



## AS "Mapon"

Registration No. 40003800531

LEI: 984500ZBU42CH9ECDC41

### OFFERING MEMORANDUM

ISIN:	LV0000860161
Type of security:	Secured Notes
Nominal:	EUR 1,000.00 (one thousand Euro)
Nominal value of the issue:	Up to EUR 5,000,000.00 (five million Euro)
Annual Coupon Rate:	3M EURIBOR + 5%
Maturity:	8 March 2027

*This Offering Memorandum (the "Offering Memorandum") is not a prospectus for the purposes of the Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (the "Prospectus Regulation") and no competent authority of any Member State has examined or approved the contents thereof. This Offering Memorandum has been prepared on the basis that all offers of the debt securities are issued by the Issuer according to this Offering Memorandum and will be made pursuant to an exemption from the obligation to publish a prospectus under the Prospectus Regulation.*

*The issue of the Notes is a private placement and there is no intention of the Issuer to list the Notes on a regulated market for the purposes of the Markets in Financial Instruments Directive 2014/65/EU, as amended ("MiFID II").*

*The Issuer is a company incorporated and existing under the laws of the Republic of Latvia and the Applicable Laws allow the Issuer to record the issue with the central securities depository of Latvia – Nasdaq CSD SE.*

*The decision of the Issuer to organize the issue of the Notes has been passed in compliance with the Applicable Laws of the Republic of Latvia. The issue of the Notes, including the relationship between the Issuer and the prospective investors or any third parties, and their respective rights and duties attached to the Notes are governed by the Applicable Laws of the Republic of Latvia.*

*This Offering Memorandum does not constitute an offer to sell or a solicitation of an offer to buy the Notes in any jurisdiction to any person to whom it is unlawful to make such an offer or solicitation in such jurisdiction.*

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

channels.

*In accordance with Article 5f of Council Regulation (EU) No 833/2014 of 31 July 2014 concerning restrictive measures in view of Russia's actions destabilising the situation in Ukraine (as amended), it is prohibited to sell the Notes to any Russian national or natural person residing in Russia or any legal person, entity or body established in Russia. This prohibition shall not apply to nationals of a Member State of the European Union, of a country member of the European Economic Area or of Switzerland, or to natural persons having a temporary or permanent residence permit in a Member State of the European Union, in a country member of the European Economic Area or in Switzerland.*

*In accordance with Article 1y of Council Regulation (EC) No 765/2006 of 18 May 2006 concerning restrictive measures against President Lukashenko and certain officials of Belarus (as amended), it is prohibited to sell the Notes to any Belarusian national or natural person residing in Belarus or any legal person, entity or body established in Belarus. This prohibition shall not apply to nationals of a Member State of the European Union or to natural persons having a temporary or permanent residence permit in a Member State of the European Union.*

*Before deciding to purchase the Notes, prospective investors must make their own assessment as to the suitability of investing in the Notes. In particular, each prospective investor should:*

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes and the merits and risks of investing in the Notes;*
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;*
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal or interest payments is different from the potential investor's currency;*
- (iv) understand thoroughly the Terms and Conditions of the Notes and be familiar with the behavior of any relevant financial markets; and*
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.*

*In addition, before deciding to purchase the Notes, prospective investors should carefully review and consider the risk factors described herein. Should one or more of the risks materialize, this may have a material adverse effect on the cash flows, results of operations, and financial condition of the Issuer. If any of these risks materialize, the market value of the Notes and the likelihood the Issuer will be in a position to fulfil its payment obligations under the Notes may decrease, in which case the Noteholders could lose all or part of their investments.*

*Any previous discussions or presentations provided to prospective investors were solely for information purposes and the Notes are issued in accordance with this Offering Memorandum. A prospective investor should not make an investment decision relying solely upon the information provided to the prospective investor in any presentation or otherwise.*

Arranger:



4 March 2024

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## RISK FACTORS

Words and expressions defined in the Terms and Conditions of the Notes below or elsewhere in the Offering Memorandum have the same meanings in this section.

