report for the financial year ended on 31 December 2022 and Note 28 of the Group's audited consolidated annual report for the financial year ended on 31 December 2023.

8.17. Legal proceedings

Related to the business of lending to multiple borrowers, the Company regularly brings lawsuits before Latvian courts for the collection of unpaid debts. Whenever such lawsuits arise, the Company typically acts as a plaintiff or joint plaintiff.

As at the date of the Prospectus, the Offeror is not aware of any pending judicial or other legal proceedings that are likely to have a material effect on the financial condition or profitability of the Group. The Group companies, as plaintiffs, are parties to several legal proceedings that are pending before Latvian courts. The majority of these legal proceedings concern debt recovery claims.

The following legal proceedings that are significant and are materially different from the regular court proceedings should be noted:

On 28 January 2021, the Department of Administrative Cases of the Senate of the Republic of Latvia (the Senate) issued judgment SKA-68/2021 in the administrative case, following filing by AS "DelfinGroup" (formerly SIA "ExpressCredit") of an application for the partial cancellation of certain decisions adopted by the Consumer Rights Protection Centre of Latvia in the years 2016 and 2017. The legal issues examined in the judgment included the lawfulness of fees charged by the Company for the extension of the term of consumer loans and the assignment of claims arising from consumer loan agreements on the investment platform www.mintos.com and other similar platforms. The case focused on the interpretation of legal issues, and not failure by the Company to satisfy the requirements of the Consumer Rights Protection Centre. Since the Company has already ensured compliance with the year 2016 and year 2017 decisions by the Consumer Rights Protection Centre prior to the commencement of the legal proceedings, no additional action by the Company is required. No violations of consumer rights occurred during the intermittent period, while the essence of the case turned on the hypothetical questions as to whether harm to consumers might arise from the assignment of creditor claims to other creditors and whether the total cost to consumers includes the cost of extending the loan.

Moreover, the Company has already paid the EUR 6,000 fine charged under the decision of the Consumer Rights Protection Centre. It is, therefore, safe to say that that the judgment does not affect the financial condition or prospects of the Company or the Group.

9. GENERAL INFORMATION AND ARTICLES OF ASSOCIATION

9.1. General information on the Company

The business name of the Company is AS "DelfinGroup". The Company was registered in the Commercial Register on 12 October 2009 under the registration number 40103252854 and its LEI number is 2138002PKHUJIMVMYB13. The Company is organised and existing under Latvian law. The Company was initially set up as a limited liability company (the former business names of the Company were SIA "Lombards24.lv" and SIA "ExpressCredit"). On 19 January 2021, the Company was re-organised into a joint stock company. After the re-organisation, the Company maintains the same registration number.

The Company has been established for an indefinite term. The Company is the parent entity of the Group. The registered areas of business activity of the Company are "Other credit granting" (64.92, NACE Rev.2), "Retail sale via mail order houses or via Internet" (47.91, NACE Rev. 2), "Retail sale of second-hand goods in stores" (47.79, NACE Rev. 2), "Retail sale of watches and jewellery in specialised stores" (47.77, NACE Rev. 2).

Contact details of the Company are:

address: Skanstes iela 50A, Riga, LV-1013;

e-mail: info@delfingroup.lv;

telephone number: +371 26189988;

corporate website: www.delfingroup.lv.

9.2. The Articles of Association

Corporate governance of the Company is carried out in accordance with the statutory provisions of Latvian law including, primarily, the Latvian Commercial Law and the Latvian Financial Instrument Market Law, the Company's Articles of Association and the internal policies, rules and procedures of the Company. As the Company's Shares are trading on the Baltic Main List of the Nasdaq Riga, the Company also complies with the Rules and Procedures of Nasdaq Riga.

The current version of the Articles of Association was adopted by the resolution of the Supervisory Board dated 20 December 2023. The consolidated version of the text of the Articles of Association currently in force can be found on the Company's corporate website www.delfingroup.lv/governance.

Summary of the Articles of Association

The following is a summary and explanation of the main provisions of the Articles of Association:

1. The authorised share capital of the Company is EUR 4,537,750,50 (four million five hundred thirty-seven thousand seven hundred fifty euros and fifty cents).
2. The Company has only one type of shares - dematerialised bearer shares with a nominal value of EUR 0.10 (zero, point, ten euro cents). The share capital of the Company is comprised of 45,377,505 (forty-five million three hundred seventy-seven thousand five hundred and five) shares. No other categories of shares have been issued by the Company or are outstanding as of the date of the Prospectus. Each share entitles the holder to receive dividends, to receive liquidation quota in the event of liquidation of the Company and to vote at General Meetings of the Company.
3. The Company may issue preference shares. The rights attaching to preference shares are determined in accordance with the Articles of Association at the time of issue of the preference shares.
4. Each Shareholder has the right to participate in and vote at General Meetings by electronic means. The authority to establish requirements for the identification of Shareholders and the procedure for the exercise of voting rights is vested in the Management Board.
5. The General Meeting is quorate and has the authority to adopt resolutions if shareholders jointly representing more than half of the share capital of the Company with voting rights are present at the meeting.
6. The General Meetings may also be convened at locations that are outside the administrative territory of the Company's registered address.

7. The Supervisory Board of the Company consists of five Supervisory Board members. The Supervisory Board members are elected for a term in office not to exceed five years.
8. Decisions of the Supervisory Board are adopted by a simple majority of the votes cast. In the case of a split vote, the Chairman of the Supervisory Board has a casting vote.
9. The Articles of Association do not specify the number of members of the Management Board and this is consistent with Latvian law. According to Latvian Commercial Law, the Management Board of a company shall comprise at least three members if the company's shares are listed on a stock exchange.
10. The Company shall be represented by two members of the Management Board acting jointly.
11. The Management Board adopts decisions by a simple majority of the votes cast. In the case of a split vote, the Chairman of the Management Board has a casting vote.
12. Extraordinary dividends can be determined and calculated from the profit of the Company earned during the time period after the end of the previous financial year.
13. The Articles of Association contain no provisions that might have the effect of delaying, deferring or preventing a change in control of the Company.
14. The Articles of Association contain no provisions governing changes in the amount of share capital of the Company that are more stringent compared to the statutory provisions of Latvian law.
15. The Articles of Association contain no provisions enabling, authorizing or permitting withdrawal, redemption or conversion of the existing shares of the Company.

10. SHARE CAPITAL, SHARES, OWNERSHIP STRUCTURE, SELLING SHAREHOLDER

10.1. Share capital and shares

All of the Company's Shares have been issued in accordance with Latvian law and, in particular, the Latvian Commercial Law. The nature and scope of rights attaching to the Company's shares, including the rights stated in the Articles of Association, can only be amended according to the procedure set forth in the Latvian Commercial Law.

The Company is a joint stock company (*akciju sabiedrība*). The current registered share capital of the Company is EUR 4,537,750,50 divided into 45,377,505 dematerialised bearer shares (the "**Share/Shares**"). The Shares are registered with the Nasdaq CSD under the ISIN code LV0000101806 and are kept in book-entry form. No share certificates have or may be issued. All existing Shares are of the same category. The nominal (face) par value of each outstanding Share is EUR 0.10. All of the Shares have been issued and fully paid up. The Shares have not been subject to any public takeover bid during the current or last financial year.

Table 10.1.1.

Type of Share	Number of Shares	Nominal value, EUR	Total nominal value, EUR
Dematerialised bearer shares	45,377,505	0.10	4,537,750,50

The following changes affecting the Share capital structure of the Company have occurred over the period covered by the historical financial information:

Table 10.1.2.

Date of registration	Share capital before	Change	Share capital after	Number of Shares
19.01.2021	EUR 4,000,000 (divided into 4,000,000 Shares with a nominal value of EUR 1.00 each)	The Share capital was divided into 40,000,000 Shares with a nominal value EUR 0.10 each (the Company was re-organized into a joint stock company)	EUR 4,000,000 (divided into 40,000,000 Shares with a nominal value of EUR 0.10 each)	40,000,000
18.10.2021 (subscription) 21.10.2021 (paid-up)	EUR 4,000,000 (divided into 40,000,000 Shares with a nominal value of EUR 0.10 each)	The Share capital was increased by EUR 531,959.40 as a result of the IPO	EUR 4,531,959.40 (divided into 45,319,594 Shares with a nominal value of EUR 0.10 each)	45,319,594
20.12.2023.	EUR 4,531,959.40 (divided into 45,319,594 Shares with a nominal value of EUR 0.10 each)	The Share capital was increased by EUR 5,791.10 as a result of the option conversion into Shares based on the employee	EUR 4,537,750,50 (divided into 45,377,505 Shares with a nominal value of EUR 0.10 each)	45,377,505

10.2. Conditional equity capital

Changes were registered in the share capital of the Company on 20 September 2021 to implement the personnel share options programme (please also see Section 0 "Personnel Share Options").

The share capital was conditionally increased by EUR 45,000 of conditional equity capital, divided into 450,000 shares with the nominal value of EUR 0.10.

As of the date of this Prospectus, 57 911 of the options have converted into 57 911 Shares with nominal value of EUR 0.10 and therefore on 20 December 2023 by resolution of the Supervisory Board the Share capital was increased by EUR 5,791.10. Therefore, the conditional equity capital of the Company as of the date of this Prospectus is EUR 39208.9.

10.3. Shareholders

As of the date of the Prospectus, the following shareholders hold over 5% of all Shares of the Company and the Company considers them its main shareholders:

Table 10.3.1.

The Company's major shareholders

Name of shareholder	Percentage of the total share capital held	Number of Shares held	The ultimate beneficial owner and sole shareholder of the shareholder
AS ALPPES Capital	29.32%	13,305,554	Aigars Kesenfelds
SIA EC finance	14.93%	6,775,560	Agris Evertovskis
SIA Curiosity Capital	12.16%	5,518,896	Linda Kesenfelde
SIA "AE Consulting"	8.21%	3,724,229	Agris Evertovskis

The Company's major shareholders do not have different voting rights.

There is no shareholders agreement entered into between the Offeror and any other shareholder of the Company.

Mr Agris Evertovskis

Mr Agris Evertovskis, Chairman of the Supervisory Board, directly owns 1,250 Shares in the Company, thus in total Mr Agris Evertovskis directly and indirectly through SIA EC finance and SIA "AE Consulting" owns 23.14% (or 10,501,039 Shares) in the Company. Mr Agris Evertovskis is the sole shareholder of SIA EC finance and SIA "AE Consulting".

Mr Aigars Kesenfelds

Mr Aigars Kesenfelds is the sole shareholder of AS ALPPES Capital. Therefore, Mr Aigars Kesenfelds indirectly through AS ALPPES Capital owns 29.32% of the Shares. Since Mr Aigars Kesenfelds indirectly currently owns more than 25% of the Company's Shares he is registered as an ultimate beneficial owner of the Company. As a result of the Offering, Mr Aigars Kesenfelds indirect shareholding in the Company may drop below 25%. In such a case, Mr Aigars Kesenfelds will be deregistered as an ultimate beneficial owner of the Company.

Mrs Linda Kesenfelde

Mrs Linda Kesenfelde directly owns 0.38% (or 170,000 Shares) in the Company and 4.85% (or 2,200,000 Shares) through SIA LK Investments, thus in total Ms Linda Kesenfelde directly and indirectly through SIA Curiosity Capital and SIA LK Investments owns 17.39% (or 7,888,896 Shares) in the Company. Mrs Linda Kesenfelde is the sole shareholder of SIA Curiosity Capital and SIA LK Investments.

In accordance with Article 5(2)(1) of the Share Buy-back Law, shareholders shall be regarded as acting in concert if they are spouses. Therefore, Mrs Linda Kesenfelde and her spouse Mr Aigars Kesenfelds,

are presumed to be acting in concert under the Share Buy-back Law. The Offeror is not aware of any other Shareholders who are acting in concert.

As of the date of this Prospectus, the Offeror is not aware of any facts or arrangements that might give rise to a change in control over the Company.

10.4. Selling Shareholder

The following Shareholder is offering to sell its Shares:

AS ALPPES Capital is a joint stock company (*akciju sabiedrība*), incorporated in Latvia, registered in the Register of Enterprises of Latvia with registration number 52103097551, having its registered address at Jūras iela 12, Liepāja, LV-3401. The Company's e-mail is Solvita.Kurtisa@inin.lv, telephone number is +371 29273309. Its legal entity identifier (LEI) is 984500D66E0J0A5BB002.

The following table sets forth the number of shares being offered by the Offeror (selling shareholder) and the size of the shareholding before and immediately after the Offering:

AS ALPPES Capital	Amount of shares	%
Pre-Offering	13,305,554	29.32
Offering		
Base Offer Shares	5,395,000	11.89
Additional Offer Shares	2,400,000	5.29
Offer Shares (if option to increase the Offer size by Additional Offer Shares exercised)	7,795,000	17.18
Post Offering		
if all Base Offer Shares sold	7,910,554	17.43
if all Base Offer Shares and Additional Offer Shares sold	5,510,554	12.14

10.5. Shareholder Rights

This Section aims to provide a general overview over the scope of rights conferred upon shareholders of the Company in accordance with the applicable rules of Latvian law and the Articles of Association. This general overview is not intended to be exhaustive, nor does it purport to cover all legal issues that may arise in connection with ownership of the Shares.

Under the applicable laws, all shareholders of the Company shall be subject to equitable treatment. Each Share of the Company confers upon its holder the same rights to a share of the Company's assets and profits. In the event of liquidation of the Company, shareholders are entitled to a share of the surplus of assets in the proportion to the number of Shares held. No restrictions apply with respect to transferability of the Shares. The following rights attach to each Share:

Right of Share Disposal. Each shareholder of the Company has the right to dispose of the Share(s) owned. The disposal includes sale (transfer of ownership) and other forms of disposal. No restrictions apply to transferability of the Shares, neither under the statutory provisions of Latvian law nor under the Articles of Association.

Right to Vote. Shareholders have the right to participate and vote at General Meetings. A shareholder is eligible to participate and vote at a General Meeting if it is a shareholder of record (i.e., recorded as a shareholder in the shareholders' register of the Company) at least 5 working days prior to the date of the General Meeting. Each voting Share with a minimum nominal value entitles the shareholder to one vote at the General Meeting.

A shareholder does not have the right to vote at the General Meeting if, and with respect to the following matters only:

- 1) he or she is a member of the Supervisory Board or a member of the Management Board, liquidator, or auditor of the Company when the General Meeting will be deciding a matter related

- to the revocation of authority, a motion of no confidence, or the commencement of legal action against the shareholder;
- 2) the General Meeting will be deciding a matter concerning enforcement of the Company's rights against the shareholder;
 - 3) the General Meeting will be deciding a matter concerning release of the shareholder from obligations or liability towards the Company;
 - 4) the General Meeting will be deciding a matter concerning entry by the Company into a transaction or arrangement with a person related to the shareholder; or
 - 5) other limitations of shareholders voting rights can apply if specifically provided for in accordance with the Latvian Commercial Law.

Right to Participate in General Meeting. The Annual General Meeting must be held once a year pursuant to the procedure and at a time set forth by law and the Articles of Association. The Annual General Meeting adopts resolutions on the approval of annual report of the Company, reports by the Management Board and Supervisory Board and the application of profit reported in the previous financial year, as well as on other matters included in the agenda of the Annual General Meeting, in accordance with Latvian law. Shareholders may participate in the Annual General Meetings and exercise their voting rights in person or by a proxy.

Convening of General Meeting. General Meetings, both Annual and Extraordinary, are convened by the Management Board. Apart from the Management Board, the right to request convening of Extraordinary General Meeting is also vested in the Shareholders representing at least one-twentieth (5%) of the Company's share capital. In specific instances, where the Management Board fails to convene a General Meeting, it may be convened by the Supervisory Board or by the Latvian Enterprise Register at the request of Company's auditor or Shareholders representing at least one-twentieth (5%) of the Company's share capital.

Right to Include Particular Matters into Agenda of General Meeting. Shareholders representing at least one-twentieth (5%) of the Company's share capital may request the Management Board to include particular matters into the agenda of the next General Meeting, provided that such request is made no later than within 7 days from the date of receipt by the Shareholders of notice convening the General Meeting.

Right to Information. If a Shareholder submits a written request to the Management Board at least 7 days before the General Meeting, the Management Board will provide all requested information on the agenda items no later than 3 days before the General Meeting. The Management Board is entitled to refuse provision of the requested information if the provision of such information would be detrimental to important economic interests of the Company, would result in disclosure of a trade secret or if disclosure is prohibited by law.

Revocation of Resolutions Adopted by General Meeting. A resolution of the General Meeting which is unlawful and is in breach of the Articles of Association, is detrimental to the interests of the Company, or is aimed at aggrieving a Shareholder, may be appealed against by way of legal action seeking revocation of the resolution. The legal action seeking revocation of resolutions adopted by the General Meeting shall be brought against the Company.

The deadline for appealing against resolutions adopted by the General Meeting is 3 months from the day when the Shareholder became aware or should have become aware of the meeting decision, but not exceeding 1 year from the date of the General Meeting. Furthermore, the right of legal action seeking revocation of resolutions adopted by the General Meeting, or legal action aimed at invalidating resolutions adopted by the General Meeting, is vested in the following shareholders: (i) shareholders who voted against the resolution and, upon passing of the resolution, requested that his or her objection be included in the minutes of the General Meeting; (ii) shareholders who were refused participation in the General Meeting for no lawful reason; and (iii) shareholders who were not present at the General Meeting – only if the General Meeting was improperly convened or if the resolution was adopted on a matter not included in the agenda of the General Meeting.

Right to Liquidation Quota. Upon liquidation of the Company, each Shareholder is entitled to receive a liquidation quota in the proportion to its existing shareholding, in the instances and in accordance with the procedures established by the provisions of statutory law.

Quorum. According to Latvian law and the Articles of Association, the General Meeting is quorate (i.e., a sufficient number of shareholders is present to adopt resolutions) if Shareholders representing at least 50% of the total number of votes are present at the meeting.

Pre-Emption Rights. In the event of increase in the amount of share capital of the Company, each Shareholder has a right of pre-emption to purchase the newly issued shares in the proportion to the total nominal value of the Shares already owned. If the Shareholder fails to exercise the right of pre-emption within the specified period of time, the newly issued shares must be offered for subscription to those Shareholders who have exercised their pre-emption rights according to the procedure specified in the terms of share capital increase.

The rights of pre-emption may be cancelled by resolution of the General Meeting, provided that no less than three quarters of the Shareholders with voting rights present at the General Meeting vote in favour of the cancellation and provided, further, that no greater majority vote is required for adopting the resolution in accordance with the Articles of Association.

Redemption Provisions. Because the Shares are fully paid up, no redemption provisions are intended or apply.

Conversion of Shares. The General Meeting is empowered to resolve the conversion of Shares from one category to another. Such decisions necessitate corresponding amendments to the Articles of Association.

Shareholder Rights in Case of Mandatory Bid, Sell-Out and Squeeze-Out. Latvian law requires a mandatory bid for all Shares to be made by one or more persons acting in concert who seek to do any of the following:

- acquire the voting rights attaching to the Shares, directly or indirectly, in such amount that the voting power exercised by such person(s) would correspond to or exceed 30% of the total number of voting shares of the Company; or
- vote at a General Meeting to exclude the Shares from a stock exchange.

The person(s) responsible for making the mandatory bid makes the bid in accordance with the procedure specified in the statutory law, once the making of the bid is permitted by the Bank of Latvia.

Mandatory bid for the repurchase of Shares shall not be expressed by qualifying person or persons if the shareholding stake which reaches or exceeds 30% of the total number of voting shares of the Company is acquired prior to listing of the Company shares on a regulated market and the shareholding stakes acquired prior to listing of the Company shares are disclosed in the Prospectus.