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

THE RISK FACTORS DESCRIBED HEREIN ARE THE RISKS WHICH THE ISSUER HAS DEEMED MATERIAL; HOWEVER, THEY ARE NOT THE ONLY FACTORS AFFECTING THE ISSUER'S ACTIVITIES. THEREFORE, THE ISSUER DOES NOT CLAIM THAT THE STATEMENTS BELOW REGARDING THE RISKS OF ACQUIRING AND/OR HOLDING ANY NOTES ARE EXHAUSTIVE. ALSO, OTHER FACTORS AND UNCERTAINTIES THAN THOSE MENTIONED HEREIN, WHICH ARE CURRENTLY UNKNOWN OR DEEMED IMMATERIAL, COULD NEGATIVELY AFFECT THE GROUP'S CASH FLOWS, RESULTS OF OPERATIONS AND, THEREBY, THE ISSUER'S ABILITY TO FULFIL ITS OBLIGATIONS UNDER THE NOTES, AS WELL AS THE MARKET PRICE AND VALUE OF THE NOTES. MOREOVER, PROSPECTIVE INVESTORS SHOULD BEAR IN MIND THAT SEVERAL OF THE DESCRIBED RISK FACTORS CAN OCCUR SIMULTANEOUSLY AND TOGETHER WITH OTHER CIRCUMSTANCES COULD HAVE A POTENTIALLY STRONGER IMPACT ON THE ISSUER OR THE GROUP.

BEFORE DECIDING TO PURCHASE THE NOTES, POTENTIAL INVESTORS SHOULD CAREFULLY REVIEW AND CONSIDER THE FOLLOWING RISK FACTORS, IN ADDITION TO ALL OTHER INFORMATION PRESENTED IN THE OFFERING MEMORANDUM, AND CONSULT WITH THEIR OWN PROFESSIONAL ADVISORS IF NECESSARY.

### **RISKS RELATED TO THE ECONOMIC AND REGULATORY ENVIRONMENT**

#### **The Group is exposed to changes in macroeconomic and political conditions**

The Group operates in numerous markets and, like other businesses, is impacted by global economic, financial, and political conditions. Demand for the Group's products is affected by general macroeconomic trends such as recession, inflation, deflation, and general weakness in retail markets, among other things. Any uncertainty about future economic prospects, including political turmoil might have a negative impact on consumer purchases of the Group's products, thereby impacting the Group's business, financial position, and operating results.

The global economy has seen strong headwinds since the beginning of 2020 as a result of the global pandemic, war in Ukraine, and rising inflationary pressure, to which global central banks have responded by raising interest rates. In 2022, many countries where the Group operates had a slower real GDP growth rate compared to 2021. Nevertheless, amid uncertainties, the economic growth has been above expectations at the end of 2023 primarily due to growing consumption and change of the outlook of developments taking place in 2024, and the economists have revised upwards the GDP growth forecast for 2024.

Furthermore, changes in the political situation in different regions or countries, or political decisions affecting an industry or country, might have a material impact on the Group's results of operations, profitability, and future development.

#### **Geo-political risk related to Russian invasion of Ukraine**

The Group faces risks related to operating within a direct proximity to Russia. The military actions performed by Russia in the nearby region have caused relative instability and concerns for the safety of the Baltic countries and Finland where the Group operates. Both the Russian and Belarussian proximity to the Baltic countries and Finland poses a potential risk to the stability within the countries and to the operations of the

Group. The Russian and Belarussian closeness could lead to a significant negative impact on the Group, should any of the risks of a military conflict materialize. Although, as of the date of this Offering Memorandum, the war has had no direct material impact on the Group's operations and financial performance, introduction of new sanctions packages, general deterioration of the economic situation or investor sentiment towards the Baltics and other aspects related to geopolitical events may affect the Group's business results.

#### **Global pandemic risk**

The global economy has been characterized by heightened uncertainty since the onset of the COVID-19 pandemic in March 2020. The widespread outbreak of COVID-19 led to unprecedented health measures and restrictions imposed by authorities globally, causing disruptions in the Group's operations. The Group acknowledges that these disruptions may persist or reoccur, potentially impacting its future operations. Government responses to the pandemic, including the immediate adoption of laws and regulations, provided a legal basis for implementing measures aimed at limiting contagion and mitigating the consequences of the pandemic. Throughout the pandemic, the Group faced challenges in human resources planning, and its financial performance suffered due to reduced economic activity and diminished demand for specific services. Additionally, the effects of and the mitigation of the COVID-19 pandemic caused disruptions in supply chains and logistics which, coupled with increase in global demand for PCs owing to some countries' shift to a stay-at-home economy, impacted the availability of chips necessary for the manufacturing of a broad swathe of electronics, including tracking hardware and new vehicle deliveries for the clients. While the overall impact on the Group's operations has been limited, the potential for a new wave of the pandemic introduces uncertainty and may pose challenges to business operations and financial performance.