In the event any legal entity owns, directly or indirectly, Shares in the Company representing 90% or more of the Company's share capital, any remaining minority Shareholder has a right to require that the respective legal entity purchases all of the Shares belonging to the minority Shareholders, whereas the legal entity has the obligation to purchase such Shares. The purchase price of the Shares belonging to the minority Shareholders is then determined by the majority Shareholder in accordance with the provisions of statutory law, or by court in case of a dispute.

A squeeze-out offer can be made by a single Shareholder acquiring 95% or more of the total number of Shares. The acquiring Shareholder can offer that all of the other Shareholders sell to him or her all of the remaining Shares owned by them on the terms and conditions to be approved by the Bank of Latvia. The offer to sell, if made, shall be considered the final offer.

If a Shareholder entitled to accept the final offer to sell fails to accept the offer within the specified term, the Shares shall be deemed to have been blocked on the day following expiration of the final offer to sell, while all rights conferred upon the holder of such Shares shall be deemed to have been forgone.

A settlement with respect to shares acquired pursuant to a final Share purchase offer shall take place in accordance with the rules governing the final share purchase Prospectus. The final share purchase Prospectus shall be compliant with the provisions of the statutory law. The final share purchase offer can only be made following review of the offer Prospectus by the Bank of Latvia and grant of permission to proceed with the offer.

The Bank of Latvia monitors and ensures compliance of the final share purchase, and settlement of the purchase, in accordance with the provisions of the Bank of Latvia.

The provisions relevant to mandatory bids, sell out and squeeze-out offers are established, primarily, under the Latvian Share Buyback Law, the Latvian Financial Instruments Market Law and Latvian Group of Companies Law.

11. MANAGEMENT AND SUPRVISORY BODIES

11.1. Governance Structure

The governance structure of the Company is designed to ensure optimal management and control of the business of the Company as a whole in a manner aligned to the business objectives of the Company and the Group.

The Management Board carries out general management of the Company, except for the issues attributed to the competence of the General Meeting.

The function of the Supervisory Board is in supervising the Management Board and representing the interests of Shareholders in-between of General Meetings.

The General Meeting is the supreme management and decision-making body of the Company. Additional information on the competence of the General Meeting is provided in Section 10.5 "Shareholder Rights".

In addition, the Supervisory Board has formed the Remuneration and Nomination Committee and the Business Development Committee, both of which are functioning at the Supervisory Board level, while the General Meeting has formed the Audit and Risk Committee.

The seat of the Management Board and the Supervisory Board is the registered address of the Company at Skanstes iela 50A, Riga, LV-1013, Latvia.

11.2. Management Board

The role and responsibilities of the Management Board. The Management Board is responsible for the day-to-day management of the Company's operations and decision-making (with the exception of decisions falling within the exclusive competence of the General Meeting and decisions requiring approval by the Supervisory Board).

The Management Board also participates in the development and execution of the Company's strategy and material policies. The primary objectives of the Management Board include managing the Company's assets to maximise their value and returns, improving the efficiency of internal control and risk management systems, and ensuring the protection of shareholder rights and interests. The Management Board represents the Company in relation to third parties and the public at large.

The Management Board reports to the Supervisory Board and must abide by its valid instructions. The Management Board requires approval by the Supervisory Board in order to adopt decisions on matters of major importance for the Company. In addition to issues set forth by law, approval by the Supervisory Board is required with respect to decisions on any of the following matters:

- 1) commencement of new types of activity and termination of current activities;
- 2) determinations concerning the general principles of operation;
- 3) acquisitions, increases or decreases of shareholdings in other companies;
- 4) acquisitions or disposals of other undertakings;
- 5) acquisitions, alienations of the real property or creation of encumbrances over real property with rights *in rem*;
- 6) issuance of procuration;
- 7) consents to entry into, amendment or renewal of related party transactions;
- 8) grants by the Company of sureties, pledges or guarantees related to the performance of obligations of third parties, as well as amendments to or termination of such sureties, pledges or guarantees;
- 9) off-balance sheet commitments by the Company;
- 10) receipt of financing if the single case causes the Company liabilities of more than EUR 100,000 to the extent that the issue is not within the competence of the shareholders' meeting;
- 11) entry into one or more transactions with the same person, or if the purpose of the transaction falls outside the scope of the ordinary business of the Company, provided that the total value of the transaction(s) during one financial year exceeds EUR 100,000;

- 12) debt incurrence if the debt, in any single instance, causes the Company to be liable in excess of EUR 100,000, to the extent that the issue is not within the competence of the shareholders' meeting;
- 13) grant of loans for any purpose that is not related to the ordinary business activities of the Company;
- 14) transfer or modification of intellectual property, grant of exclusive licenses or other similar rights for the benefit of third parties, with the exception of affiliates of the Company, or other significant transactions involving the intellectual property of the Company;
- 15) commencement, termination or settlement of any legal proceedings, arbitration or mediation proceedings, with the exception of recovery of debt incurred in the ordinary course of business, or any motion for the grant of injunctive relief (including temporary restraining order or protective order) that may be necessary for the protection of legitimate interests of the Company in the circumstances where approval by the Supervisory Board is impossible or impracticable;
- 16) filing of an application for a voluntary insolvency of the Company or filing of a motion for the commencement of legal protection proceedings with respect to the Company; or
- 17) in respect of any of the above matters, in as far as the matter concerns a subsidiary of the Company.

Appointment of members of the Management Board. In selecting and appointing the members of the Management Board, the Supervisory Board with help of the Remuneration and Nomination Committee seek to ensure adherence to the principle of diversity, including with respect to work experience, nationality, age and gender of the candidates. To this end, a set of specific selection criteria, including with respect to the skills and competence of each candidate, have been established by the Supervisory Board.

Organisation and functioning of the Management Board. According to the Articles of Association, the Company shall be represented by two Management Board members acting jointly. The Articles of Association establish no minimum requisite number of members of the Management Board.

As of the date of this Prospectus, the Management Board consists of four members appointed by the Supervisory Board for the term in office of five years.

The Supervisory Board appoints one member of the Management Board to act as the Chairman of the Management Board. The Chairman of the Management Board shall make sure, among other duties, that the members of the Management Board receive sufficient information and materials enabling the proper execution of their duties.

Decisions of the Management Board are adopted by a simple majority of the votes cast. In the event of a split vote, the Chairman of the Management Board has a casting vote.

The details on the members of the Management Board of the Company, as of the date of this Prospectus, are provided below.

Table 11.2.1.

Members of the Management Board of the Company

Name	Role	Appointment Date	Expiration of the Term in Office
Didzis Ādmīdiņš	CEO, Chairman of the Management Board	19 January 2021	18 January 2026
Aldis Umblejs	CFO, Member of the Management Board	15 December 2021	14 December 2026
Sanita Pudnika	COO, Member of the Management Board	1 March 2022	28 February 2027
Nauris Bloks	CIO, Member of the Management Board	8 June 2023	6 July 2028

Didzis Ādmīdiņš



Mr Didzis Ādmīdiņš has been the CEO of the Company since 2018 and a member of the Management Board since 2014. Mr Didzis Ādmīdiņš owns 1.32% of the Shares of the Company. Mr Didzis Ādmīdiņš is also Chairman of the Management Board of ViziaFinance and DelfinGroup LT.

Mr Didzis Ādmīdiņš graduated from Riga Technical University and holds a Master's degree in Economics and Business Administration. Previously Mr Didzis Ādmīdiņš served as COO of several real estate companies (2008 – 2010), and as a Retail Credit Specialist at Swedbank (2007 – 2008).

In the past, Mr Didzis Ādmīdiņš was a member of the management board of AS "Naudasklubs.lv" (2010-2017) and SIA "EC finance" (2015-2020), as well as the chairman of the supervisory board of AS "EA investments" (2015-2020). In addition to his current role with the Company, Mr Didzis Ādmīdiņš is a procurist with sabiedrība ar ierobežotu atbildību "Ādmīdiņš".

As of the date of this Prospectus, the referred positions and activities of Mr Didzis Ādmīdiņš outside the Company are not significant with respect to the Company.

Aldis Umblejs



Mr Aldis Umblejs joined the Company in 2021, first taking the position of CFO and later being appointed as a Member of the Management Board. In addition, Ms Sanita Pudnika is Member of the Management Board at ViziaFinance and DelfinGroup LT. Mr Aldis Umblejs directly owns 0.03% (of Shares of the Company).

Mr Aldis Umblejs holds a Bachelor of Science in Business Administration from BA School of Business and Finance, as well as the qualification of a Chartered Certified Accountant (FCCA) and Chartered Financial Analyst (CFA).

Previously Mr Aldis Umblejs was a member of the management board of AS "SPV Properties" (2019-2023), AS Eleving Consumer Finance Holding (2020-2021) and served as the CFO of SIA DCE Solutions (2017 – 2020) and SIA Scandagra Latvia (2014 – 2016), a manager at Ernst & Young (2016-2017) and senior consultant (2006-2011), internal audit manager at Modern Times Group (MTG) AB (2012-2014) and group internal auditor at Nordea Bank Finland Plc Latvia branch (2011-2012).

In addition to his current role with the Company, Mr Aldis Umblejs is a Member of the Management Board at AS Finitera (since 2019).

As of the date of this Prospectus, the referred positions and activities of Mr Aldis Umblejs outside the Company are not significant with respect to the Company.

Sanita Pudnika



Ms Sanita Pudnika has been the COO of the Company and a member of the Management Board since 2022. In addition, Ms Sanita Pudnika is Member of the Management Board at ViziaFinance and DelfinGroup LT. Ms Sanita Pudnika owns 5050 Shares in the Company.

Ms Sanita Pudnika holds a Bachelor's degree from the University of Latvia and has more than 10 years of experience in financial technology (fintech), insurance, and banking sectors.

Before joining the Company, Ms Sanita Pudnika managed loan operations at TWINO Group in Latvia as the Country Manager for Latvia, developing consumer lending products and loans for small and medium-sized enterprises (2018 – 2020).

Prior to that, Ms Sanita Pudnika worked at Citadele banka as a Product Manager of Consumer Lending (2016 – 2018) and Head Manager of Projects with Partners in the Department of Consumer Lending (2015 – 2016), and in the field of insurance at Colemont FKB Latvia and UniCredit Insurance Broker.

Ms Sanita Pudnika does not hold any positions in legal entities other than the Company, DelfinGroup LT and ViziaFinance.

Nauris Bloks



Mr Nauris Bloks has been the CIO of the Company and a member of the Management Board since 2023. Mr Nauris Bloks owns no Shares in the Company.

Mr Nauris Bloks holds a Bachelor's degree from the University in Latvia in e-business management. In addition, he has completed professional board member courses in Baltic Institute of Corporate Governance and is Certified Business Analysis professional (CBAP). Before joining the Company, Mr Nauris Bloks was Member of the Supervisory Board at TWINO Investments (2021-2022), Member of the Management Board at TWINO (2019-2022), CTO at TWINO (2018-2022), IT support manager at TWINO (2016-2018), held various IT management positions at Rīgas satiksme (2008-2018). In addition to his current role with the Company, Mr Nauris Bloks is Member of Management Board at association "Kartupeļu 35" (since 2017) and foundation "Lettgallias stipendiju fonds" (since 2023). As of the date of this Prospectus, the referred positions and activities of Mr Nauris Bloks outside the Company are not significant with respect to the Company.

11.3. Supervisory Board

The role and responsibilities of the Supervisory Board. The Supervisory Board oversees performance by the Management Board of its managerial duties, taking into account the interests of the Shareholders, in accordance with the provisions of statutory law and the Articles of Association.

Rules of Procedure of the Supervisory Board. On 20 March 2024, the Supervisory Board adopted the second version of the Regulations of the Supervisory Board. The Rules of Procedure determine the work organization of the Supervisory Board, the manner of convening meetings of the Supervisory Board, the information flow, procedural aspects and the manner of decision-making at the meetings of the Supervisory Board.

The organisation and functioning of the Supervisory Board. According to the Articles of Association, the Supervisory Board shall consist of five members who are appointed for the term in office of five years. The Supervisory Board adopts resolutions by a simple majority of the votes cast and, in the event of a split vote, the Chairman of the Supervisory Board has a casting vote. Currently the Supervisory Board consists of one member that has been nominated by SIA "AE Consulting" and SIA EC finance jointly (while a Shareholders Agreement was in place) and four members that have been selected and nominated through an open selection process organised by the Company.

Tasks of the Supervisory Board. In addition to the provisions of the law and Articles of Association, the Supervisory Board has the following tasks: approve the strategy and monitor its implementation; approve the annual financial plan (which also includes the budget) and monitor its implementation; elect and recall members of the management board; approve the Rules of procedure of the Management Board; determine the remuneration of the members of the Management Board; set annual financial and non-financial targets for the Management Board and monitor their achievement; monitor the operation of internal control and risk management systems, as well as internal audit, review their adequacy and effectiveness; set general operating principles, including the approval of key policies; approve the strategic and annual risk-based internal audit plan; consider all issues that are within the competence of the General Meeting and prepare an appropriate opinion on them; approve the conclusion of an agreement with third parties in accordance with the transaction amount specified in the Articles of Association; conclude any partnership, joint venture, association or similar association or agreement on behalf of the Company; consider issues related to the acquisition of participation in other companies, its increase or decrease, issuance of a power of attorney, awarding of loans that are not related to the normal business activities of the Company; represent the Company before Shareholders and other key audiences by reporting on the Company's activities; perform annual self-evaluation of the work of the Supervisory Board; perform other tasks in accordance with the provisions of the Articles of Association.

The details on the members of the Supervisory Board of the Company, as of the date of this Prospectus, are provided below.

Members of the Supervisory Board of the Company

Name	Role	Appointment Date	Expiration of the Term in Office	Fulfils independence criteria*
Agris Evertovskis	Chairman of the Supervisory Board	13 April 2021	29 March 2026	
Gatis Kokins	Deputy Chairman of the Supervisory Board	13 April 2021	29 March 2026	Yes
Edgars Vojskis	Member of the Supervisory Board	13 April 2021	29 March 2026	Yes
Mārtiņš Bičevskis	Member of the Supervisory Board	13 April 2021	29 March 2026	Yes
Jānis Pizičs	Member of the Supervisory Board	13 April 2021	29 March 2026	

*The independence criteria are defined in Latvian Corporate Governance Code (Latvijas Korporatīvās pārvaldības kodekss), please see: <https://www.tm.gov.lv/lv/media/7299/download>

Agris Evertovskis



Mr Agris Evertovskis is a founder of the Company, and has served as the Chairman of the Supervisory Board since 2021. Mr Agris Evertovskis is a member of the Supervisory Board's Remuneration and Nomination Committee and Business Development Committee. Mr Agris Evertovskis directly and indirectly through SIA EC finance and SIA "AE Consulting" owns 23.14% (or 10,501,039 Shares) of the Shares of the Company.

Mr Agris Evertovskis graduated from the Stockholm School of Economics in Riga and holds Bachelor's degree in Economics and Business.

Prior to serving as the Chairman of the Supervisory Board, Mr Agris Evertovskis was the Chairman of the Management Board of the Company (2009 – 2021). In the past, Mr Agris Evertovskis led several commercial real estate development projects and companies and served as chairman of the supervisory board of AS "Naudasklubs.lv" (2015 – 2017), a member of the management board of SIA "OBDO Gin" (2011 – 2019), SIA "DCE solutions" (during 2017), AS "Smart Finance Holding" (2017-2020), SIA "KALPAKS" (2016-2020), SIA "L24 Finance" (2015-2021) and AS "EA investments" (period of service 2015-2021). Mr Agris Evertovskis has also served as the chairman of the management board of SIA "EL Capital" (2016-2021).

In addition to his role with the Company, Mr Agris Evertovskis is currently a member of the management boards of SIA "EC finance", SIA "Five nines company" and SIA "AE Consulting".

As of the date of this Prospectus, the referred positions and activities of Mr Agris Evertovskis outside the Company are not significant with respect to the Company, except for the positions as a member of the management board of SIA "EC finance" and SIA "AE Consulting" both of which companies are the direct shareholders of the Company.

Gatis Kokins

Mr Gatis Kokins has been the Deputy Chairman of the Supervisory Board of the Company since 2021. Mr Gatis Kokins was appointed to serve as an independent member of the Supervisory Board. He is a member of the Supervisory Board's Audit and Risk Committee, the Remuneration and Nomination Committee, as well as a member of the Business Development Committee. Mr Gatis Kokins owns 1250 (0.003%) Shares in the Company.

Mr Gatis Kokins graduated from the University of Latvia and holds Master of Science degree in Physics. He received an MBA from the



Stockholm School of Economics in Riga and participated in number of executive education programs, including INSEAD and Harvard Business School.

Mr Gatis Kokins has acquired extensive management experience, having served as the chairman of the supervisory board of SIA "Tet" (2009-2021) and Citadele Bank Lithuania (2004-2009), as well as a member of the management board of Swedbank Latvia (1993-1997), SIA "OC VISION" (from 2015) and SIA "D8 Corporation" (2002-2009). As of the date of this Prospectus, Mr Gatis Kokins does not hold any positions or perform any duties outside the Company that are significant with respect to the Company.

Dr. Edgars Vojskis



Mr Edgars Vojskis is a member of the Supervisory Board since 2021, having been appointed as independent member. Mr Edgars Vojskis is Head of the Audit and Risk Committee. Mr Edgars Vojskis owns no Shares in the Company.

Mr Edgars Vojskis graduated from the University of Latvia with BSc and MBA degrees. He also obtained PhD in Social Sciences (Economics) from the University of Latvia. He is well-versed in Latvian, English, Russian, Slovene, Spanish, German, Bosnian and Serbo-Croatian languages.

Mr Edgars Vojskis served as CFO and member of the management board of Baltic International Bank SE (2020 – 2022). Prior to serving as a member of the Supervisory Board of the Company, Mr Edgars Vojskis had also acquired extensive experience as auditor and accountant. He served as partner with KPMG CIS in Belarus (2017-2019), director of KPMG Baltics and Belarus (2006-2017), risk services manager with Deloitte and Touche Adriatics in Slovenia, Croatia and Bosnia (2003-2006), senior auditor with Deloitte and Touche Latvia in Riga (1999-2002).

Mr Edgars Vojskis is also a member of the management board of SIA "EGGA" a member of the management board of the association "Latvijas Ekonomistu asociācija" and Chairman of Supervisory Board of AS "KRĒMERI". As of the date of this Prospectus, the referred positions and activities of Mr Edgars Vojskis outside of the Company are not significant with respect to the Company.

Mārtiņš Bičevskis



Mr Mārtiņš Bičevskis is a member of the Supervisory Board of the Company since 2021. He was appointed as an independent member of the Supervisory Board. Mr Mārtiņš Bičevskis is the Head of the Remuneration and Nomination Committee. Mr Mārtiņš Bičevskis directly owns 2750 (0.01%) of Shares in the Company.

Mr Mārtiņš Bičevskis graduated from the University of Latvia with Law degree. Martins has held high level positions in various ministries of the Republic of Latvia. In turn, he is a start-up Ecosystem Enthusiast & an activator for the Latvian sports ecosystem.

Prior to serving as a member of the Supervisory Board, Mr Mārtiņš Bičevskis served as a member of the executive body of "Latvijas Sporta federāciju padome" (2017-2021), a member of the supervisory board of Akciju sabiedrība "Latvenergo" (2016-2019), Chairman of the supervisory board of Valsts akciju sabiedrība "Valsts nekustamie īpašumi" (2016-2019) and a member of the executive body of "Latvijas Komercbanku nozares asociācija" (2011-2016). In addition to these roles, Mr Mārtiņš Bičevskis served as the State Secretary at the Ministry of Finance (2008-2011) and as the State Secretary at the Ministry of Justice (2004-2008).