#### **The Group is subject to strict IT security and data processing regulatory requirements, breach of which could lead to substantial regulatory fines or data subject claims**

The Group is obligated to comply with strict regulatory requirements with respect to its IT security and data management processes. Many of these obligations widely apply across many of the jurisdictions where the Group operates and arise from the 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 ("GDPR") and other regulations applicable to the Group's IT security or data management processes. While the Group makes every effort to comply with applicable regulations, any failure by the Group or any of the third-party service providers on which it relies to operate its IT security systems and controls (such as user consent management, platform security, and security monitoring) in the manner required by relevant regulations or process, store, or transmit data in a manner not consistent with any relevant regulation, including the GDPR, could result in significant liabilities, including closure of its offending business, imposition of significant financial penalties, or increased supervision by regulators.

Further, the Group's efforts to comply with existing and future IT security and data processing regulations across Europe are costly and time-consuming. Incidents involving the Group's handling of this protected and sensitive information may consume significant financial and managerial resources and may damage its reputation, which may discourage customers from using, renewing, or expanding their use of the Group's services or platforms. In addition, high-profile data breaches could change consumer behaviour, impact the Group's ability to access data to make product offers and credit decisions, result in legislation and additional regulatory requirements, and increase the Group's IT, compliance, and monitoring costs. The Group does not currently have cyber insurance coverage in place, and as a result, any security breach, inadvertent transmission of information about customers, failure to comply with applicable breach notification and reporting requirements, or any violation of international or national privacy laws could expose it to considerable financial liability, litigation, regulatory scrutiny, and/or cause damage to its reputation. The Group may also be required to expend significant resources to implement additional data protection measures or to modify the features and functionality of its system offerings in a way that is less attractive to customers. Any of these may adversely impact the Group's business, financial condition, results of

operation, and prospects.

### **The Group may be exposed to cyber risk**

The Group, in its telematics operations, faces potential cyber risks in processing, storing, and transmitting customer and proprietary data. Despite implemented security measures, the exposure to threats like unauthorized access, ransomware, and denial-of-service attacks is inherent. Ongoing investments in cybersecurity may not fully anticipate the evolving nature of cyber threats, potentially leading to unforeseen incidents with consequences such as data loss and the diversion of resources for incident response.

As the Group expands its telematics operations and processes larger volumes of data, including proprietary or confidential information, the cyber risks intensify. Recognizing that the Group does not have insurance coverage to mitigate liability, the Group faces challenges in sustaining growth, maintaining financial resilience, and preserving its overall reputation in the face of cyber threats.

A potential security breach could result in diminished customer confidence, harm to the brand, reduced demand for solutions, legal liabilities, and financial repercussions that may create challenges in sustaining growth, maintaining financial resilience, and preserving its overall reputation in the face of cyber threats.

### **Changes in laws, regulations and enforcement activities may adversely affect the Group’s products and services and the markets in which it operates**

The Group is subject to laws and regulations in the jurisdictions in which it operates and that apply to any of its business lines. The Group's business lines are affected by the complex and changing requirements of the countries in which the Group's customers operate, varying from country to country due to the lack of harmonization. These regulations impose compliance obligations and restrictions on the Group's operating activities, which can be challenging to administer due to their scope, mandates, and varied requirements. The Group is subject to government regulations covering various areas, including disclosure requirements, registration, collection regulations, compliance obligations, security, privacy, data protection, identity theft protection programs, sanctions compliance obligations, and fee restrictions. However, legislatures and regulators are considering whether to include business customers, the Group's primary target market, within the scope of these regulations. Expanding the scope of regulations may lead to the loss of certain benefits presently enjoyed by the Group.

In recent years, there has been increasing attention to global tax fairness and initiatives aimed at equalizing applicable tax rates across countries. The Organisation for Economic Co-operation and Development (OECD) continues discussions on multilateral efforts, proposing a 15% (fifteen per cent) minimum tax rate for global companies. Despite the Group's products being largely business-facing, increased tax obligations in the countries where it operates may adversely affect financial performance if the Group cannot pass these costs to customers. New or expanded regulations, including tax regulations, or changes in interpretation or enforcement, may lead to significant additional costs and adverse effects on the Group's business and operating results.