Currently, in addition to the position with the Company Mr Mārtiņš Bičevskis is Deputy Chairman of the Supervisory Board at AS "LatRailNet", Chairman of the Management Board at AS "MB Family Trust", Member of the Management Board at SIA "ABMB", Chairman of the Supervisory Board at BA School of Business and Finance, limited partner with Commercialization Reactor Fund, an angel investor and a mentor at Cocoon, Member of the Executive Committee at Latvian Olympic Committee, Member of the Executive Body at Latvijas Privātā un Riska kapitāla asociācija. As of the date of this Prospectus, the referred positions and activities of Mr Mārtiņš Bičevskis outside the Company are not significant with respect to the Company.

Jānis Pizičs



Mr Jānis Pizičs has been a member of the Supervisory Board since 2021. Mr Jānis Pizičs is Head of the Business Development Committee and a member of the Audit and Risk Committee. Mr Jānis Pizičs owns 7916 (0.017%) of the Shares of the Company.

Mr Jānis Pizičs holds a BSc in Economics and Business from the Stockholm School of Economics in Riga and an MBA from Riga Business School.

Prior to serving as a member of the Supervisory Board, Mr Jānis Pizičs served as a member of the management board of SIA LeadGen Brokerage (2017-2019), deputy chairman of the supervisory board of AS "Puzzle Ventures" (during 2020), AS "EAG finance" (2018-2021) and AS "FINKO group" (2019-2021), SIA "Mindi Latvia" (2020-2021), SIA "Mindi Insurance" (2020-2021), as well as chairman of the supervisory board of AS "TIG invest" (2018-2021). In addition to these roles, Mr Jānis Pizičs served as CEO of AS "FINKO group", Finance improvement lead / cluster finance partner HIV in the Nordic cluster for SIA "GlaxoSmithKline Latvia", budgeting and reporting manager with SPI Group SARL Group, business controller of SIA "LATVIJAS ENERGOCELTNIEKS" and tax consultant at Ernst & Young Baltic.

Until January 2023, Mr Jānis Pizičs served as a member of the management board of AS "Monio Group" and until December 2023 as a member of the management board of AS "SPV Properties".

Currently, Mr Jānis Pizičs serves as a member of the management boards of AS "DBF Finance", Sabiedrība ar ierobežotu atbildību "BWCA", SIA Merito Management AIFP, and SIA "CleverMetrics".

As of the date of this Prospectus, the referred positions and activities of Mr Jānis Pizičs outside the Company are not significant with respect to the Company.

11.4. The Audit and Risk Committee

The role of the Committee. The Audit and Risk Committee is an advisory body formed by and acting under the supervision of the Shareholders in accordance with and within the meaning of the Financial Instrument Market Law. The purpose of the Committee is to ensure the protection of the interests of Shareholders with regard to the preparation of the Company's annual reports, audit of the Company and the effectiveness of the internal control, risk management and internal audit system. No separate risk committee has been formed at the level of the Supervisory Board. Instead, the Audit Committee performs the function of a risk committee, taking into account the nature, scope and the level of complexity of the Company's business.

The policy of the Audit and Risk Committee is available on the Company's website.

The Audit and Risk Committee consists of three members of the Supervisory Board (two of which fulfils independence criteria) – Mr Edgars Voļskis, being the Head of the Audit and Risk Committee, Mr Gatis Kokins and Mr Jānis Pizičs.

The Company has established the role of independent and impartial internal auditor. Until 31 December 2022 Roberts Korde served as the internal auditor of the Company. Currently, the Company is searching for new internal auditor. However, it has carried out project-based compliance audit with respect to shareholders, bondholders and conflict of interest. The audit has been completed, but as of the date of the Prospectus, the Company is still awaiting its results, the audit was carried out by audit firm SIA Vilson Group.

According to the Internal Audit Policy of the Company, duties of the internal auditor include:

- supervising the process of preparing the Company's annual reports;
- carrying out internal audit;
- supervising the audit process for the Company's annual reports;
- evaluation of business governance processes;
- conducting performance assessments;
- assessment of the risk management, internal controls and whistleblowing systems of the Company;
- monitoring compliance;
- provision of advice to the Supervisory Board, the Management Board and employees of the Company.

11.5. The Remuneration and Nomination Committee

The role of the Committee. The Company has formed a Remuneration and Nomination Committee. The Committee is an advisory body responsible for the development, analysis and control with respect to, *inter alia*, the remuneration principles, remuneration, succession planning, compensation and development plans and other terms of employment applicable to the senior executives of the Company and Supervisory Board members.

The Remuneration and Nomination Committee consists of three members of the Supervisory Board – Mr Mārtiņš Bičevskis, being the Head of the Remuneration and Nomination Committee, Mr Agris Evertovskis and Mr Gatis Kokins.

The duties of the Remuneration and Nomination Committee include advice to the Supervisory Board with respect to the appointment of CEO, members of the Management Board, the internal auditor of the Company, and the determination of their respective remunerations. The Committee facilitates assessments by the Supervisory Board of the annual performance of the members of the Management Board. The Committee also prepares proposals for the General Meeting as to the composition of the Supervisory Board and the remuneration of members of the Supervisory Board. The Committee evaluates and makes proposals to the Supervisory Board with respect to the candidates for the Management Board members and the internal auditor; prepares salary, compensation and development plans; and provides the Supervisory Board with recommendations concerning management and employee rewards, compensation plans and succession plans. Additionally, the Remuneration and Nomination Committee develops and proposes remuneration policies and remuneration reports for the governance bodies of the Company.

The following criteria are taken into consideration in selection process of Supervisory Board and Management Board members. Independent candidates for the Supervisory Board members shall be selected in an open process on the basis of criteria of professionalism and competence. In the selection of candidates for independent members of the Supervisory Board, the Company engages a professional selection consultant, determining the scope and tasks of its involvement. The members of the Supervisory Board shall be elected by the General Meeting for a term of five years. The Supervisory Board as a whole has the skills, experience and knowledge to be able to perform its duties to the full extent. In the selection process of the members of the Management Board and Supervisory Board, the Supervisory Board and the Shareholders try to ensure the observance of the principles of diversity, including work experience, nationality, gender and different ages. Candidates for the members of the Management Board are selected by the Supervisory Board and the Remuneration and Nomination Committee on the basis of professionalism and competence criteria. The members of the Management Board are elected by the Supervisory Board for a term of five years. Each member of the Management Board and the Supervisory Board starts his/her duties with introductory training, where the activities and processes of the Company are comprehensively introduced.

11.6. The Business Development Committee

The role of the Committee. The Business Development Committee discharges certain responsibilities of the Supervisory Board relating to strategic business and growth opportunities. It reviews proposals from the Management Board on strategic business and growth opportunities and makes

recommendations to the Supervisory Board with respect to those proposals that the Business Development Committee approves. Other duties of the Business Development Committee include:

- approval of budgets and business forecasts;
- approval of product development proposals;
- oversight of new product developments;
- evaluation of product scaling proposals;
- oversight of business processes' efficiency improvements;
- advice to the Supervisory Board on matters specific to processes and products of the Company.

The Business Development Committee consists of three members of the Supervisory Board – Mr Jānis Pizičs, being the Head of the Business Development Committee, Mr Gatis Kokins and Mr Agris Evertovskis.

11.7. Conflicts of interest and other declarations

To the knowledge of the Offeror as of the date of this Prospectus, there exist no actual or potential conflicts of interest between the duties of any member of the Company's Management Board or Supervisory Board, or any of the Company's subsidiaries, and their private or commercial interests.

To the knowledge of the Offeror, no member of the Company's Management Board or Supervisory Board has ever been prosecuted in criminal proceedings or convicted of malicious or fraudulent acts.

On 26 March 2024, the Supervision Committee of the Bank of Latvia issued a warning to Mr Edgars Voļskis, former Member of the Management Board at Baltic International Bank SE, for not ensuring an appropriate and consistent risk culture at Baltic International Bank SE. Mr Edgars Voļskis, as a Member of the Supervisory Board at the Company, informed the Company's Supervisory Board about the issued warning. The Audit and Risk Committee of the Company evaluated the warning and is convinced that Mr Edgars Voļskis will be able to professionally fulfil his duties as a Member of the Supervisory Board and Chair of the Audit and Risk Committee. Therefore, the issued warning does not impact Mr Edgars Voļskis duties within the Company.

As part of reorganization and optimisation of the administrative structure of the Group, in 2021 several companies belonging to the Group, more specifically, SIA "Refin", SIA "ExpressInkasso" and SIA "Banknote commercial properties" were voluntarily liquidated. Former members of the management of SIA "Refin", SIA "ExpressInkasso" and SIA "Banknote commercial properties" include the Chairman of the Supervisory Board of the Company Mr Agris Evertovskis and member of the Management Board of the Company Mr Didzis Ādmīdiņš.

In the past, Mr Agris Evertovskis served as chairman of the supervisory board and Mr Didzis Ādmīdiņš served as a member of the management board of AS "Naudasklubs.lv". The voluntary liquidation of AS "Naudasklubs.lv" was completed in June 2017. Mr Didzis Ādmīdiņš was the liquidator of the company. AS "Naudasklubs.lv" was active in the business of retail sale of new goods through specialised stores and retail sale of second-hand goods through stores. To the knowledge of the Offeror, no member of the Company's Management Board or Supervisory Board has been serving in any managerial or fiduciary capacity with any company or organization, with the exception of the roles disclosed in Section 11.2 "Management Board" and Section 11.3 "Supervisory Board", which have, at any time, been the subject to any bankruptcy or involuntary liquidation proceedings at the time of the initiation of such bankruptcy or involuntary liquidation proceedings.

To the knowledge of the Offeror, no court or other competent authority has prohibited any person specified in this Section and Section 8.6 "Risk Management" of this Prospectus to serve as a member of any governance body of any company or organization, or has imposed any prohibition on participation in the management of any business or company, nor has any criminally punishable offence been incriminated against any such individual.

11.8. Good corporate governance, sustainability and compliance practices

Corporate Governance Policy. On 23 May 2023, the Supervisory Board of the Company approved the Corporate Governance Policy of the Company. The policy has been prepared taking into account the requirements established for companies within the framework of Latvian regulatory enactments, the recommendations of the Organization for Economic Co-Operation and Development (OECD) for

corporate governance (2015) and recommendations for the good corporate governance of companies in Latvia known as the "Corporate Governance Code" (2020).

Purpose. The purpose of the Company's corporate governance policy to set out the principles of Company's corporate governance and ensure that DelfinGroup is run in a transparent and ethical manner, ensuring good business practices.

The principles. The core principles of the Company's Corporate Governance Policy and its operational practices include:

- ensuring good quality services and a sustainable financial condition;
- clear division of roles, powers and responsibilities among key corporate governance institutions of the Company and within the entire organisation;
- transparent appointment processes of professional Supervisory Board members, including independent members;
- definite operational rules for Company's corporate governance institutions and clear decision making procedures;
- clear objectives of financial and non-financial performance of the Company;
- clear and motivational remuneration system, medium- and long-term incentive plans;
- duty of diligent management;
- implementation of ethical and responsible business practices;
- prevention of risk of conflict of interest and corruption;
- proper disclosures, accessibility and transparency of information;
- effective internal controls, risk management processes and audits.

Strategic development planning.

The Company's sustainable development is based on strategic planning system which includes:

- strategy (3 years);
- long-term financial plan and targets (5 years);
- short-term financial plan and targets (1 year).

The Management Board draws up an annual action plan to implement the strategy and reach financial goals and renders status report to the Supervisory Board at least once every six months or at request. Every six months, the Management Board and the Supervisory Board review the strategy and financial plans, evaluate the results and, if necessary, perform adjustments which are approved by the Supervisory Board.

ESG. The Company conducts its business responsibly towards the environment, shareholders, employees and other stakeholders. DelfinGroup cooperates with stakeholders and provides information in sustainability reports accordingly. In 2021, the Company published its first Environmental, Social and Governance (ESG) report in respect of 2020. Starting from 2021, the Company has published an ESG report each year. The ESG reports demonstrate commitment of the Company to improve the environment and well-being of its employees.

The Company performs ESG-related risk evaluation and implements appropriate risk exclusion or reduction strategies.

The Company is firmly committed to maintaining good corporate governance and responsible business practices while respecting the environmental, social, human and cultural aspects pertinent to its business.

The Company's vision is to build a sustainable society by empowering people and promoting financial inclusion.

The Company's corporate culture is based on its values, ethics, vision, behaviours and work environment. The Company trusts that good corporate culture contributes to high workplace morale as well as engaged, productive staff which leads to exceptional business results.

Compliance policies. The Company' Supervisory Board approves at least the following compliance and good practices policies:

- Risk Management Policy;
- Equality, Diversity and Inclusion Policy;
- Information Security Policy;
- Policy for Prevention and Management of Conflict of Interest;
- Community Investment Policy;
- Internal Audit Policy;
- Whistleblower Policy;
- Market Abuse Prevention Policy;
- Code of Ethics;
- Personnel Policy;
- Procurement Policy;
- Customer Service Policy.

The Management Board ensures the implementation (including communication, training) and enforcement of the policies thereof. The Management Board shall submit proposals to the Supervisory Board for policy updates as needed or in accordance with the renewal schedule of each policy, but not less than once in 3 years.

11.9. The external auditor

The Financial Statements have been reviewed and prepared by audit firm "KPMG Baltics SIA", registration number: 40003235171, legal address: Roberta Hirša iela 1, Riga, LV-1045 for financial year which ended on 31 December 2023 and 31 December 2022 and by audit firm "BDO ASSURANCE" SIA, registration number: 42403042353, legal address: Kaļķu Street 15 - 3B, Riga, LV-1050 for financial years which ended on 31 December 2021. "KPMG Baltics SIA" and "BDO ASSURANCE" SIA are certified auditors and a members of the Latvian Association of Certified Auditors.

12. REMUNERATION AND BENEFITS

12.1. Remuneration policy

The Company has adopted a Remuneration Policy which elaborates a number of principles critical to the determination of remuneration of employees, and members of the Management Board and Supervisory Board. These principles are as follows:

- the remuneration shall be commensurate with the performance and personal contribution of the employee, member of the Management Board or Supervisory Board;
- the remuneration shall be in alignment with the terms of employment, the scope of responsibilities of each employee or member of the Management Board or Supervisory Board and the actual performance of the Company;
- the remuneration of members of the Management Board and Supervisory Board shall be proportionate to the remuneration of employees of the Company;
- the level of remuneration shall be competitive with the overall labour market;
- the remuneration structure shall be balanced and not encourage excessive risk-taking;
- the remuneration shall not be contrary to the long-term value and objectives of the Company and its shareholders;
- in order to avoid conflicts of interest, the Company shall ascertain that its employees, members of the Management Board and Supervisory Board are not involved in the process of determination of their own compensation.

The amount of remuneration paid. In the year 2023, the Company has paid to the members of the Management Board an aggregate annual remuneration of EUR 512,378 gross, which corresponds to EUR 460,597 gross paid in the year 2022. The remuneration was a combination of salary (EUR 414,579), and employee social insurance contributions (EUR 97,799). According to the Remuneration Policy, the Chairman of the Management Board is entitled to a Company car (that is not of a luxury class) and fuel allowance. Members of the Management Board can request to be provided with a mobile phone of choice, and their telephone bills are paid by the Company.

In the year 2023, the Company has paid to the members of the Supervisory Council an aggregate annual remuneration of EUR 256,944 gross, which corresponds to EUR 166,145 gross paid in the year 2022. The remuneration was a combination of salary (EUR 207,900), and employee social insurance contributions (EUR 49,044).

All members of the Management Board are performing their duties on the basis of employment agreements. In the event of termination of employment, each member of the Management Board is entitled to receive a severance payment in the amount and in accordance with the applicable provisions of Latvian labour law. No additional compensation, redundancy or severance benefits are set forth in the employment agreements of the members of the Management Board in excess of the statutory severance stipulated under the statutory provisions of Latvian labour law.

The Company has entered into authorisation agreements with each member of the Supervisory Board. No member of the Supervisory Board is entitled to receive any compensation or severance benefits whatsoever in the event of termination of their service on the Supervisory Board, with the exception of Mr Gatis Kokins. In the event of removal of Mr Gatis Kokins from the role of Supervisory Board member in connection with a change in control of the Company or other than for economic, organizational, technological or similar reasons, the Company has undertaken to pay Mr Gatis Kokins a severance in the amount of 6 monthly salaries. As of the date of this Prospectus, no additional amounts are set aside or accrued by the Company or its subsidiaries to enable the payment of pension, retirement, or similar benefits for the benefit of members of the Supervisory Board or Management Board of the Company or any Group company.

The details on the amount of remuneration of the members of the Supervisory Board, as of the date of this Prospectus, are provided below.

Table 12.1.1.

The amount of remuneration of the members of the Supervisory Board of the Company

Gross amount per month for:	Remuneration, EUR	
	2023	2024
Member of the Supervisory Board	2,100	2,289
Chairman of the Supervisory Board	3,150	3,435
Deputy Chairperson of the Supervisory Board	450	490
Head of a committee	450	490
Member of a committee	225	245
Head of a working group	450	490
Member of a working group	225	245

On 26 March 2024, the Extraordinary General Meeting increased the remuneration for the Supervisory Board for the year 2024 by 9%.

12.2. Personnel share options

On 9 September 2021, the General Meeting resolved to approve a share options programme for the Company's employees, Management Board and Supervisory Board. The purpose of issuing the Company's personnel options is to reward the employees, members of Management Board and Supervisory Board for their successful performance, significant investment and loyalty to the Company, as well as to motivate them to take part in the long-term development of the Company.

For the purpose of the personnel share options programme, the share capital of the Company was conditionally increased by EUR 45,000 (450,000 shares). Options may be granted by the Company in its sole discretion in accordance with the terms and conditions of the Company's personnel share options programme, and will entitle the recipient to acquire Shares in the Company for the nominal value of the Share (EUR 0.10), provided that the option is held for a period of not less than one year.

As of the date of the Prospectus, 57,911 share options have been converted into 57,911 Shares. In the table below, the number of granted and realized options, the price, and the options grant date in the year 2023 for the Members of the Management Board and Supervisory Board are indicated:

Name, surname, position	Option grant date	Effective date of the right to convert option into share	Conversion price, EUR	Exercise period	Information about the financial year			
					Opening Balance	During the year		Closing balance
					Share options at the beginning of the year	Share options granted	Share options converted	Share options granted but not converted
Didzis Ādmidiņš , Chairman of the Management Board	30.06.2023. 30.12.2023.	30.06.2024. 30.12.2024.	0.1	30.06.2024. – 30.07.2024. 30.12.2024. – 30.01.2025.	5,000	5,000	5,000	5,000
Aldis Umblejs , Member of the Management Board, Chief Financial Officer	30.06.2023. 30.12.2023.	30.06.2024. 30.12.2024.	0.1	30.06.2024. – 30.07.2024. 30.12.2024. – 30.01.2025.	5,000	5,000	5,000	5,000
Sanita Pudnika , Member of the Management	30.06.2023. 30.12.2023.	30.06.2024. 30.12.2024.	0.1	30.06.2024. – 30.07.2024. 30.12.2024. – 30.01.2025.	5,000	5,000	5,000	5,000

Board, Chief Commercial Officer								
Nauris Bloks, Member of the Management Board, Chief Innovation Officer	30.06.2023. 30.12.2023.	30.06.2024. 30.12.2024.	0.1	30.06.2024. – 30.07.2024. 30.12.2024. – 30.01.2025.	0	5,000	0	5,000
Agris Evertovskis Chairman of the Supervisory Board	30.06.2023. 30.12.2023.	30.06.2024. 30.12.2024.	0.1	30.06.2024. – 30.07.2024. 30.12.2024. – 30.01.2025.	1,250	1,250	1,250	1,250
Gatis Kokins, Deputy Chairman of the Supervisory Board	30.06.2023. 30.12.2023.	30.06.2024. 30.12.2024.	0.1	30.06.2024. – 30.07.2024. 30.12.2024. – 30.01.2025.	1,250	1,250	1,250	1,250
Mārtiņš Bičevskis, Member of the Supervisory Board	30.06.2023. 30.12.2023.	30.06.2024. 30.12.2024.	0.1	30.06.2024. – 30.07.2024. 30.12.2024. – 30.01.2025.	1,250	1,250	1,250	1,250
Jānis Pizičs, Member of the Supervisory Board	30.06.2023. 30.12.2023.	30.06.2024. 30.12.2024.	0.1	30.06.2024. – 30.07.2024. 30.12.2024. – 30.01.2025.	1,250	1,250	1,250	1,250
Edgars Vojskis, Member of the Supervisory Board	30.06.2023. 30.12.2023.	30.06.2024. 30.12.2024.	0.1	30.06.2024. – 30.07.2024. 30.12.2024. – 30.01.2025.	1,250	1,250	1,250	1,250

12.3. Remuneration Report

For year 2022 and 2023, the Company in accordance with Latvian Financial Instrument Market Law published Remuneration Report²⁸. The Remuneration Report consists of 5 sections: Introduction, Remuneration of the Management Board, Remuneration of the Supervisory Board, Changes in remuneration and Company performance results and Remuneration related to stock options.