Ensuring compliance with regulations may be difficult and costly, and the Group may face higher standards of training, monitoring, and compliance. Failure to comply with existing or changed government regulations may result in injunctions, fines, penalties, or other sanctions, harming the Group's reputation and having a material adverse effect on its business, financial condition, results of operations, and prospects.

### **The local tax regime may change**

Changes in the local tax regime or challenges to the Group’s present tax structures might have a material effect on the Group’s results of operations, profitability, and future development. Furthermore, certain tax positions taken by the Group require the judgment of management and, as a result, may turn to be inefficient or challenged by tax authorities due to possible erroneous interpretation of tax legislation.

## **RISKS RELATED TO THE GROUP’S BUSINESS AND THE INDUSTRY**

### **The Group operates in a highly fragmented and competitive market with low to medium barriers to entry, particularly in the fleet management and SaaS solutions sector**

The market for fleet management solutions is highly fragmented, consisting of a significant number of vendors, competitive and rapidly changing, with low to medium barriers to entry. Competition in such markets is based primarily on the level of difficulty in installing, using and maintaining solutions, total cost of ownership, product performance, functionality, interoperability, brand and reputation, distribution channels, industries and the financial resources of the vendor. The Group expects competition in such markets to intensify in the future with the introduction of new technologies and market entrants. Vehicle manufacturers, such as Volvo, Mercedes, trailer manufacturers like Krone, Schmitz, provide Original Equipment Manufacturer (OEM) solutions that are preinstalled in the vehicles and could be expanded or further developed to more directly compete with the Group’s solutions. The Group mainly competes in its current markets with AddSecure, FleetComplete, GSGroup and, to a lesser extent, other companies. Increasing competition could result in reduced operating margins, increased sales and marketing expenses and the loss of market share, any of which would likely cause serious harm to the Group’s operating results.

Moreover, current and future competitors may also make strategic acquisitions or establish cooperative relationships among themselves or with others, including the Group’s current or future channel partners, original equipment manufacturer partners, and other strategic technology companies. By doing so, these competitors may increase their ability to meet the needs of the Group’s existing or potential customers. In addition, the Group’s current or prospective white-label partners may establish cooperative relationships with the Group’s current or future competitors. These relationships may limit the Group’s ability to sell or promote its solution through specific distributors, technology providers, database companies, and distribution channels and allow the Group’s competitors to rapidly gain significant market share. These developments could limit the Group’s ability to obtain revenue from existing and new customers. If the Group is unable to compete successfully against current and future competitors, its business, financial condition, and results of operations would be harmed.

### **Industry horizontal and vertical consolidation presents a significant risk for the Group, potentially intensifying competition and leading to customer loss or revenue reduction**

Competitors, including those traditionally not considered direct competitors, may engage in horizontal and vertical acquisitions, partnerships, or strategic relationships, enhancing their service portfolios and economies of scale. The Group’s competitors may possess advantages such as greater name recognition, longer operating histories, diverse services, larger marketing budgets, and substantial financial and technical resources. The resulting competitors from industry consolidation may offer more compelling services, greater pricing flexibility, or employ business practices that challenge the Group’s competitive effectiveness. These factors could lead to a substantial loss of subscribers and materially and adversely impact the Group’s business, results of operations, and financial condition.

### **Decline in vehicle sales of the Group’s markets could result in reduced demand for the Group’s solutions and have an adverse effect on its business and financial condition**

A decrease in sales of new vehicles may diminish the Group’s addressable market for solutions. Potential reasons for the decline in new vehicle sales include adverse changes in the general economic environment, a reduction in customers’ discretionary spending, or an increase in new vehicle tariffs, taxes, or gas prices. Factors such as a decrease in vehicle production levels or labour disputes affecting the automobile industry in the markets where the Group operates could also influence the volume of new vehicle sales. Consequently, a reduction in the sale of new vehicles in the markets where the Group provides its solutions would lead to diminished demand for such products and services.

**An increase in factory-fitted or embedded telematics technology in new vehicles in the Group’s markets could result in reduced demand fleet telemetry, which could have an adverse effect on the Group’s revenue**

Certain Original Equipment Manufacturers (OEMs) have initiated the integration of technology resembling the Group's own technology into new vehicles before their initial sale, creating products and services that may intersect with the Group's Fleet Management Software platform. This development may hinder the Group from expanding sales to customers acquiring such vehicles. The Group's incapacity to effectively market and sell its solutions to new customers or form partnerships with OEMs to embed its solutions into their devices before the initial sale could result in a material adverse impact on the Group's ability to expand its subscriber base and enhance revenue.

**The Group contemplates expansion through acquisitions or investments in other companies, potentially diverting its management's attention, causing dilution to shareholders, and consuming essential resources for sustaining the business**

Future acquisitions may include complementary products, services, technologies, or entire businesses, and the Group may explore relationships with other businesses to expand its solutions portfolio or international presence. The negotiation process for these transactions is complex, time-consuming, and expensive, with outcomes often subject to external conditions or approvals beyond the Group's control, making the closure of these transactions uncertain. Engaging in acquisitions, investments, or new business relationships may lead to unforeseen operational challenges and expenditures. Challenges may arise during the assimilation or integration of acquired entities, especially if key personnel opt not to join, technological compatibility issues arise, or customer retention becomes challenging due to management changes or other factors. These activities may disrupt the Group's business, divert resources, and demand significant management attention that would otherwise be allocated to business development. Anticipated benefits of such endeavours may not materialize, and the Group could be exposed to unforeseen liabilities, including potential litigation against the acquired companies. Potential risks include the issuance of additional equity securities, use of critical cash reserves, unfavourable debt terms, incurring substantial charges or liabilities, and adverse tax consequences. Any of these risks has the potential to harm the Group's business and operating results.

**The Group may fail to utilize the anticipated benefits of acquisitions it has completed or may undertake in the future, and it may encounter difficulties in trying to integrate such acquisitions and incur significant expenses or charges as a result of an acquisition**

The Group faces potential challenges in utilizing the anticipated benefits of completed or future acquisitions, which may lead to difficulties in integration and result in significant expenses or charges. Acquiring and integrating businesses involve various risks, including unforeseen operational difficulties in assimilating technologies, products, personnel, or operations. The Group estimates the purchase price based on historical financial performance and projected synergies, yet there is a risk of post-acquisition operational setbacks, customer churn, and failure to achieve forecasted revenue and profits.

Despite carrying out due diligence procedures, the review may not uncover all contingent or undisclosed liabilities, exposing the Group to unanticipated costs and potential impairment charges. Acquisitions may bring additional regulatory burdens, financial charges, and tax consequences. The integration process diverts management attention and resources, potentially disrupting ongoing business operations and affecting services, standards, controls, and policies.

The Group recognizes that future acquisition activities will be financed by the proceeds raised from the Potential Investors, introducing inherent risks associated with this use of funds. Potential Investors contribute capital with the expectation that it will be strategically deployed for acquisitions, and there exists a risk that these endeavors may not yield the anticipated success, impacting the optimal utilization of the funds.

The inability to identify attractive targets or make favorable acquisitions may adversely affect the Group's business and financial condition. There is a potential risk of unidentified risks in recently acquired companies, impacting the Group's business, earnings, or financial and market position. Future acquisitions



may involve additional payments or costs, presenting financial risks. Challenges in integrating or separating businesses may result in dilutive issuances, debt, contingent liabilities, amortization costs, goodwill impairment, or restructuring charges, all of which can have adverse effects on the Group's business, earnings, or financial and market position. If ongoing or future acquisitions are not successfully integrated, the Group's business, financial condition, and results of operations may be adversely affected.

**The Group may not be able to successfully execute its acquisition strategy**

To achieve its strategic objectives, the Group has historically relied in part on acquisitions. As part of its strategy for growth and synergistic profitability, the Group continues to evaluate acquisition opportunities that will allow it to increase its market penetration, technological capabilities, product offerings and distribution capabilities. In this regard, any or all of the following risks could adversely affect the Group's growth strategy, including that:

- it may not be able to identify suitable acquisition candidates or acquire additional assets on acceptable terms;
- it may compete with others to acquire assets, which competition may increase, and any level of competition could result in decreased availability or increased prices for acquisition candidates;
- it may compete with others for select acquisitions and its competition may consist of larger, better-funded organizations with more resources and easier access to capital;
- it may experience difficulty in anticipating the timing and availability of acquisition candidates;
- it may not be able to obtain the necessary funding, on acceptable terms or at all, to finance any of its potential acquisitions; and
- it may not be able to generate cash necessary to execute its acquisition strategy.