The following remuneration and other benefits were paid to the Management Board for the period covered by Remuneration Reports:

Name, surname	Didzis Ādmīdiņš	Aldis Umblejs	Sanita Pudnika ¹	Nauris Bloks ²	Ivars Lamberts ³
Position at the Management Board	Chairman	Member	Member	Member	Member
Fixed Remuneration, EUR					
Base Salary					
2023	133,819	84,190	88,488	53,043	-
2022	95,389	71,844	72,374	-	17,503
Other Benefits⁴					
2023	396	465	465	-	-
2022	100	100	100	-	1000

²⁸ Source: <https://delfingroup.lv/storage/files/delfingroup-remuneration-report-2022-esigned-en-en.pdf> and <https://www.delfingroup.lv/storage/files/delfingroup-remuneration-report-2023-en-en.pdf>

Total, EUR					
2023	134,215	84,655	88,953	53,043	-
2022	95,489	71,944	72,474	-	17,603
Variable Remuneration, EUR					
2023	32,808	8,436	8,161	5,644	-
2022	74,204	15,396	8,107	-	17,865 ⁵
Total Remuneration, EUR					
2023	167,023	93,081	97,114	58,687	-
2022	169,593	87,240	80,481	-	35,368
Proportion of Fixed and Variable Remuneration%					
2023	76/24	90/10	91/9	89/11	-
2022	56/44	82/18	90/10	-	50/50

¹ Management Board member since 1 March 2022

² Management Board member since 8 June 2023

³ Management Board member until 1 March 2022

⁴ Other benefits include health insurance

⁵ The variable remuneration for I. Lamberts includes a payment for the 2022 result, which was paid upon termination of employment

The following remuneration and other benefits were paid to the Supervisory Board for the period covered by Remuneration Reports:

Name, surname	Agris Evertovskis	Gatis Kokins	Mārtiņš Bičevskis	Jānis Pizičs	Edgars Voļskis
Position at the Supervisory Board	Chairman	Deputy Chairman	Member	Member	Member
Fixed Remuneration, EUR					
Base Salary					
2023	62,700	31,450	26,105	24,500	26,105
2022	42,000	20,400	16,800	16,800	16,800
Allowances for work in Supervisory Board Committees					
2023	5,700	10,400	6,070	8,800	6,070
2022	3,600	5,400	3,600	5,400	3,600
Other Benefits¹					
2023	312	312	312	465	312
2022	100	-	-	100	-
Total, EUR					
2023	68,712	42,162	32,487	33,765	32,487
2022	45,700	25,800	20,400	22,300	20,400
Variable Remuneration, EUR					
2023	0	0	0	0	0
2022	0	0	0	0	0
Total Remuneration, EUR					

2023	68,712	42,162	32,487	33,765	32,487
2022	45,700	25,800	20,400	22,300	20,400
Proportion of Fixed and Variable Remuneration%					
2023	100/0	100/0	100/0	100/0	100/0
2022	100/0	100/0	100/0	100/0	100/0

¹ Other benefits include health insurance

Remuneration Report for year 2023 is the second Company's Remuneration Report prepared in accordance with Latvian Financial Instrument Market Law. The comparative data summarizes the remuneration of the Management Board and Supervisory Board, Company performance indicators, and the average full-time salary of the Company's employees, excluding Management Board and Supervisory Board members. In addition, heads of departments of the Company have been selected as the reference group for employee compensation.

Management Board remuneration, EUR	2022	2023
Management Board fixed remuneration	257,511	360,866
Management Board variable remuneration	115,571	55,038
Management Board total remuneration	372,681	415,905
Supervisory Board fixed remuneration	134,600	209,613
Supervisory Board variable remuneration	0	0
Supervisory Board total remuneration	134,600	209,613
Company performance, EUR		
Revenue	35,775,886	50,423,151
Profit before tax	7,257,561	8,289,635
Net profit	5,961,453	6,627,971
The average annual salary of employees for full-time work, EUR		
Remuneration of department heads	39,996	44,904

13. HISTORICAL FINANCIAL INFORMATION

The financial information contained in this Section is extracted from the audited consolidated financial statements of the Group pertaining to the three financial years ending on 31 December 2023, 31 December 2022 and 31 December 2021 (the "**Audited Financial Statements**") prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union.

The financial information in this Prospectus for the 3-month period which ended on 31 March 2024 and 3-month period which ended on 31 March 2023 has been derived or taken from the unreviewed consolidated interim financial statements of the Group for the 3-month period which ended on 31 March 2024 and for the 3-month period which ended on 31 March 2023 (the "**Interim Financial Reports**") which have been prepared in accordance with the International Accounting Standards (IAS) 34 but have not been reviewed by external auditors (the Interim Financial Reports together with the Audited Financial Statements also referred to as the "**Financial Statements**").

Standards issued but not yet effective

A number of new standards or amendments to standards are effective (some of which are not yet been endorsed by EU) for annual periods beginning after 1 January 2023 and earlier application is permitted; however, the Group has not early adopted the new standards or amended standards in preparing these consolidated financial statements.

The following new and amended standards are not expected to have a significant impact on the Group's consolidated financial statements.

- Classification of Liabilities as Current or Non-current (Amendments to IAS 1).
- Non-current Liabilities with Covenants (Amendments to IAS 1).
- Lease liability in a Sale and Leaseback (Amendments to IFRS 16).
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7).
- Lack of Exchangeability (amendments to IAS 21).

The Audited Financial Statements for years which ended on 31 December 2023 and 31 December 2022 have been audited and reviewed by "KPMG Baltics SIA" and Audited Financial Statement for year which ended on 31 December 2021 has been audited and reviewed by "BDO ASSURANCE" SIA and have been incorporated by a reference.

Emphasis of matter included in the report of the Statutory Auditor of the Group pertaining to the consolidated financial statement for the financial year ending on 31 December 2022

Within the audit report for the Audited Financial Statement for year which ended on 31 December 2022 the Statutory Auditor has provided an emphasis of matter – comparative information which is fully reproduced below.

We draw attention to Note 1 section Restatement in comparative figures due to correction of errors on page 21 of the separate and consolidated financial statements, which describes that the Company and the Group identified errors in the previous years relating to expected credit loss calculation, classification and resulting measurement error for pawn loans, application of effective interest rate method to interest income calculation, classification error for accounting of e-shop sales, as a result of which the comparative information presented as at and for the year ended 31 December 2021 and the statement of financial position as at 1 January 2021 have been restated. Our opinion is not modified in respect of this matter.

Table 13.1.

Statement of profit or loss of the Group (EUR'000)

	Year ended 31 December (audited)			Three-month period ended 31 March (unreviewed)	
	2021	2022	2023	2023	2024
Net sales ⁽¹⁾	4,822	6,473	9,216	2,099	2,328
Cost of sales ⁽¹⁾	(3,157)	(4,204)	(6,086)	(1,372)	(1,505)
Interest income and similar income ⁽¹⁾	20,368	29,303	41,207	9,234	11,932
Interest expenses and similar expenses	(3,827)	(4,669)	(8,579)	(1,792)	(2,561)
Credit loss expenses ⁽¹⁾	(2,815)	(6,161)	(10,687)	(2,466)	(3,421)
Gross profit ⁽¹⁾	15,390	20,742	25,071	5,702	6,773
Selling expenses	(6,125)	(7,500)	(8,747)	(2,063)	(2,588)
Administrative expenses	(4,213)	(5,773)	(7,727)	(1,765)	(2,068)
Other operating income	85	104	75	15	25
Other operating expenses ⁽¹⁾	(140)	(315)	(383)	(64)	(103)
Profit before corporate income tax ⁽¹⁾	4,997	7,258	8,290	1,825	2,039
Income tax expenses	(979)	(1,296)	(1,662)	(212)	(420)
Net profit for the reporting period ⁽¹⁾	4,018	5,961	6,628	1,613	1,619
Earnings per share, EUR²⁹ ⁽¹⁾	0.098	0.132	0.146	0.036	0.036
Adjusted earnings per share, EUR³⁰	0.098	0.132	0.146	0.036	0.036

Notes**(1) Impact of restatement in comparative figures:**

- (a) In the Financial Statements for the year ended 31 December 2022, the Group has identified a classification error on pawn loans while preparing Group's financial statements. The error relates to incorrect classification of pawn loans as Inventory and related sales of collateral as Net sales. The error resulted in overstatement of the Group's and the Company's Net sales by EUR 1 140 031, Cost of sales by EUR 805 281 and understatement of Interest income and similar income by EUR 334 750 in statement of profit and loss for the year ended 31 December 2021.
- (b) The Group and the Company has improved ECL calculation model. The Group and the Company have included defaults from debt sale before payments are past due for more than 90 days in probability of default calculation. Model improvement resulted in an identified understatement of Credit loss expenses by EUR 417 660 in statement of profit or loss for the year ended 31 December 2021.
- (c) The Management has reconsidered the judgment in respect of pawn loan accounting and come to conclusion that pawn loans do not meet solely payment of principal and interest (SPPI) requirements, thus prior period pawn loan measurement according to amortized cost were erroneous. The Group and the Company recognizes and subsequently measures pawn loans at fair value. There is no difference in comparative figures of Loans and receivables, and Interest income and similar income due to this error.

²⁹ Earning per shares as reported at the end of each respective period.

³⁰ For comparability purposes, the number of shares outstanding have been adjusted for new share issues.

- (d) The Management has identified an error on interest revenue calculation on debt financial assets by applying effective interest rate method while preparing Group's and the Company's financial statements. The error resulted in understatement of Interest income and similar income by EUR 211 567 in statement of profit and loss for the year ended 31 December 2021. To comply with requirements of IFRS 9, the Group and the Company have recalculated interest income and similar income.
- (e) The Management has identified a classification error on accounting of e-shop sales while preparing Group's financial statements. The error relates to incorrect recognition of e-shop markup in net sales. The error resulted in understatement of the Group's and the Company's Net sales by EUR 294 565, Cost of sales by EUR 294 565 in statement of profit or loss for the year ended 31 December 2021.
- (f) The Group and the Company have changed the presentation of losses from debt sales. In statement of profit or loss for the year ended 31 December 2021 losses from debt sales was presented under Other operating expenses. In this financial statement, for better presentation of financial information, losses from debt sales were reclassified to Credit loss expenses. The reclassification resulted in understatement of Credit loss expenses and overstatement of Other operating expenses by EUR 165 328 in statement of profit and loss for the year ended 31 December 2021.
- (g) The Management has identified a classification error on pawn loans while preparing Group's financial statements. The error relates to incorrect classification of collateral as Net sales. The error resulted in overstatement of the Group's Net sales by EUR 204 242, Cost of sales by EUR 71 114 and understatement of Interest income and similar income by EUR 133 128 in statement of profit and loss for the prior 3 months ended 31 March 2023.
- (h) The Management has identified a classification error on debt sales while preparing Group's financial statements. The error relates to incorrect classification of written off interest in debt sales as Interest income and similar income. The error resulted in understatement of Credit loss expenses by EUR 321 808 and understatement of interest income and similar income by EUR 321 808 in statement of profit and loss for the prior 3 months ended 31 March 2023.

Table 13.2.

The effect of changes on the Statement of profit or loss of the Group for 2021 (EUR'000)

	Reference	Previously recorded amounts	Effect of reclassification	Adjusted data
Net sales	(a), (e)	5,667	(845)	4,822
Cost of sales	(a), (e)	(3,668)	511	(3,157)
Interest income and similar income	(a), (d)	19,821	546	20,368
Interest expenses and similar expenses		(3,827)	-	(3,827)
Credit loss expenses	(b), (f)	(2,237)	(578)	(2,815)
Gross profit		15,756	(367)	15,390
Selling expenses		(6,125)	-	(6,125)
Administrative expenses		(4,213)	-	(4,213)
Other operating income		85	-	85
Other operating expenses	(f)	(301)	160	(140)
Profit before corporate income tax		5,203	(206)	4,997
Income tax expenses		(979)	-	(979)
Net profit for the reporting period		4,224	(206)	4,018
Earnings per share		0.103	(0.005)	0.098

Table 13.3.

The effect of changes on the Statement of profit or loss of the Group for three-months ended 31 March 2023 (EUR'000)

	Reference	Previously recorded amounts	Effect of reclassification	Adjusted data
Net sales	(g)	2,303	(204)	2,099
Cost of sales	(g)	(1,443)	71	(1,372)
Interest income and similar income	(g, h)	8,779	455	9,234
Interest expenses and similar expenses		(1,792)	-	(1,792)
Credit loss expenses	(h)	(2,145)	(322)	(2,466)
Gross profit		5,702	-	5,702
Selling expenses		(2,063)	-	(2,063)
Administrative expenses		(1,765)	-	(1,765)
Other operating income		15	-	15
Other operating expenses		(64)	-	(64)
Profit before corporate income tax		1,825	-	1,825
Income tax expenses		(212)	-	(212)
Net profit for the reporting period		1,613	-	1,613
Earnings per share		0.036	-	0.036
		0.036	-	0.036

Table 13.4.

Balance sheet statements of the Group (EUR'000)

Item	Year ended 31 December (audited)			Three-month period ended 31 March (unreviewed)	
	2021	2022	2023	2023	2024
ASSETS					
Non-current assets					
Intangible assets					
Concessions, patents, licences, trademarks and similar rights	64	27	14	17	13
Internally developed software	377	575	799	524	764
Other intangible assets	51	121	770	135	916
Goodwill	128	128	128	128	128
Work in progress internally developed software	-	-	32		115
Advances on intangible assets	19	44	125	175	87
Total intangible assets	638	895	1,867	979	2,023
Property, plant and equipment					
Right-of-use assets	2,973	2,636	2,887	2,698	2,701
Land, buildings, structures and perennials	170	182	175	180	179
Investments in property, plant and equipment	187	189	315	202	295

Other fixtures and fittings, tools and equipment	207	203	322	234	318
Total property, plant and equipment	3,536	3,211	3,699	3,314	3,493
Non-current financial assets					
Loans and receivables	28,569	46,150	66,686	52,729	73,326
Long-term investments	28,569	46,150	66,686	52,729	73,326
Total non-current assets	32,743	50,256	72,253	57,022	78,841
Current assets					
Inventories					
Finished goods and goods for sale ⁽¹⁾	1,255	2,290	3,391	3,909	3,558
Total inventories ⁽¹⁾	1,255	2,290	3,391	3,909	3,558
Receivables					
Loans and receivables ⁽¹⁾	15,186	21,368	22,340	20,724	22,228
Other debtors	352	575	914	633	410
Total receivables ⁽¹⁾	15,705	21,942	23,253	21,766	22,638
Deferred expenses*	167	301	235	409	482
Cash and cash equivalents	2,460	2,369	5,929	2,398	2,995
Total current assets ⁽¹⁾	19,420	26,902	32,808	28,073	29,673
TOTAL ASSETS ⁽¹⁾	52,163	77,158	105,061	85,095	108,515
EQUITY AND LIABILITIES					
Equity:					
Share capital	4,532	4,532	4,538	4,532	4,538
Share premium	6,891	6,891	6,891	6,891	6,891
Other capital reserves	-	93	170	128	210
Retained earnings ⁽¹⁾	6,053	6,590	9,724	7,364	10,694
Total equity ⁽¹⁾	17,476	18,106	21,322	18,915	22,332
Creditors					
Long-term creditors					
Bonds issued ⁽¹⁾	9,894	4,331	26,862	7,406	29,022
Loans from credit institutions	-	-	6,407	-	8,162
Other borrowings	8,086	15,005	14,904	16,326	13,132
Lease liabilities	2,652	2,353	2,337	2,225	2,173
Total long-term creditors ⁽¹⁾	20,633	21,688	50,510	25,957	52,488
Short-term creditors					
Bonds issued ⁽¹⁾	944	14,783	13,405	15,548	13,873
Loans from credit institutions	-	-	887	-	1,127
Other borrowings	10,487	19,856	14,506	20,560	12,836
Lease liabilities	653	565	831	749	813
Trade payables	806	856	1,011	695	871
Taxes and social insurance	226	350	393	586	1,995
Income tax liabilities**	132	211	997	-	-
Unpaid dividends	-	-	-	838	649
Accrued liabilities	766	742	1,198	1,246	1,531
Total short-term creditors ⁽¹⁾	14,054	37,364	33,228	40,223	33,694
Total creditors	34,687	59,052	83,739	66,180	86,183
TOTAL EQUITY AND LIABILITIES ⁽¹⁾	52,163	77,158	105,061	85,095	108,515

* On the Balance sheet statement of the Group for the years ended 31 December 2022 and 31 December 2023 (in the Financial Statements for the year ended 31 December 2023) and for the three-month period ended 31 March 2024 section "Deferred expenses" does not form part of receivables and is disclosed separately from section "Receivables". The Management makes appropriate changes also on the Balance sheet statement of the Group for the year ended 31 December 2021 and for the 3-month period ended on 31 March 2023 considering that deferred expenses shall not constitute part of receivables.

** On the Balance sheet statement of the Group for the years ended 31 December 2022 and 31 December 2023 (in the Financial Statements for the year ended 31 December 2023) section "Income tax liabilities" is disclosed separately from section "Taxes and social insurance". For uniform approach the Management discloses such information also on the Balance sheet statement of the Group for the year ended 31 December 2021. The Financial Statements for the three-month period ended 31 March 2023 and for the three-month period ended 31 March 2024 do not contain separately allocated information on income tax liabilities.

Notes

(1) Impact of restatement in comparative figures

- (a) The Management has identified a classification error on pawn loans while preparing Group's financial statements. The error relates to incorrect classification of pawn loans as Inventory and related sales of collateral as Net sales. The error resulted in overstatement of the Group's and the Company's Inventory by EUR 694,792 in balance sheet as of 31 December 2021 and by EUR 681,817 in balance sheet as of 1 January 2021 and understatement of Loans and receivables by EUR 694,792 in balance sheet as of 31 December 2021 and by EUR 681,817 in balance sheet as of 1 January 2021.
- (b) The Group and the Company have improved ECL calculation model. The Group and the Company have included defaults from debt sale before payments are past due for more than 90 days in probability of default calculation. Model improvement resulted in an identified overstatement of Loans and receivables by EUR 387,290 in balance sheet as of 31 December 2021 and understatement by EUR 30,370 in balance sheet as of 1 January 2021.
- (c) The Management has reconsidered the judgment in respect of pawn loan accounting and come to conclusion that pawn loans do not meet solely payment of principal and interest (SPPI) requirements, thus prior period pawn loan measurement according to amortized cost were erroneous. The Group and the Company recognizes and subsequently measures pawn loans at fair value. There is no difference in comparative figures of Loans and receivables, and Interest income and similar income due to this error.
- (d) The Management has identified an error on interest revenue calculation on debt financial assets by applying effective interest rate method while preparing Group's and the Company's financial statements. The error resulted in understatement of Loans and receivables by EUR 485,951 in balance sheet as at 31 December 2021 and by EUR 274,384 in balance sheet as of 1 January 2021.
- (e) The Group and the Company have changed the short-term, long-term split of Bonds issued. The reclassification resulted in understatement of short-term Bonds issued and overstatement of long-term Bonds issued by EUR 931,039 in the Group's and the Company's balance sheet as at 31 December 2021.

Table 13.5.

The effect of changes on the Balance sheet statements of the Group for the year ended 31 December 2021 (EUR'000)

<i>Item</i>	Reference	Previously recorded amounts	Effect of reclassification	Adjusted data
ASSETS				
Non-current assets				
Intangible assets				
Concessions, patents, licences, trademarks and similar rights		64	-	64
Internally developed software		377	-	377
Other intangible assets		51	-	51
Goodwill		128	-	128

Advances on intangible assets		19		19
Total intangible assets		638	-	638
Property, plant and equipment		3,536	-	3,536
Long-term investments		28,569	-	28,569
Total non-current assets		32,743	-	32,743
Current assets				
Inventories				
Finished goods and goods for sale	(a)	1,949	(695)	1,255
Total inventories		1,949	(695)	1,255
Receivables				
Loans and receivables	(a), (b), (d)	14,392	793	15,186
Other debtors		352	-	352
Deferred expenses		167	-	167
Total receivables		14,912	793	15,705
Cash and cash equivalents		2,460	-	2,460
Total current assets		19,321	99	19,420
TOTAL ASSETS		52,065	99	52,163
EQUITY AND LIABILITIES				
Equity:				
Share capital		4,532	-	4,532
Share premium		6,891	-	6,891
Retained earnings	(a), (b), (d)	5,954	99	6,053
Total equity		17,377	99	17,476
Creditors				
Long-term creditors				
Bonds issued	(e)	10,825	(931)	9,894
Other borrowings		8,086	-	8,086
Lease liabilities		2,652	-	2,652
Total long-term creditors		21,564	(931)	20,633
Short-term creditors				
Bonds issued	(e)	13	931	944
Other borrowings		10,487	-	10,487
Lease liabilities		653	-	653
Trade payables		806	-	806
Taxes and social insurance		398	-	398
Unpaid dividends		-	-	-
Accrued liabilities		766	-	766
Total short-term creditors		13,123	931	14,054
Total creditors		34,687	-	34,687
TOTAL EQUITY AND LIABILITIES		52,065	99	52,163

Table 13.6.

Statements of changes in equity of the Group (EUR'000)

	Share capital	Share premium	Other capital reserves	Retained earnings	Total
As at 31 December 2020	4,000	-	-	5,251	9,251
Impact of correction of errors	-	-	-	202	202
Restated as at 31 December 2020*	4,000	-	-	5,454	9,454
Impact of correction of errors	-	-	-	305	305
Restated as at 1 January 2021**	4,000	-	-	5,758	9,758
Dividends paid	-	-	-	(3,723)	(3,723)
Share capital increase resulted from IPO	532	7,554	-	-	8,086
IPO transaction costs	-	(663)	-	-	(663)
Profit for the reporting period***	-	-	-	4,018	4,018
As at 31 December 2021	4,532	6,891	-	6,053	17,476
Dividends paid	-	-	-	(5,425)	(5,425)
Share-based payments	-	-	93	-	93
Profit for the reporting period	-	-	-	5,961	5,961
As at 31 December 2022	4,532	6,891	93	6,590	18,106
Dividends paid	-	-	-	(3,494)	(3,494)
Share-based payments	-	-	77	-	77
Profit for the reporting period	-	-	-	6,628	6,628
Exercise of share options	6	-	-	-	6
As at 31 December 2023	4,538	6,891	170	9,724	21,322
Dividends paid	-	-	-	(649)	(649)
Share-based payments	-	-	40	-	40
Profit for the reporting period	-	-	-	1,619	1,619
As at 31 March 2024	4,538	6,891	210	10,694	22,332

* See restatement regarding Net profit for the reporting period on the Profit and Loss statement of the Group as of 31 December 2020 and Retained earnings and Total equity on the Balance sheet statement of the Group for the year ended 31 December 2020 (in the Financial Statements for the year ended 31 December 2021).

** See restatement regarding Retained earnings and Total equity on the Balance sheet statement of the Group as of 1 January 2021 (in the Financial Statements for the year ended 31 December 2022).

*** See restatement regarding Net profit for the reporting period on the Profit and Loss statement of the Group as of 31 December 2021 and Retained earnings and Total equity on the Balance sheet statement of the Group for the year ended 31 December 2021 (in the Financial Statements for the year ended 31 December 2022).

Table 13.7.

Cash flow statement of the Group (EUR'000)

	Year ended 31 December (audited)			Three-month period ended 31 March (unreviewed)	
	2021	2022	2023	2023	2024
Cash flows from/(to) operating activities					
Profit before corporate income tax ⁽¹⁾	4,997	7,258	8,290	1,825	2,039
Adjustments for:					
fixed assets and intangible assets depreciation	362	433	515	118	212
right-of-use assets depreciation	776	751	807	188	216
credit loss expenses ⁽¹⁾	2,815	6,161	10,687	2,466	3,421
assignment results ⁽¹⁾	-	-	-	-	-
employee share option	-	93	-	35	40
interest income ⁽¹⁾	(20,368)	(29,303)	(41,207)	(9,234)	(11,932)
interest and similar expenses	3,827	4,669	8,579	1,792	2,561
Profit or loss before adjustments of working capital and short-term liabilities ⁽¹⁾	(7,590)	(9,938)	(12,254)	(2,809)	(3,442)
Adjustments for:					
change in loans and receivables and other debtors ⁽¹⁾	(11,303)	(29,872)	(31,044)	(7,821)	(9,276)
change in inventories ⁽¹⁾	279	(1,035)	(1,101)	(1,620)	(167)
change in trade and other payables ⁽¹⁾	(64)	1	1,164	1,486	595
Gross cash flow from/(to) operating activities ⁽¹⁾	(18,678)	(40,844)	(43,234)	(10,765)	(12,290)
Interest received ⁽¹⁾	20,237	28,898	39,784	8,487	11,514
Interest paid ⁽¹⁾	(4,111)	(5,041)	(9,751)	(2,224)	(3,435)
Corporate income tax payments	(755)	(979)	(778)	(1,296)	(191)
Net cash flow from/(to) operating activities	(3,307)	(17,966)	(13,978)	(5,798)	(4,402)
Cash flow from/(to) investing activities					
Acquisition of fixed assets, intangibles	(549)	(704)	(1,726)	(243)	(347)
Loans issued (other than core business of the Company)	(93)	-	-	-	-
Loans repaid (other than core business of the Company)	567	-	-	-	-
Net cash flow from/(to) investing activities	(74)	(704)	(1,726)	(243)	(347)
Cash flow from/(to) financing activities					

Proceeds of exercise of share options	-	-	6	-	-
Term deposits	-	-	(455)	-	-
Share capital increase resulted from IPO (incl. share premium)	8,086	-	-	-	-
IPO transaction costs	(663)	-	-	-	-
Loans received	20,634	35,566	26,079	6,438	5,332
Loans repaid	(19,849)	(18,783)	(23,922)	(3,979)	(5,562)
Bonds issued	11,111	8,651	36,954	3,838	2,785
Redemption of bonds	(13,481)	(500)	(14,943)	-	(500)
Repayment of lease liabilities	(866)	(930)	(961)	(228)	(240)
Dividends paid	(3,723)	(5,425)	(3,494)	-	-
Net cash flow from/(to) financing activities	1,249	18,579	19,264	6,070	1,816
Net cash flow of the reporting period	(2,132)	(90)	3,560	29	(2,934)
Cash and cash equivalents at the beginning of the period	4,592	2,460	2,369	2,369	5,929
Cash and cash equivalents at the end of the period	2,460	2,369	5,929	2,398	2,995

Notes

(1) Impact of restatement in comparative figures

- (a) In the Financial Statement for the year ended 31 December 2022, the Group has identified a classification error on pawn loans while preparing Group's financial statements. The error resulted in overstatement of the Group's and the Company's Net sales by EUR 1,140,031, Cost of sales by EUR 805,281 in statement of profit or loss for the year ended 31 December 2021 and Inventory by EUR 694,792 in balance sheet as of 31 December 2021 and by EUR 681,817 in balance sheet as of 1 January 2021 and understatement of Interest income and similar income by EUR 334,750 in statement of profit and loss for the year ended 31 December 2021 and Loans and receivables by EUR 694,792 in balance sheet as of 31 December 2021 and by EUR 681,817 in balance sheet as of 1 January 2021.
- (b) The Management has identified an error on interest revenue calculation on debt financial assets by applying effective interest rate method while preparing Group's and the Company's financial statements. The error resulted in understatement of Interest income and similar income by EUR 211,567 in statement of profit and loss for the year ended 31 December 2021 and Loans and receivables by EUR 485,951 in balance sheet as at 31 December 2021 and by EUR 274,384 in balance sheet as of 1 January 2021. To comply with requirements of IFRS 9, the Group and the Company have recalculated interest income and similar income.
- (c) The Group and the Company has improved ECL calculation model. The Group and the Company have included defaults from debt sale before payments are past due for more than 90 days in probability of default calculation. Model improvement resulted in an identified understatement of Credit loss expenses by EUR 417,660 in statement of profit or loss for the year ended 31 December 2021.
- (d) The Group and the Company have changed the presentation of losses from debt sales. In statement of profit or loss for the year ended 31 December 2021 losses from debt sales was presented under Other operating expenses. In these financial statements, for better presentation of financial information, losses from debt sales were reclassified to Credit loss expenses. The reclassification resulted in understatement of Credit loss expenses and overstatement of Other operating expenses by EUR 165,328 in statement of profit and loss for the year ended 31 December 2021.

- (e) The Management has identified a classification error on pawn loans while preparing Group's financial statements. The error relates to incorrect classification of collateral as Net sales. The error resulted in overstatement of the Group's Net sales by EUR 204 242, Cost of sales by EUR 71 114 and understatement of Interest income and similar income by EUR 133 128 in statement of profit and loss for the prior 3 months ended 31 March 2023.
- (f) The Management has identified a classification error on debt sales while preparing Group's financial statements. The error relates to incorrect classification of written off interest in debt sales as Interest income and similar income. The error resulted in understatement of Credit loss expenses by EUR 321 808 and understatement of interest income and similar income by EUR 321 808 in statement of profit and loss for the prior 3 months ended 31 March 2023.

Table 13.8.

The effect of changes on the Cash flow statement of the Group for the year ended 31 December 2021 (EUR'000)*

	Reference	Previously recorded amounts	Effect of reclassification	Adjusted data
<u>Cash flows from/(to) operating activities</u>				
Profit before corporate income tax		5,203	(206)	4,997
Adjustments for:				
fixed assets and intangible assets depreciation		362	-	362
right-of-use assets depreciation		776	-	776
credit loss expenses	(c), (d)	2,237	578	2,815
assignment results	(d)	160	(160)	-
interest income	(a), (b)	(19,821)	(546)	(20,368)
interest and similar expenses		3,827	-	3,827
Profit or loss before adjustments of working capital and short-term liabilities		(7,255)	(335)	(7,590)
Adjustments for:				
change in loans and receivables and other debtors	(a), (c), (b)	(10,236)	(1,067)	(11,303)
change in inventories	(a)	(415)	694	279
change in trade and other payables		(64)	-	(64)
Gross cash flow from/(to) operating activities		(17,971)	(707)	(18,678)
Interest received	(a), (b)	19,691	546	20,237
Interest paid	(d)	(4,271)	160	(4,111)
Corporate income tax payments		(755)	-	(755)
Net cash flow from/(to) operating activities		(3,307)	-	(3,307)
Cash flow from/(to) investing activities				
Acquisition of fixed assets, intangibles		(549)	-	(549)
Loans issued (other than core business of the Company)		(93)	-	(93)
Loans repaid (other than core business of the Company)		567	-	567
Net cash flow from/(to) investing activities		(74)	-	(74)

Cash flow from/(to) financing activities				
Share capital increase resulted from IPO (incl. share premium)		8,086	-	8,086
IPO transaction costs		(663)	-	(663)
Loans received		20,634	-	20,634
Loans repaid		(19,849)	-	(19,849)
Bonds issued		11,111	-	11,111
Redemption of bonds		(13,481)	-	(13,481)
Repayment of lease liabilities		(866)	-	(866)
Dividends paid		(3,723)	-	(3,723)
Net cash flow from/(to) financing activities		1,249	-	1,249
Net cash flow of the reporting period		(2,132)	-	(2,132)
Cash and cash equivalents at the beginning of the period		4,592	-	4,592
Cash and cash equivalents at the end of the period		2,460	-	2,460

*Source: some data included in this table are more detailed management data of the Company based on Financial Statements

Table 13.9.

The effect of changes on the Cash flow statement of the Group for three-months ended 31 March 2023 (EUR'000)*

	Reference	Previously recorded amounts	Effect of reclassification	Adjusted data
Cash flows from/(to) operating activities				
Profit before corporate income tax		1,825	-	1,825
Adjustments for:				
fixed assets and intangible assets depreciation		118	-	118
right-of-use assets depreciation		188	-	188
credit loss expenses	(f)	2,145	322	2,466
assignment results		-	-	-
employee share option		35	-	35
interest income	(e, f)	(8,779)	(455)	(9,234)
interest and similar expenses		1,792	-	1,792
Profit or loss before adjustments of working capital and short-term liabilities		(2,676)	(133)	(2,809)
Adjustments for:				
change in loans and receivables and other debtors	(f)	(7,500)	(322)	(7,821)
change in inventories		(1,620)	-	(1,620)
change in trade and other payables		1,486	-	1,486
Gross cash flow from/(to) operating activities		(10,310)	(455)	(10,765)
Interest received	(e, f)	8,032	455	8,487

Interest paid	(2,224)	-	(2,224)
Corporate income tax payments	(1,296)	-	(1,296)
Net cash flow from/(to) operating activities	(5,798)	-	(5,798)
Cash flow from/(to) investing activities			
Acquisition of fixed assets, intangibles	(243)	-	(243)
Loans issued (other than core business of the Company)	-	-	-
Loans repaid (other than core business of the Company)	-	-	-
Net cash flow from/(to) investing activities	(243)	-	(243)
Cash flow from/(to) financing activities			
Proceeds of exercise of share options	-	-	-
Term deposits	-	-	-
Share capital increase resulted from IPO (incl. share premium)	-	-	-
IPO transaction costs	-	-	-
Loans received	6,438	-	6,438
Loans repaid	(3,979)	-	(3,979)
Bonds issued	3,838	-	3,838
Redemption of bonds	-	-	-
Repayment of lease liabilities	(228)	-	(228)
Dividends paid	-	-	-
Net cash flow from/(to) financing activities	6,070	-	6,070
Net cash flow of the reporting period	29	-	29
Cash and cash equivalents at the beginning of the period	2,369	-	2,369
Cash and cash equivalents at the end of the period	2,398	-	2,398

*Source: some data included in this table are more detailed management data of the Company based on Financial Statements

Alternative Performance Measures

This Prospectus contains certain financial and operating performance measures that are not defined or recognised under the IFRS and which are considered to be “alternative performance measures” as defined in the “ESMA Guidelines on Alternative Performance Measures” issued by the European Securities and Markets Authority on 5 October 2015 (the “**APMs**” or “**Alternative Performance Measures**”). This Prospectus presents the following Alternative Performance Measures: total revenue, EBITDA, EBITDA margin, EBIT, EBIT margin, net profit margin, ROE, equity ratio and current ratio, gross profit from net sales, gross margin from net sales, total costs of services provided, gross profit from financial services, gross margin from financial services, adjusted gross profit, adjusted gross profit margin, all of which are defined below:

Total revenue = net sales + interest income and similar income. Refer to Table 14.3.1 to see total revenue calculation.

EBITDA (earnings before interest, taxes, depreciation and amortisation) = profit before tax + interest expenses and similar expenses + right-of-use assets depreciation + depreciation of fixed assets + amortisation. Refer to Table 13.11 to see EBITDA calculation.

EBITDA margin = EBITDA / Total revenue * 100, where Total revenue = net sales + interest income and similar income.

EBIT (earnings before interest and taxes) = profit before tax + interest expenses and similar expenses. Refer to Table 13.11 to see EBIT calculation.

EBIT margin = EBIT / Total revenue * 100, where Total revenue = net sales + interest income and similar income.

Net profit margin = net profit / Total revenue, where Total revenue = net sales + interest income and similar income.

Return on equity (ROE) = net profit / (total equity as at start of the period + total equity as at period end) / 2 * 100. As per three-month results the ROE provided is annualised = net profit for the period / months in the period * 12 / (total equity as at start of the period + total equity as at period end) / 2 * 100.

Equity ratio = total equity / total assets * 100.

Current ratio = total current assets / total short-term current * 100.

Gross profit from net sales = net sales – cost of sales.

Gross margin from net sales = Gross profit from net sales / net sales.

Total costs of services provided = total interest expenses and similar expenses + credit loss expenses + other operating expenses.

Total costs of sales and services provided = cost of sales + Total costs of services provided.

Gross profit from financial services = total interest income and similar income – Total costs of services provided, where Total costs of services provided = total interest expenses and similar expenses + credit loss expenses + other operating expenses.

Gross margin from financial services = Gross profit from financial services / total interest income and similar income.

Adjusted gross profit = gross profit – other operating expenses.

Adjusted gross profit margin = Adjusted gross profit / (net sales + total interest income and similar income).

Net loan portfolio = non-current loans and receivables + current loans and receivables.

Table 13.10.

Key ratios and indicators (EUR'000):

Item	Year ended 31 December			Three-month period ended 31 March	
	2021	2022	2023	2023	2024
Total revenue*, EUR'000 ⁽¹⁾	25,189	35,776	50,423	11,333	14,260
EBITDA*, EUR'000 ⁽¹⁾	9,962	13,111	18,191	3,923	5,028
EBITDA margin*, % ⁽¹⁾	39.6	36.6	36.1	34.6	35.3
EBIT*, EUR'000 ⁽¹⁾	8,824	11,927	16,869	3,617	4,600
EBIT margin*, % ⁽¹⁾	35.0	33.3	33.5	31.9	32.3
Profit before corporate income tax, EUR'000 ⁽¹⁾	4,997	7,258	8,290	1,825	2,039
Net profit, EUR'000 ⁽¹⁾	4,018	5,961	6,628	1,613	1,619
Net profit margin*, % ⁽¹⁾	16.0	16.7	13.1	14.2	11.4
Return on equity (ROE)*, annualised, % ⁽¹⁾	29.5	33.5	33.6	34.9	29.7
Dividend paid out, EUR'000	3,723	5,425	3,494	838	649
Equity ratio*, % ⁽¹⁾	33.5	23.5	20.3	22.2	20.6
Current ratio*, x ⁽¹⁾	1.4	0.7	1.0	0.7	0.9

*for APM calculations please see Section "Alternative Performance Measures".

Notes

⁽¹⁾ Impact of restatement in comparative figures:

(a) Refer to Tables 13.2 and 13.3 to see the impact of restatement in comparative figures of Profit or loss statement of the Group for 2021 and the three-month period ended 31 March 2023.

(b) Refer to Table 13.5 to see the impact of reclassification on impact of restatement in comparative figures of Balance sheet statements of the Group for 2021.

The Company has included the APMs in this Prospectus because they represent key measures used by the Management Board towards the evaluation of operating performance of the Group. Moreover, the Management Board believes that the presentation of the APMs may be helpful to Prospective Investors because these measures and related ratios are customarily monitored and relied on by investors, securities analysts and other interested parties as supplemental indicators used to gauge performance and liquidity to evaluate the efficiency of a company's operations and future prospects. The Management Board also believes that the presentation of the APMs facilitates operating performance comparisons on a period-to-period basis to exclude the impact of items, which the Management Board does not consider to be indicative of the Group's core financial and operating performance.

The APMs are not sourced directly from the Financial Statements but are derived from the financial information contained therein. These measures have not been audited or reviewed by an independent auditor. The APMs are not defined in the IFRS, nor should they be treated as metrics of financial performance, operating cash flows, or deemed an alternative to profit. They should only be read in addition to, and not as a substitute for or to supersede the financial information prepared in accordance with the IFRS. The APMs should not be given more prominence than measures sourced directly from the Financial Statements. The Alternative Performance Measures should be read in conjunction with the Financial Statements. There are no generally accepted principles governing the calculation of the APMs and the criteria upon which the APMs are based can vary from company to company, limiting the usefulness of such measures as comparative measures. Even though the APMs are used by the Management Board to assess the Group's financial results and these types of measures are commonly used by investors, they have important limitations as analytical tools and, by themselves, do not provide a sufficient basis for comparing the Company's performance with that of other companies and should not be considered in isolation or as a substitute to the revenue, profit before tax or cash flows from operations calculated in accordance with the IFRS to analyse the financial condition or operating results of the Group.

Table 13.11.

EBIT and EBITDA calculation (EUR'000)

Item	Year ended 31 December			Three-month period ended 31 March	
	2021	2022	2023	2023	2024
Profit before corporate income tax ⁽¹⁾	4,997	7,258	8,290	1,825	2,039
Interest expenses and similar expenses	3,827	4,669	8,579	1,792	2,561
EBIT* ⁽¹⁾	8,824	11,927	16,869	3,617	4,600
Right-of-use assets depreciation	776	751	807	188	216
Depreciation and amortisation of fixed and intangible assets	362	433	515	118	212
EBITDA* ⁽¹⁾	9,962	13,111	18,191	3,923	5,028

**for APM calculations please see Section "Alternative Performance Measures".*

Notes

⁽¹⁾ Impact of restatement in comparative figures:

(a) Refer to Table 13.2 to see the impact of restatement in comparative figures of Profit or loss statement of the Group for 2021.

14. OPERATING AND FINANCIAL REVIEW

The following discussion of the Group's financial position and operational results should be read in conjunction with the Group's historical financial information as at and for the financial years ended 31 December 2023, 31 December 2022 and 31 December 2021, and for the three-month periods ended 31 March 2024 and 31 March 2023 and the accompanying notes included in the Financial Statements, and with the information relating to the Group's business included elsewhere in this Prospectus.

The discussion includes forward-looking statements that reflect the current view of the Offeror and involves risks and uncertainties. The Group's actual results could differ materially from those contained in any forward-looking statements as a result of factors discussed below and elsewhere in this Prospectus, in particular, in the Section 2 "Risk Factors" and Section 3.5 "Forward-Looking Statements". Prospective investors should read the entire Prospectus and not merely rely on the information contained in this Section "Operating and Financial Review".

14.1. Overview

The Group is a specialised consumer loan provider in Latvia and Lithuania, operating in the segments of consumer lending and pre-owned goods retail. In the year ended 31 December 2023, the total revenue of the Group was EUR 50,423 thousand, representing a 40.94% year-on-year increase compared to EUR 35,776 thousand in the year ended 31 December 2022. The revenue in the year ended 31 December 2021 was EUR 25,189 thousand. In the three-month period ended 31 March 2024, the total revenue of the Group was EUR 14,260 thousand as compared to EUR 11,333 thousand in the three-month period ended 31 March 2023, representing a 25.83% year-on-year increase.

The Group's profit before corporate income tax in the year ended 31 December 2023 was EUR 8,290 thousand, compared to EUR 7,258 thousand in the year ended 31 December 2022, an increase of 14.22%. In the year ended 31 December 2022, profit before tax increased by 45.25% from EUR 4,997 thousand in the year ended 31 December 2021. In the three-month period ended 31 March 2024, the Group's profit before corporate income tax was EUR 2,039 thousand as compared to EUR 1,825 thousand in the three-month period ended 31 March 2023, representing a 11.72% year-on-year increase.

Table 14.1.1.

Financial data from the consolidated income statements of the Group (EUR'000)

	Year ended 31 December (audited)			Three-month period ended 31 March (unreviewed)	
	2021	2022	2023	2023	2024
Total revenue* ⁽¹⁾	25,189	35,776	50,423	11,333	14,260
Cost of sales ⁽¹⁾	(3,157)	(4,204)	(6,086)	(1,372)	(1,505)
Credit loss expenses ⁽¹⁾	(2,815)	(6,161)	(10,687)	(2,466)	(3,421)
Other operating expenses ⁽¹⁾	(140)	(315)	(383)	(64)	(103)
Interest expenses and similar expenses	(3,827)	(4,669)	(8,579)	(1,792)	(2,561)
Adjusted gross profit* ⁽¹⁾	15,249	20,427	24,689	5,638	6,670
Selling expenses	(6,125)	(7,500)	(8,747)	(2,063)	(2,588)
Administrative expenses	(4,213)	(5,773)	(7,727)	(1,765)	(2,068)
Other operating income ⁽¹⁾	85	104	75	15	25
Profit before corporate income	4,997	7,258	8,290	1,825	2,039

tax ⁽¹⁾					
Income tax expenses	(979)	(1,296)	(1,662)	(212)	(420)
Net profit ⁽¹⁾	4,018	5,961	6,628	1,613	1,619
EBITDA* ⁽¹⁾	9,962	13,111	18,191	3,923	5,028

**for APM calculations please see Section "Alternative Performance Measures".*

The net profit for the year ended 31 December 2023 was EUR 6,628 thousand, compared to EUR 5,961 thousand for the year ended 31 December 2022, representing a 11.18% increase. In 2022, the Group's net profit increased by 48.36% from EUR 4,018 thousand in the year ended 31 December 2021. For the three-month period ended 31 March 2024, the Group's net profit was EUR 1,619 thousand as compared to EUR 1,613 thousand in the three-month period ended 31 March 2023, an increase of 0.36%.

Notes

⁽¹⁾ Impact of restatement in comparative figures:

(a) Refer to Tables 13.2 and 13.3 to see the impact of restatement in comparative figures of Profit or loss statement of the Group for 2021 and the three-month period ended 31 March 2023.

14.2. Key factors affecting results of operations and financial performance of the Group

Macroeconomic factors

The operations of the Group are materially affected by the macroeconomic conditions in Latvia, including, but not limited to, economic output, fiscal policy, consumer spending, inflation, unemployment rate, income levels and the overall economic certainty. In 2023, Latvian GDP decreased by 0,3%³¹, which was the steepest decline since 2010 financial crisis, excluding the decline experienced in 2020 due to COVID-19. The 1.3% decrease in private consumption due to inflation which exceeded the wage increase³². The Group has managed to reach record-high numbers of new loan issuance and turnover in 2023. However, the pace of price increases outstripped wage growth, negatively affecting the purchasing power of the population in the first half of 2023. Despite the lifting of Covid-19 restrictions and improvements in the labour market, private consumption declined more rapidly in the first to third quarters, but slowed down more moderately in the fourth quarter³³. Consumer confidence improved significantly in 2023. In 2022, consumer sentiment had deteriorated sharply following Russia's invasion of Ukraine, exacerbated by rising inflation. However, wage growth and a decrease in inflation allow for a more optimistic outlook for the future³⁴. The Group expects loan origination volumes to grow; however, given the economic uncertainties created by high inflation, war in the Ukraine, estimates are inevitably bound to deviate significantly from the actual performance. The potential effects of changes in the macroeconomic situation are further discussed in Section 2.1 "Risks", "Risk factors relating to macroeconomic conditions".

Competition

The state of competition has a major impact on the Group's business. The consumer lending market, in which the Group operates, is competitive. The Group competes with 19 other licensed consumer lending companies in Latvia with diverse business models and service offerings. In H1 2023, the market share of the Group in terms of the consumer loan portfolio was 14,7% (compared to 14.5% in the year 2022 and 12% in the year 2021)³⁵. Since Latvian law imposes a limit on the interest rates on consumer loans (please see Section 7.3 "Key developments and trends in the provision of consumer lending services" of this Prospectus), the most optimal strategy geared towards the maintenance of growth and profitability is by reducing operating costs and improving the quality of service, customer loyalty and retention. Executing less efficient strategies or having less efficient customer engagement than competitors may result in a decrease in revenue (including due to lower levels of loan originations),

³¹ Source: Ministry of Economics <https://www.em.gov.lv/lv/media/19029/download?attachment>

³² Source: Ministry of Economics <https://www.em.gov.lv/lv/media/19029/download?attachment>

³³ Source: Ministry of Economics <https://www.em.gov.lv/lv/media/19029/download?attachment>

³⁴ Source: Ministry of Economics <https://www.em.gov.lv/lv/media/19029/download?attachment>

³⁵ Based on the information provided in the Overview on Consumer (non-bank) Credit Market Activities in H1 2023 by the Consumer Rights Protection Centre. Available at: <https://www.ptac.gov.lv/lv/media/4008/download?attachment>.

and an increase in expenditure (including due to increased marketing expenditure), which may have a material adverse effect on the operating and financial performance of the Group. The potential consequences of changes in the competitive environment are further discussed under Section 2.2 "Risks", "Risk factors relating to the industry and market in which the Group operates".

Regulatory environment

The operations of the Group are subject to national and EU laws and regulations, as well as codes of conduct adopted by the CRPC, general recommendations, policies and guidelines. Changes in laws and regulations may have a significant impact on operations of the Group. The Group is subject to licensing requirements. In addition, the fiscal policies in Latvia and, in particular, in the field of corporate income tax, may affect profitability. The potential consequences of changes in the regulatory environment are further discussed under Section 2.5 "Risks", "Risk factors relating to laws, regulations and compliance".

Quality of loan portfolio and impairment

The volume of non-performing loans and the extent of impairment depend on the expected debt recovery rate. In the case of a significant deterioration in economic conditions, the recovery rate may fall below projections, thereby negatively affecting the financial performance of the Company and profitability. The potential effects of changes in the quality of loan portfolio and the amount of credit losses are further discussed under Section 2 "Risks", "Risk factors related to the Group's business".

14.3. Results of operations of the Group

Revenue

The Group has successfully grown across the entire spectrum of its core business operations since the commencement of its business in 2009. The total revenue of the Group has increased from EUR 2,017 thousand in 2010 to EUR 50,423 thousand in 2023, growing at a 28.10% CAGR (Compound Annual Growth Rate).

Table 14.3.1.

Revenue break-down of the Group (EUR'000)

	<i>Year ended 31 December (audited)</i>			<i>Three-month period ended 31 March (unreviewed)</i>	
	<i>2021</i>	<i>2022</i>	<i>2023</i>	<i>2023</i>	<i>2024</i>
<i>Net sales</i>					
Income from sales of goods ⁽¹⁾	3,365	4,878	6,609	1,706	1,670
Income from sales of precious materials	841	857	1,504	141	378
Other income, loan and mortgage realisation and storage commission	615	737	1,103	252	280
Total net sales ⁽¹⁾	4,822	6,473	9,216	2,099	2,328
<i>Interest income and similar income</i>					
Interest income on unsecured loans	15,904	23,339	34,203	7,579	10,039
Interest income on secure loans ⁽¹⁾	4,458	5,964	7,001	1,655	1,893
Other interest income (Interest income on loans to vehicle pledges)	5	1	3	0.7	(0.1)
Total interest income and similar income ⁽¹⁾	20,368	29,303	41,207	9,234	11,932
Total Revenue* ⁽¹⁾	25,189	35,776	50,423	11,333	14,260

**for APM calculations please see Section "Alternative Performance Measures".*

Notes

⁽¹⁾ Impact of restatement in comparative figures:

(a) Refer to Tables 13.2 and 13.3 to see the impact of restatement in comparative figures of Profit or loss statement of the Group for 2021 and the three-month period ended 31 March 2023.

In 2023, the Group posted the highest top-line revenue of EUR 50,423 thousand, an increase of 14,647 EUR thousand, representing a 40.94% increase over 2022 revenue. Interest income and similar income reached EUR 41,207 thousand, an increase of 11,904 EUR thousand, representing a 40.62% increase over 2022 interest income and similar income.

In 2022, the Group's revenue reached EUR 35,776 thousand in the history of the Group, an increase of EUR 10,587 thousand, representing a 42.0% increase over 2021 revenue. Interest income and similar income reached EUR 29,303 thousand, an increase of EUR 8,935 thousand, representing a 43.9% increase over 2021 interest income and similar income.

In 2021, revenue of the Group had reached EUR 25,189 thousand, despite the adverse effects of the COVID-19 pandemic on its operations. Interest income and similar income reached EUR 20,368 thousand.

For the three-month period ended 31 March 2024, The Group's revenue was EUR 14,260 thousand, representing a 25.83% year-on-year increase. During the same period, the total interest income and similar income reached EUR 11,932 thousand, representing a 29.21% year-on-year increase, while net sales were EUR 2,328 thousand, representing a 10.94% year-on-year increase.

Cost of sales and services

Table 14.3.2

Cost of sales and services provided and gross profits of the Group (EUR'000)

	Year ended 31 December (audited)			Three-month period ended 31 March (unreviewed)	
	2021	2022	2023	2023	2024
<i>Cost of sales*</i>					
Cost of sales of goods	2,320	3,384	4,627	-***	-***
Cost of sales of precious metals	838	819	1,459	-***	-***
Total cost of sales ⁽¹⁾	3,157	4,204	6,086	1,372	1,505
Gross profit from net sales** ⁽¹⁾	1,665	2,269	3,130	726	823
Gross margin from net sales, %** ⁽¹⁾	34.5	35.1	34.0	34.6	35.4
<i>Cost of services provided</i>					
Interest expenses on other borrowings	1,417	3,099	4,714	1,144	665
Bonds' coupon expenses	2,204	1,394	3,469	608	1,558
Interest expense on loans from credit institutions	-	-	204	-	286
Interest expenses on lease liabilities for leased premises	204	175	190	40	51
Interest expenses on lease liabilities for leased vehicles	2	1	3	0.6	0.6
Net loss on foreign exchange	0.2	0.5	0.1	0.04	-
Total interest expenses and similar expenses	3,827	4,669	8,579	1,792	2,561
Credit loss expenses ⁽¹⁾	2,815	6,161	10,687	2,466	3,421
Other operating expenses ⁽¹⁾	140	315	383	64	103
Total cost of services provided** ⁽¹⁾	6,783	11,145	19,648	4,323	6,085
Gross profit from financial services** ⁽¹⁾	13,585	18,158	21,559	4,911	5,847
Gross margin from financial services, %** ⁽¹⁾	66.7	62.0	52.3	53.2	49.0
Total cost of sales and services provided** ⁽¹⁾	9,940	15,349	25,734	5,695	7,590

Adjusted gross profit**⁽¹⁾	15,249	20,427	24,689	5,638	6,670
Adjusted gross margin, %**⁽¹⁾	60.5	57.1	49.0	49.7	46.8

*Source: some data included under cost of sales are more detailed management data of the Company based on Financial Statements

**for APM calculations please see Section "Alternative Performance Measures".

*** The Financial Statement for the three-month period ended 31 March 2023 and for the three-month period ended 31 March 2024 does not contain separately allocated information on cost of sales of goods and cost of sales of precious metals.

Notes

Impact of reclassification:

⁽¹⁾ Impact of restatement in comparative figures:

(a) Refer to Tables 13.2 and 13.3 to see the impact of restatement in comparative figures of Profit or loss statement of the Group for 2021 and the three-month period ended 31 March 2023.

In 2021, the Group's cost of sales and services provided was EUR 9,940 thousand. The three largest items in 2021 were the cost of sales of goods, bonds' coupon expenses and interest expenses on other borrowings, comprising 23.3%, 22.2% and 14.3% of the total cost of sale and services provided respectively.

The Group's cost of sales and services provided in 2022 was EUR 15,349, representing an increase of 54.4% compared to the cost of sales and services figure in 2021. The three largest items in 2022 were the cost of sale of goods, interest expenses on other borrowings and bonds' coupon expenses, comprising 22.0%, 20.2% and 9.1% of the total cost of sale and services provided respectively.

In 2023, the Group's cost of sales and services provided was EUR 25,734 thousand, representing an increase of 67.66% compared to the cost of sales and services figure in 2022. The three largest items in 2023 were interest expense on other borrowings, cost of sales of goods and bonds' coupon expenses, comprising 18.3%, 18.0% and 13.5% of the total cost of sale and services provided respectively.

For the three-month period ended 31 March 2024, The Group's total cost of sales and services provided was EUR 7,590 thousand, an increase of 33.27% year-on-year, while the total cost of services provided over the period increased by 40.76% year-on-year.

The Group's gross margin from activities related to the retail of pre-owned goods was 34.0% in 2023 (as compared to 35.1% in 2022 and 34.5% in 2021), while the gross margin from loan-related activities was 52.3% in 2023 (as compared to 62.0% in 2022 and 66.7% in 2021). Adjusted gross profit increased by EUR 5,178 thousand in 2022 and by EUR 4,262 in 2023, reaching EUR 24,689 thousand. Adjusted gross margin was 49.0% in 2023 (as compared to 57.1% in 2022 and 60.5% in 2021).

The Group's gross margin from activities related to the retail of pre-owned goods was 35.4% in the three-month period ended 31 March 2024 (as compared to 34.6% for the same period in 2023), while the gross margin from loan-related activities was 49.0% in the three-month period ended 31 March 2024 (as compared to 53.2% for the same period in 2023). Adjusted gross profit increased by EUR 1,033 thousand or by 18.32% in the three-month period ended 31 March 2024 compared to the same period in 2023. Adjusted gross margin for the three-month period ended 31 March was 46.8% in 2024 (as compared to 49.7% for the same period in 2023).

Operating expenses

Table 14.3.3.

Selling expenses of the Group (EUR'000)*

	Year ended 31 December (audited)			Three-month period ended 31 March (unreviewed)	
	2021	2022	2023	2023	2024
Salary expenses	2,516	2,982	3,481	794	945
Depreciation of right-of-use assets (premises rented) ⁽¹⁾	643	639	702	162	186
Social insurance	591	700	812	187	207

Advertising	739	844	1,155	231	416
Depreciation of fixed assets (and amortisation of intangible assets)	362	433	515	118	212
Non-deductible VAT	335	487	479	156	151
Utilities expenses	222	291	304	105	110
Maintenance expenses	279	396	496	114	138
Transportation expenses	93	115	85	18	22
Depreciation of right-of-use assets (motor vehicles) ⁽¹⁾	29	16	11	2	3
Provisions for unused annual leave and bonuses	27	38	25	34	32
Other expenses	288	559	682	142	167
Total selling expenses	6,125	7,500	8,747	2,063	2,588

*Source: some data included in these columns are unreviewed management data of the Company.

Notes

(1) As the Group has adopted IFRS 16 on 1 January 2019, it has changed the presentation of right-of-use assets and other liabilities for rights to use assets. Therefore, the positions are shown as follows in the consolidated statement of comprehensive income for the years ended 31 December 2021, 2022 and 2023:

Table 14.3.4.

Leases in the statement of comprehensive income (selling expenses), EUR'000

	Year ended 31 December (audited)		
	2021	2022	2023
Depreciation of right-of-use assets - premises	(643)	(639)	(702)
Depreciation of right-of-use assets - motor vehicles	(29)	(16)	(11)

In 2022, the Group's selling expenses increased by 22.4% compared to 2021 reaching EUR 7,500 thousand, while in 2023, selling expenses increased by 16.62% compared to 2022 reaching EUR 8,747 thousand. The largest item in selling expenses is salary expenses together with social insurance payments, amounting to 49.1% of total selling expenses in 2023 (49.1% also in 2022 and 50.7% in 2021). Other large expense items are advertising amounting to 13.2% of total selling expenses in 2023 (11.3% in 2022 and 12.1% in 2021) and the depreciation of right-of-use assets (premises) amounting to 8.0% of total selling expenses in 2023 (8.5% in 2022 and 10.5% in 2021).

For the three-month period ended 31 March 2024, the Group's selling expenses increased by EUR 526 thousand or 25.48% year-on-year. The largest increase for the comparable period is attributable to advertising increase by EUR 185 thousand or 80.38% year-on-year, an increase in salary expenses by EUR 151 thousand or 18.96% year-on-year, an increase in depreciation of property, plant and equipment and amortisation of intangible assets by EUR 94 thousand or 79.60% year-on-year, an increase in other expenses by EUR 25 thousand or 17.96% year-on-year, an increase in maintenance expenses by EUR 24 thousand or 20.83% and an increase in depreciation of right-of-use assets – premises by EUR 24 thousand or 14.55% year-on-year. The increase is justified by the overall expansion of the Group's operations.

Table 14.3.5.

Administrative expenses of the Group (EUR'000)*

	Year ended 31 December (audited)			Three-month period ended 31 March (unreviewed)	
	2021	2022	2023	2023	2024
Salary expenses	2,312	3,445	4,303	983	1,154
Social insurance	531	773	966	251	279
Bank commission	463	721	1,037	212	246
Depreciation of right-of-use assets (premises) ⁽¹⁾	94	94	94	23	26
Legal and professional services	115	83	223	12	31
Communication expenses	339	163	448	149	142
Public relations expenses	-	54	77	12	15
Audit expenses	57	68	67	-	-
State fees and duties, licence expenses	149	137	137	34	34
Depreciation of right-of-use assets (motor vehicles) ⁽¹⁾	10	2	0.4	-	1
Provisions for unused annual leave and bonuses	28	53	42	39	43
Other administrative expenses	117	180	333	70	96
Total administrative expenses	4,213	5,773	7,727	1,765	2,068

*Source: some data included in these columns are unreviewed management data of the Company.

Notes

⁽¹⁾ As the Group has adopted IFRS 16 on 1 January 2019, it has changed the presentation of right-of-use assets and other liabilities for rights to use assets. Therefore, the positions are as shown as follows in the consolidated statement of comprehensive income for the years ended 31 December 2021, 2022 and 2023:

Table 14.3.6.

**Leases in the statement of comprehensive income (administrative expenses),
EUR'000**

	Year ended 31 December (audited)		
	2021	2022	2023
Depreciation of right-of-use assets - premises	(94)	(94)	(94)
Depreciation of right-of-use assets - motor vehicles	(10)	(2)	(0.4)

14.4. The Group's Financial position

Table 14.4.1.

	Year ended 31 December (audited)			Three-month period ended 31 March (unreviewed)	
	2021	2022	2023	2023	2024
Total non-current assets	32,743	50,256	72,253	57,022	78,841
Total current assets ⁽¹⁾	19,420	26,902	32,808	28,073	29,673
Total assets ⁽¹⁾	52,163	77,158	105,061	85,095	108,515
Total equity ⁽¹⁾	17,476	18,106	21,322	18,915	22,332
Total long-term creditors ⁽¹⁾	20,633	21,688	50,510	25,957	52,488
Total short-term creditors ⁽¹⁾	14,054	37,364	33,228	40,223	33,694
Total liabilities and equity ⁽¹⁾	52,163	77,158	105,061	85,095	108,515

Notes

⁽¹⁾ Impact of restatement in comparative figures:

(a) Refer to Table 13.5 to see the impact of adoption of changes in accounting policy in comparative figures of Balance sheet statement of the Group for 2021.

Total equity

As of the date of this Prospectus, the Company's share capital is EUR 4,537,750.5, which consists of 45,377,505 Shares, each with a nominal value of EUR 0.10. All shares are fully paid.

On 14 October 2021, the Company successfully closed the IPO and shares of Company has become traded in Nasdaq Riga Baltic Main list from 20 October 2021. During IPO, the Company issued 5,319,594 new shares with a nominal value of EUR 0.10 each, share price at the end of subscription period was EUR 1.52, total proceeds from shares issued was EUR 8,085,782, par value of new shares was EUR 531,959 and costs related to IPO was EUR 662,865 thus Share premium is EUR 6,890,958.

Total liabilities

Total liabilities increased by approximately 70.2% from EUR 34,687 thousand in 2021 to EUR 59,052 thousand in 2022. This increase is mainly attributable to short-term bonds issued, which comprised an increase from EUR 944 thousand in 2021 to EUR 14,783 thousand in 2022. In addition, this increase is attributable to short-term and long-term borrowing received from crowdfunding platform Mintos, which comprised an increase from total EUR 18,574 thousand in 2021 to EUR 34,861 thousand in 2022.

Total liabilities increased by approximately 41.80% from EUR 59,052 thousand in 2022 to EUR 83,739 thousand in 2023. This increase is mainly attributable to long-term bonds issued, which comprised an increase from EUR 4,331 thousand in 2022 to EUR 26,862 thousand in 2023.

As at the period ended 31 March 2024, total liabilities increased by EUR 2,444 thousand or 2.92% compared to the financial position as of 31 December 2023. The increase is mainly attributable to long-term bonds issued, long-term borrowings from credit institutions and long-term borrowings from Mintos Finance, which together comprises an increase of 3.92% from EUR 50,510 thousand as at 31 December 2023 to EUR 52,488 thousand at the period ended 31 March 2024.

Total assets

Total assets increased approximately by 47.9% from EUR 52,163 thousand in 2021 to EUR 77,158 thousand in 2022. This increase was driven mainly by a 53.5% increase in non-current assets from EUR 32,743 thousand in 2021 to EUR 50,256 thousand in 2022, which, in turn, resulted from a 61.5% increase in non-current loans and receivables from EUR 28,569 thousand in 2021 to EUR 46,150 thousand in 2022.

Total current assets increased by 38.5% from EUR 19,420 thousand in 2021 to EUR 26,902 thousand in 2022. This increase was mainly driven by a 40.7% increase from EUR 15,186 thousand in 2021 to EUR 21,368 thousand in current loans and receivables in 2022.

Total assets increased approximately by 36.16% from EUR 77,158 thousand in 2022 to EUR 105,061 thousand in 2023. This increase was driven mainly by a 43.77% increase in non-current assets from EUR 50,256 thousand in 2022 to EUR 72,253 thousand in 2023, which, in turn, resulted from a 44.50% increase in non-current loans and receivables from EUR 46,150 thousand in 2022 to EUR 66,686 thousand in 2023.

Total current assets increased by 21.95% from EUR 26,902 thousand in 2022 to EUR 32,808 thousand in 2023. This increase was mainly driven by a 150.25% increase from EUR 2,369 thousand in 2022 to EUR 5,929 thousand in cash and cash equivalents in 2023.

As of 31 March 2024, total assets increased by EUR 3,454 thousand or 3.29% compared to total assets as at 31 December 2023. The increase was driven by a 9.12% increase in non-current assets from EUR 72,253 thousand as at 31 December 2023 to EUR 78,841 thousand as at 31 March 2024, which, in turn, resulted from a 9.96% increase in non-current loans and receivables from EUR 66,686 thousand as at 31 December 2023 to EUR 73,326 thousand as at 31 March 2024.

Table 14.4.2.

Net loan portfolio and total assets of the Group, (EUR'000)

	Year ended 31 December (audited)			Three-month ended 31 March (unreviewed)	
	2021	2022	2023	2023	2024
Net loan portfolio* ⁽¹⁾	43,755	67,518	89,026	73,453	95,554
Total Assets ⁽¹⁾	52,163	77,158	105,061	85,095	108,515

*for APM calculations please see Section "Alternative Performance Measures".

Notes

⁽¹⁾ Impact of restatement in comparative figures:

(a) Refer to Table 13.5 to see the impact of adoption of changes in accounting policy in comparative figures of Balance sheet statement of the Group for 2021.

During the three-month period ended 31 March 2024, The Group's net loan portfolio increased by EUR 6,528 thousand or 30.1% year-on-year and constituted 88.1% of total assets as at 31 March 2024 (compared to 86.3% as at 31 March 2023).

Table 14.4.3.

Loans and receivables of the Group by loan type, (EUR'000)*

	Year ended 31 December (audited)			Three-month ended 31 March (unreviewed)	
	2021	2022	2023	2023	2024
<i>Debtors for loans issued against pledge</i>					

Long-term debtors for loans issued against pledge	95	220	198	269	202
Short-term debtors for loans issued against pledge ⁽¹⁾	3,807	5,880	6,982	5,261	7,741
Interest accrued for loans issued against pledge	165	222	262	212	293
Debtors for loans issued against pledge, total ⁽¹⁾	4,067	6,322	7,442	5,741	8,236
<i>Debtors for loans issued without pledge</i>					
Long-term debtors for loans issued without pledge	28,474	45,930	66,488	52,461	73,125
Short-term debtors for loans issued without pledge	13,078	17,487	18,910	17,939	19,414
Interest accrued for loans issued without pledge	1,682	2,190	2,990	2,364	3,314
Debtors for loans issued without pledge, total	43,234	65,607	88,388	72,764	95,853
Loans and receivables before allowance, total ⁽¹⁾	47,301	71,929	95,830	78,505	104,088
ECL allowance on loans to customers	(3,546)	(4,411)	(6,804)	(5,052)	(8,534)
Loans and receivables ⁽¹⁾	43,755	67,518	89,026	73,453	95,554

*Source: some data included in this table are more detailed management data of the Company based on Financial Statements

Notes

⁽¹⁾ Impact of restatement in comparative figures:

(a) Refer to Table 13.5 to see the impact of adoption of changes in accounting policy in comparative figures of Balance sheet statement of the Group for 2021.

As can be seen in the Table 14.4.3. above, the net pawn loan portfolio ("Debtors for loans issued against pledge") increased by EUR 2,255 thousand or by 55.5% from EUR 4,067 thousand in 2021 to EUR 6,322 thousand in 2022 and increased by EUR 1,120 thousand or by 17.71% from EUR 6,322 thousand in 2022 to EUR 7,442 thousand in 2023. The net consumer loan portfolio (Debtors for loans issued without pledge less ECL allowance on loans to customers) increased by 54.2% from EUR 39,688 thousand in 2021 to EUR 61,195 thousand in 2022 and increased by 33.32% from EUR 61,195 thousand in 2022 to EUR 81,584 thousand in 2023.

As at 31 March 2024, the net pawn loan portfolio has increased by 43.5% in comparison to the portfolio as at 31 March 2023. In the three-month period ended 31 March 2024, the net consumer loan portfolio grew by 8.5% year-on-year.

14.5. Liquidity and Capital Resources

Capital resources

The Group's liquidity requirements are primarily driven by the Group's need for working capital. The Group's capital requirements may fluctuate during the year and would increase, for instance, when a particular bond issue of the Group would be refinanced. The Group has a positive working capital, which is supported by the prudent management of current assets and current liabilities as well as the Group's profitable operations. The short term-liquidity requirements are managed by the flexibility provided by the Cooperation Agreements on Issuance of Loans established with Mintos Finance. The agreement allows for an increase of financing by supplying loans issued by the Group to Mintos Finance, which are subsequently financed by the investors accessed over the investment platform marketplace (please see Section 8.15 "Material Agreements" of this Prospectus).

The Group holds its cash in EUR. The Group does not engage in any hedging activities.

As at 31 March 2024, the Group's borrowings (comprising short-term and long-term Mintos Finance borrowings, bonds issues, loans from credit institutions and lease liabilities) aggregated EUR 81,137

thousand. The Group believes that its borrowing capacity under Cooperation Agreements on Issuance of Loans with Mintos Finance and Multitude bank p.l.c. (please see Section 8.15 “Material Agreements” of this Prospectus) and its operating cash flow will be sufficient to meet its liquidity requirements for the foreseeable future. The Group's liquidity requirements for the twelve-month period following the date of this Prospectus primarily relate to the need to fund the growth of the net loan portfolio, operating expenses, and to service debt obligations, including making the interest and principal payments for bonds outstanding and servicing the outstanding loans from Mintos Finance and credit institutions (both principal and interest). As at 31 March 2024, the Group had a debt/equity ratio of 3.63. Total long-term debt of the Group was EUR 52,488 thousand and the total short-term borrowings of the Group was EUR 28,649 thousand. The Group has a solid balance sheet and a comfortable liquidity profile to sustain the current level of external debt financing.

In 2023, the Group has reported net interest income (total interest income less interest expenses) of EUR 32,628 thousand.

The Group's actual financing requirements depend on a number of factors, many of which are beyond its control. The ability of the Group to generate cash from operations depends on its future operating performance, general economic and financial conditions, competition and changes in laws and regulations (please see Section 2 “Risk Factors” of this Prospectus). The Management Board, in cooperation and consultation with the Supervisory Board, identifies, evaluates, and manages the Group's financial risks by defining and implementing the appropriate policies regarding liquidity and credit risks.

Cash flows

Table 14.5.1.

Summary of the Group's consolidated cash flow statements (EUR'000)

	Year ended 31 December (audited)			Three-month ended 31 March (unreviewed)	
	2021	2022	2023	2023	2024
Cash and cash equivalents at the beginning of the period	4,592	2,460	2,369	2,369	5,929
Net cash flows from/(to) operating activities ⁽¹⁾	(3,307)	(17,966)	(13,978)	(5,798)	(4,402)
Net cash flows from/(to) investment activities	(74)	(704)	(1,726)	(243)	(347)
Net cash flows from/(to) financing activities	1,249	18,579	19,264	6,070	1,816
Net (decrease) increase in cash	(2,132)	(91)	3,560	29	(2,934)
Cash and cash equivalents at the end of the period	2,460	2,369	5,929	2,398	2,995

Notes

⁽¹⁾ Impact of restatement in comparative figures:

- (a) Refer to Tables 13.8 and 13.9 to see the impact of adoption of changes in accounting policy in comparative figures of Cash flow statement of the Group for 2021 and the three-month period ended 31 March 2023.

Cash flow from operating activities

For the three-month period ended 31 March 2024, the net cash used in operating activities was EUR 4,402 thousand and it was generated by operating profits and the increase in the loan portfolio by 30% year-on-year relating to the increase in total loan issuance by 4% year-on-year.

The net cash used in operating activities for the year ended 31 December 2023 amounted to EUR 13,978 thousand, a decrease by EUR 3,988 thousand year-on-year. The decrease in the net cash used in operating activities in 2023 was primarily driven by an increase in the interest received: the net inflow for interest income and similar income in 2023 was EUR 8,579 thousand as compared to a net inflow of EUR 4,669 thousand in year 2022.

The operating cash flow turns negative in periods when there is a high increase in loan issuance and subsequent increase in the loan portfolio. During those periods the operating cash flows are financed by financing activities, in particular increasing financing from Mintos Finance or by the issue of additional bonds.

Cash flow from investment activities

The net cash flow from investing activities includes outflow in the amount of EUR 1,726 thousand in relation to the acquisition of fixed assets and intangibles for the year ended 31 December 2023, EUR 704 thousand for the year ended 31 December 2022 and EUR 549 thousand for the year ended 31 December 2021. In 2023 and 2022 there was no other cash flow from investing activities. In 2021, besides the acquisition of fixed assets, there was a positive cash flow from repaid loans to shareholders (EUR 567 thousand). Investments in fixed assets are primarily comprised of improvements of branch network, IT and office equipment.

The net cash flow from investing activities in the period ended 31 March 2024 includes outflow in the amount of EUR 347 thousand in relation to the acquisition of fixed assets and intangibles. For the period ended 31 March 2023 net cash flow from investing activities included outflow in the amount of EUR 243 thousand in relation to the acquisition of fixed assets and intangibles.

Cash flow from financing activities

For the three-month period ended 31 March 2024, total cash inflow from financing activities comprises EUR 1,816 thousand, representing inflow of EUR 5,332 thousand as loans received and outflow of EUR 5,562 thousand as loans repaid to Mintos Finance, inflow of EUR 2,785 thousand Bonds issued and outflow of EUR 740 thousand as redemption of bonds and repayment of lease liabilities.

The net cash flow from financing activities increased from EUR 18,579 thousand for the year ended 31 December 2022, to EUR 19,264 thousand for the year ended 31 December 2023. In 2023, the total cash flow from financing activities is primarily comprised of:

- 1) Cash inflow from the issuance and repayment of bonds in the amount of EUR 22,011 thousand.
- 2) Net cash inflow from the receiving and repayment of loans in the amount of EUR 2,157 thousand.
- 3) Outflow of cash for dividends in the amount of EUR 3,494 thousand.

The net cash flow from financing activities increased from EUR 1,249 thousand for the year ended 31 December 2021 to EUR 18,579 thousand for the year ended 31 December 2022. In 2022, the total cash flow from financing activities is primarily comprised of:

- 1) Net cash inflow from the receiving and repayment of loans in the amount of EUR 16,783 thousand.
- 2) Cash inflow from the issuance and repayment of bonds in the amount of EUR 8,151 thousand.
- 3) Outflow of cash for dividends in the amount of EUR 5,425 thousand.

Cash and cash equivalents at the end of the period

The net cash and cash equivalents at the end of the three-month period ended 31 March 2024 were EUR 2,995 thousand.

The net cash and cash equivalents at the end of the period increased by 150.25% from EUR 2,369 thousand for the year ended 31 December 2022, to EUR 5,929 thousand for the year ended 31

December 2023. The reasons for the increase were explained above (see "Cash flow from operating activities").

The net cash and cash equivalents at the end of the period decreased by 3.7% from EUR 2,460 thousand for the year ended 31 December 2021, to EUR 2,369 thousand for the year ended 31 December 2022. The reasons for the decrease were explained above (see "Cash flow from operating activities"). No material subsequent events capable of changing the considerations described in this Section have occurred.

14.6. Capital structure and borrowing requirements

Capital structure

The Group has a diversified and sustainable capital structure.

Table 14.6.1.

Capital structure of the Group (EUR'000)

	Year ended 31 December (audited)			Three-month ended 31 March (unreviewed)	
	2021	2022	2023	2023	2024
Bonds issued, (EUR'000)	10,838	19,114	40,267	22,954	42,985
Loans from credit institutions, (EUR'000)	-	-	7,294	-	9,288
Other borrowings, (EUR'000)	18,574	34,861	29,410	36,886	25,969
Lease liabilities, (EUR'000)	3,305	2,918	3,168	2,974	2,986
Trade payables and accrued liabilities, (EUR'000)	1,572	1,599	2,209	1,941	2,401
Taxes and social insurance, (EUR'000)	398	560	1,390	586	1,995
Unpaid dividends, (EUR'000)	-	-	-	838	649
Gross debt, (EUR'000)	34,687	59,052	83,739	66,180	86,273
Cash and cash equivalents, (EUR'000)	(2,460)	(2,369)	5,929	2,398	2,995
Net debt, (EUR'000)	32,227	56,683	77,810	63,782	83,278
Equity, (EUR'000) ⁽¹⁾	17,377	18,106	21,322	18,915	22,332
Liabilities / equity ratio (x) ⁽¹⁾	1.98	3.26	3.93	3.50	3.86
Net liabilities / equity ratio (x) ⁽¹⁾	1.84	3.13	3.65	3.37	3.73

Notes

⁽¹⁾ Impact of restatement in comparative figures:

(a) Refer to Table 13.5 to see the impact of restatement in comparative figures of Balance sheet statement of the Group for 2021.

Borrowings

Table 14.6.2.

Borrowing structure of the Group (EUR'000)

	Year ended 31 December			Three-month ended 31 March (unreviewed)	
	2021	2022	2023	2023	2024
Mintos Finance ⁽¹⁾	18,574	34,861	29,410	36,886	25,969
Loans from credit institutions	-	-	7,294	-	9,288
Lease liabilities	3,305	2,918	3,168	2,974	2,986
Private loans ⁽¹⁾	-	-	-	-	-
Bonds	11,111	19,497	41,488	23,517	42,895
Accrued interest	13	25	74	29	78
Bonds commission	(286)	(408)	(1,296)	-*	-*
Total borrowings	32,717	56,893	80,138	63,406	81,216

* The Financial Statements for the three-month period ended 31 March 2023 and for the three-month period ended 31 March 2024 do not contain separately allocated information on bonds commission.

Notes

⁽¹⁾ In Financial Statements, Mintos Finance loans and private loans are presented together under Other borrowings.

Total borrowings per Table 14.6.2 "Borrowing structure of the Group" as at 31 March 2024 were EUR 81,216 thousand, representing 94.14% of the total amount of the Group's gross debt. Most of the borrowings are comprised of Mintos Finance financing constituting EUR 25,969 thousand and bond financing of EUR 42,895 thousand.

Total short-term borrowings as at 31 March 2024 were EUR 28,649 thousand, representing 33.21% of the total amount of the Group's gross debt. Most of the short-term borrowings are comprised of EUR 13,873 thousand of Bonds financing.

Total long-term debt as at 31 March 2024 was EUR 52,488 thousand, representing 60.84% of the total amount of the Group's gross debt. Most of the long-term borrowings are comprised of Bonds financing constituting EUR 29,022 thousand.

Loans from credit institutions

At 31 December 2023 the Company of the Group have loans from credit institutions with floating interest rates (the base interest rate of 3M EURIBOR plus fixed rate) and maturities in 2025 and 2026.

To ensure fulfilment of liabilities the Group has registered commercial pledge. As at 31 December 2023 the Group is in compliance with covenants.

Bonds issued

As at 31 March 2024, the Company has two outstanding bond issues that are listed on Nasdaq Baltic First North and two outstanding privately issued unlisted bond issues. The total nominal value of the bonds outstanding is EUR 42,817 thousand (please see Section 8.15 "Material agreements" of this Prospectus).

The key financial covenants of the Terms of the Notes Issue ISIN LV0000850055 are provided in the Management Report of the Audited Financial Statements for the audited financial statement of 2022. The key financial covenants of the Terms of the Notes Issue ISIN LV0000802718, ISIN LV0000802700 and ISIN LV0000860146 are provided in the Management Report of the Audited Financial Statements for the audited financial statement of 2023.

In July 2022, the Company issued unsecured bond ISIN LV0000850055 with the nominal amount of EUR 10,000 thousand and coupon rate of 3M EURIBOR + 8.75% indicating a positive trend in the reduction in the total costs of financing. The bond issued was offered via private placement.

In August 2023, the Company issued unsecured bond ISIN LV0000802718 with the nominal amount of EUR 15,000 thousand and coupon rate of 3M EURIBOR + 9.00%. The bond issued was offered via private placement.

The key financial covenants of the Terms of the Notes Issue ISIN LV0000802700 are published at https://delfingroup.lv/storage/files/as-delfingroup-issue-terms-24-jul-2023-1_1.pdf in Section 4.4 "Financial covenants". The key financial covenants of the Terms of the Notes Issue ISIN LV0000860146 are published at <https://delfingroup.lv/storage/files/as-delfingroup-issue-terms-31102023-2.pdf> in Section 4.4 "Financial covenants".

As of the date of this Prospectus, the Group has been in compliance with all covenants under the above-mentioned Terms of the Notes Issue.

Borrowings from Mintos Finance and other borrowings

The Company and ViziaFinance have entered into a Cooperation Agreement with Mintos Finance. The parties have agreed to mutually cooperate by offering users of the investment platform under the domain name www.mintos.com, operated by Mintos Marketplace, an opportunity to invest in the monetary claims of Mintos Finance against the Company.

Further to the above-mentioned Cooperation Agreement, which was signed on 18 October 2016, the Company and ViziaFinance entered into Cooperation Agreements on Issuance of Loans (as amended from time to time) with Mintos Finance and additionally on 6 May 2022 Cooperation agreement with Mintos Marketplace and Mintos Finance No.20 was signed on issuance of Notes. The parties have agreed for the potential provision of loans for the Company's advantage, on the condition that Mintos is provided with security. This security ensures that all loans placed on the Mintos platform are backed by 120% collateral. As of 31 December 2023, the weighted average annual interest rate of the issued loans is 10.7%. The term of maturity of each loan is agreed separately for each loan and is aligned to the term of the corresponding loan provided by the Company to its customers.

As of the date of this Prospectus, the Company and ViziaFinance have been in compliance with all covenants under the above-mentioned agreements.

In December 2023, the Company signed a credit line agreement with Multitude Bank p.l.c. for MEUR 11 with a two-year maturity. On September 25, 2023, the Company registered a commercial pledge by pledging its assets for a maximum amount of MEUR 15 as collateral with Multitude Bank p.l.c. This financing will help finance business expansion in the upcoming years, including loan portfolio growth, product development, and branch network expansion. Additionally, it will improve diversification, representing the largest bank funding in the Group's history.

All covenants under the mentioned Terms of the Notes Issue for the issued bonds, under the Cooperation Agreement with Mintos Finance and under the credit line agreement with Multitude Bank p.l.c. are considered by the Company to be in line with common market practice, and the Company is not aware of any terms that deviate from market practice.

Provided security

The Group has registered commercial pledges by pledging its assets and claim rights for a maximum claim amount of MEUR 34.8 as collateral registered to SIA Mintos Finance No.20 and AS Mintos Marketplace to provide collateral for loans placed on the Mintos platform. On 25 May 2023, the Company registered a 2nd rank commercial pledge by pledging its assets for a maximum amount of MEUR 1.4 as collateral registered to AS Signet Bank. On 25 September 2023, the Company registered a 2nd rank commercial pledge by pledging its assets for a maximum amount of MEUR 1.883 as collateral registered to AS Signet Bank. On 25 September 2023, the Company registered a commercial pledge by pledging its assets for a maximum amount of MEUR 15 as collateral registered to Multitude Bank p.l.c. On 14 December 2023, the Company signed an agreement for the pledge of bank accounts and balances in the amount of EUR 454 500 as part of the collateral with MULTITUDE BANK P.L.C.

As of 31 March 2024, the amount of secured liabilities of the Company is EUR 35,257 thousand (as of 31 December 2023 – EUR 36,704 thousand).

14.7. Long-term objectives

On 28 February 2023 the Company renewed the previously set financial guidance for 2023 and 2024 and set forecasts for 2025. The Group's long-term objectives are to continue expanding its market share and to increase its profitability.

The Company has established a target to achieve consolidated profit before tax of EUR 12 million by 2024 and EUR 15 million by 2025. In order to achieve this, the primary strategy is to accelerate the growth of its net loan portfolio.

After evaluating the Company's growth in all of its main business segments, it is expected that there will continue to be strong demand for the Company's products and services in the coming years, which will contribute to the growth of its loan portfolio. A target is set at EUR 90 million by 2024 and EUR 100 million by 2025, as compared to result EUR 89.0 million in 2023 (target: EUR 77.0 million).

In order to finance the growth of its net loan portfolio at lower interest rates, the Group needs to have a higher equity ratio. By issuing new equity as a result of the Offering, the Company will achieve this objective. Please read more on the Group's financial objectives in Section 8.11 "Strategy and objectives" of this Prospectus.

14.8. Recent trends, development and material changes

Recent trends and developments

One of most recent milestone reached was the start of operations in Lithuania, which is the first step of the Group outside the Latvian market. During the first internationalisation development phase, the company opened five branches of the circular economy concept shop Banknote in Vilnius and an online store. The Group will offer convenient and customer-oriented pawn services in Lithuania and strengthen the integration of circular economy principles into Lithuanian society by providing a complete cycle of services for the sale and purchase of pre-owned and slightly pre-owned goods. The Group plans to expand the branch network in Lithuania and offer even more services. However, as at the date of the Prospectus Lithuania is not yet considered principal market for the Group.

Material Changes

There were no material changes in the Group's financial position and operations, including production, sales, inventory, costs and selling prices in the period after the audited financial statements as at 31 December 2023 and up to the date of this Prospectus.

Furthermore, there are no known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Company's prospects for the least the current financial year.

15. CAPITALISATION AND INDEBTEDNESS

15.1. Working Capital Statement

Considering the Group's existing assets, financial positions, plans and positive income from everyday business activities, it is the opinion of the Company that the Group's working capital is sufficient to cover all liabilities for the upcoming 12 months after the date of this Prospectus and that there is no need to involve additional external funds to cover the working capital needs.

The Group's historical working capital together with relevant ratios is presented in the Table 15.1 below.

Table 15.1.

Working capital				
	<i>31 December 2021</i>	<i>31 December 2022</i>	<i>31 December 2023</i>	<i>31 March 2024 (unreviewed)</i>
Total current assets, EUR'000	19,420	26,902	32,808	29,673
Total current liabilities, EUR'000	14,054	37,364	33,228	33,694
Working Capital, EUR'000	5,366	(10,462)	(420)	(4,021)
Liquidity ratio (x)	1.38	0.72	0.99	0.88
Quick ratio (x)	1.29	0.66	0.86	0.78

New bonds are issued periodically taking into account the need for financing.

15.2. Capitalisation and Indebtedness

The Tables 15.2 and 15.3 below present the Group's capitalisation and indebtedness as at 31 March 2024, which is based on the Interim Financial Report enclosed to this Prospectus.

Table 15.2.

Capitalisation of the Group (EUR'000)		<i>As at 31 March 2024 (unreviewed)</i>
Guaranteed		-
Secured		13,963
Unguaranteed/unsecured		13,873
Total current debt		27,836
Guaranteed		-
Secured		21,294
Unguaranteed/unsecured		29,022
Total non-current debt		50,316
Share capital		4,538
Share premium		6,891
Legal reserve(s)		-
Other reserves		10,904
Retained earnings		10,694
Other capital reserves**		210
Total shareholder equity		22,332
Total capitalisation (total current debt + total non-current debt + total shareholder equity)		100,484

*Source: some data included in this column are unaudited management data of the Company.

** Due to granted personnel share options

For secured current and non-current debt, the following types of assets are used as collateral:

(i) a commercial pledge over all assets of the Group as an aggregation of property at the moment of pledging as well as its future components;

(ii) a commercial pledge over all receivables of the Group as an aggregation of property at the moment of pledging as well as its future components.

Table 15.3

Indebtedness of the Group (EUR'000)

		<i>As at 31 March 2024 (unreviewed)</i>
A	Cash	2,995
B	Cash equivalents	-
C	Other current financial assets**	22,450
D	Liquidity (A + B + C)	25,445
E	Current financial debt (including debt instruments, but excluding the current portion of non-current financial debt)	13,873
F	Current portion of non-current financial debt	14,776
G	Current financial indebtedness (E + F)	28,649
H	Net current financial indebtedness (G - D)	3,204
I	Non-current financial debt (excluding current portion and debt instruments)	29,022
J	Debt instruments	23,466
K	Non-current trade and other payables	-
L	Non-current financial indebtedness (I + J + K)	52,488
M	Total financial indebtedness (H + L)	55,692

**Source: some data included in this table are more detailed management data of the Company based on Financial Statements*

***Other current financial assets include loans and receivables in the amount of EUR 22,228 thousand and gold in the amount of EUR 222 thousand*

Current portion of non-current financial debt includes lease liabilities in the amount of EUR 2,173 thousand and Non-current financial debt (excluding current portion and debt instruments) includes lease liabilities in the amount of EUR 813 thousand.

As at 31 March 2024 and as at the date of the Prospectus, the Group did not have any contingent or indirect indebtedness.

There have been no material changes to the amounts in the table above since 31 March 2024 and up until the date of this Prospectus.

16. GLOSSARY

The following definitions will apply throughout this Prospectus unless the context requires otherwise. They are not intended as technical definitions and are provided purely for assistance in understating certain terms used in this Prospectus.

Additional Offer Shares	Up to 2,400,000 Shares which are being offered to investors in the course of the Offering at the discretion of the Offeror.
AML	Anti-money laundering.
Articles of Association	Articles of Association of the Company effective as of the date of this Prospectus.
Audited Financial Statements	Audited financial statements as of and for the three years ended on 31 December 2023, 31 December 2022 and 31 December 2021 of the Group.
Bank of Lithuania	The Bank of Lithuania (in Lithuanian: <i>Lietuvos bankas</i>) with its registered office in Vilnius, Lithuania. The Lithuanian financial supervision authority.
Base Offer Shares	Up to 5,395,000 Shares which are being offered to investors in the course of the Offering.
CEO	Chief executive officer.
CFO	Chief financial officer.
CFT	Combating the financing of terrorism.
Commercial Register	The Register of Enterprises of the Republic of Latvia.
Company or DelfinGroup	AS "DelfinGroup", joint-stock company registered in the Latvian Commercial Register with registration No 40103252854, having its registered address at Skanstes iela 50A, Rīga, LV-1013, Latvia.
Consumer Rights Protection Centre or CRPC	The Consumer Rights Protection Centre of Republic of Latvia (<i>Patērētāju tiesību aizsardzības centrs</i>). The Consumer Rights Protection Centre is a state administration institution under the supervision of the Ministry of Economics, which implements the protection of consumer rights and interests.
COO	Chief operating officer.
COVID-19	The respiratory disease caused by the SARS-CoV-2 virus.
CPF	Counter Proliferation Financing.
Delegated Regulation	Regulation (EU) 2019/980 of 14 March 2019 supplementing Prospectus Regulation as regards the format, content, scrutiny and approval of the Prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Commission Regulation (EC) No 809/2004.
DelfinGroup LT	DelfinGroup LT UAB, limited liability company registered in the Lithuanian Commercial Register with registration No. 306462155, having its registered address at Lvivo g. 25-701, Vilnius, LV-09320, the Republic of Lithuania.
EBIT	Earnings before interest and taxes
EBITDA	Earnings before interest, taxes, depreciation, and amortization.
ERS	The Estonian Register of Securities, operated by Nasdaq CSD SE Estonian Branch, address Maakri 19/1, 10145 Tallinn, Estonia.
Estonia	The Republic of Estonia.

Estonian Financial Supervision Authority	The Estonian Financial Supervision Authority, a financial supervision institution with autonomous competence and a separate budget which conducts supervision over credit institutions, insurance companies, insurance intermediaries, investment firms, management companies, investment and pension funds as well as the payment service providers, e-money institutions and the securities markets that have been authorised by the Financial Supervision Authority in the name of the state and which is independent in its activities and decisions.
EU	The European Union.
EUR	Euro, the official currency of eurozone countries, including Latvia, Estonia, and Lithuania.
Eurozone	The economic and monetary union of the European Union member states, which have adopted euro as their single official currency.
Financial Statements	Audited Financial Statements and Interim Financial Report.
General Meeting	Meeting of the Company's shareholders, the highest governing body of the Company.
Global Lead Manager	AS LHV Pank, an Estonian public limited company, registered in the Estonian Commercial Register with registration No. 10539549, having its registered address at Tartu mnt 2, 10145, Tallinn, Estonia.
Group	The Company and its Subsidiaries.
IAS	International Accounting Standards.
IFRS	International Financial Reporting Standards.
Institutional Offering	The non-public offering of the Offer Shares in Latvia and in selected member states of the European Economic Area to qualified investors within the meaning of Article 2(e) of the Prospectus Regulation and other types of investors in reliance on certain exemptions available under the laws of each jurisdiction where the Offering is being made.
Interim Financial Report	The unreviewed consolidated financial statement for the 3-month period which ended on 31 March 2024 and the unreviewed consolidated financial statement for the 3-month period which ended on 31 March 2023, which have been incorporated in this Prospectus by a way of reference.
ISIN	International Securities Identification Number.
Latvia	The Republic of Latvia.
Bank of Latvia	The Bank of Latvia (<i>Latvijas Banka</i>). An autonomous public institution of the Republic of Latvia, which <i>inter alia</i> carries out the supervision of Latvian banks, credit unions, insurance companies and insurance brokerage companies, participants of financial instruments market, as well as private pension funds, payment institutions and electronic money institutions.
Listing	Listing of Shares on the Baltic Main List of Nasdaq Riga.
Lithuania	The Republic of Lithuania.
Management Board	The Management Board of the Company.
Member States	The Member States of the European Union.
MIFID II	Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU.

Mintos Finance	SIA Mintos Finance, limited liability company registered in the Latvian Commercial Register with registration No. 40203022549, having its registered address at Skanstes iela 50, Rīga LV-1013, Latvia, or any other Mintos group entity.
Mintos Marketplace	AS Mintos Marketplace, joint-stock company registered in the Latvian Commercial Register with registration No 40103903643, having its registered address at Skanstes iela 50, Rīga, LV-1013, Latvia. AS Mintos Marketplace is an investment firm licenced and supervised by the Bank of Latvia. AS Mintos Marketplace operates as a global marketplace for investing in loans, is a go-to investment platform where retail investors can invest in a diversified way in income-producing assets to build wealth in the long term.
Moda Kapitāls	Akciju sabiedrība "Moda Kapitāls", joint-stock company registered in the Latvian Commercial Register with registration No. 40003345861, having its registered address at Ganību dambis 40A - 34, Rīga, LV-1005, Latvia.
Nasdaq CSD	Nasdaq CSD SE (<i>Societas Europaea</i>), the regional Baltic central securities depository (CSD), registration No. 40003242879, registered address Vaļņu iela 1, Rīga LV-1050, Latvia.
Nasdaq First North	The Nasdaq Riga First North multilateral trading facility operated by Nasdaq Riga, AS.
Nasdaq Riga	Nasdaq Riga AS, registration No. 40003167049, registered address at Vaļņu iela 1, Rīga, LV-1050.
OFAC	The Office of Foreign Assets Control of the United States Department of the Treasury.
Offer Period	Period during which prospective investors may apply to purchase the Offer Shares commencing on 20 May 2024 at 10:00 Latvian time and is expected to end on 3 June 2024 at 15:30 Latvian time.
Offer Price	The price at which each Offer Share is to be issued or sold under the Offering.
Offer Shares	Base Offer Shares and Additional Offer Shares.
Offering	The Retail Offering and the Institutional Offering jointly.
Offeror or Selling Shareholder	AS ALPPES Capital is a joint stock company (<i>akciju sabiedrība</i>), incorporated in Latvia, registered in the Register of Enterprises of Latvia with registration number 52103097551, having its registered address at Jūras iela 12, Liepāja, LV-3401. The Company's e-mail is Solvita.Kurtisa@inin.lv, telephone number is +371 29273309. Its legal entity identifier (LEI) is 984500D66E0J0A5BB002.
Prospectus	This document.
Retail Offering	The public offering of the Offer Shares to retail investors in Latvia, Estonia and Lithuania.
Shareholder	Natural or legal person(s) holding the Share(s) of the Company at any relevant point in time.
Shares	The bearer shares of the Company with the nominal value of EUR 0.10, that are registered in the Nasdaq CSD under the ISIN code LV0000101806.
ViziaFinance	SIA ViziaFinance, limited liability company registered in the Latvian Commercial Register with registration No. 40003040217, having its registered address at Skanstes iela 50A, Rīga, LV-1013.
Subsidiaries	ViziaFinance and DelfinGroup LT.
Summary	The summary of this Prospectus.

Supervisory Board	The Supervisory Board of the Company.
UN	The United Nations.

OFFEROR AND SELLING SHAREHOLDER

AS ALPPES Capital

(registration No. 52103097551, registered address Jūras iela 12, Liepāja, LV-3401, Latvia)

COMPANY

AS "DelfinGroup"

(registration No. 40103252854, registered address Skanstes iela 50A, Rīga, LV-1013, Latvia)

GLOBAL LEAD MANAGER

AS LHV Pank

(registration No. 10539549, registered address Tartu mnt 2, Tallinn, 10145, Estonia)



LEGAL COUNSEL TO THE OFFEROR

ZAB Eversheds Sutherland Bitāns SIA

(registration No. 40203329751, registered address Lāčplēša iela 20A - 9, Rīga, LV-1011, Latvia)

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