In addition, to complete future acquisitions, the Group may require additional financing, including raising additional funds through further issuances of equity or convertible debt securities, potentially exposing existing shareholders to significant dilution.

**The international expansion of the Group's business may expose it to unique business risks and challenges**

The Group has grown and may continue to grow by expanding into new geographic markets. As the Group's operations increasingly expand across international markets, and in particular if it expands outside the European Union, it may be vulnerable to the unique business risks and challenges experienced by businesses in such markets. This may include challenges arising from the specific economic and political conditions in such markets, unique commercial situations that affect commercial road transportation businesses, unexpected costs and errors in the localization of its products or lack of familiarity with the commercial dynamics of a local market. Operating in international markets also requires significant management attention and further international expansion of the Group's operations may lead to operational difficulties in central oversight of the regional operations.

**The Group may not be able to increase sales of its solutions, which could have material and adverse effects on its business, operational results, and financial condition**

The Group's strategy for sales growth involves expanding market penetration in existing markets and entering new markets with substantial potential demand. The success of this strategy is contingent upon various factors, including service demand, competition in pricing and services, relationships with third-party distributors and dealers, new vehicle sales rates, general economic conditions, and, particularly for safety and security solutions, the perceived threat of vehicle theft and associated insurance discounts. Moreover, certain car and truck manufacturers have initiated the installation of substitute products, such as specific GPS-based solutions, in new vehicles before their initial sale. This development may hinder the Group's ability to increase sales to subscribers acquiring such vehicles. A significant concern is the potential inability to effectively market and sell solutions to new customers, which could have material and adverse implications for the Group's business, operational results, and financial condition.

**The Group may face challenges in maintaining its subscription-based relationships with existing customers, posing a potential material and adverse impact on its business, results of operations, and financial condition**

The Group typically offers solutions on a subscription basis with varying renewal terms. However, customers are not obligated to renew their subscriptions, and the Group may encounter difficulties in retaining them for various reasons, including perceived cost-effectiveness, competition, changes in customer needs, regulatory impacts, or reductions in insurance discounts. Enterprise fleet management customers, in particular, may face circumstances beyond their control, such as business dissolution, leading to non-renewal. Some subscription contracts lack early termination options, and in cases of non-honour, the Group's remedies may involve re-negotiation or legal recourse through the courts, which may not be entirely successful or cost-effective. A significant loss of or failure to renew subscription-based contracts could have a material adverse effect on the Group's business, results of operations, and financial condition.

**Changes in the Group's subscription or pricing models could have adverse effects on its business, financial condition, and results of operations**

The sales price for subscriptions to access the Fleet Management Software may face declines due to factors such as competitive pricing pressures, discounts, the anticipation of new applications and features, alterations in pricing models, or promotional programs. The expansion of offerings, introduction of new solutions by competitors, or entry into new international markets might challenge the Group's ability to attract new customers with historical pricing models. Larger competitors, including new market entrants, may reduce prices or bundle offerings, impacting the Group's revenue and gross profit. Determining appropriate price structures for new applications and accommodating larger customers' demands for higher discounts may lead to price reductions, shorter contract durations, or alternative pricing models. Failure to maintain prices and gross profits at levels conducive to profitability could harm the Group's business, financial condition, and results of operations.

**The Group may not be able to implement its growth strategy within expected timeframe**

The Group's organic growth strategy includes developing technology infrastructure that will accelerate its path towards building an integrated digital ecosystem for the commercial road transport industry, leveraging effective go-to-market strategy in the attraction of new customers for its products and services, while cross/upselling to existing customers. As a result, a failure to make or to implement necessary expansion and upgrades of the Group's technology systems and infrastructure in a timely manner while maintaining client service levels could represent a potential limitation on the Group's ability to meet its growth targets and adversely impact on the Group's results of operation or financial condition. Continued growth may also require continued investment across certain of the Group's key jurisdictions in facilities and personnel. The Group may not be successful in adding all of the additional facilities and other resources that may be necessary to achieve this. Further, even where the Group has put the relevant measures for growth in place, unless growth results in an increase in revenues that is proportionate to the increase in costs associated with such growth, operating margins and profitability may be adversely affected. In each case, this may have a material adverse effect on the Group's business.

**The Group may require additional capital to fund its business and support its growth, and any inability to generate or obtain such capital may adversely affect its business and financial condition**

In order to support the Group's growth and respond to business challenges, such as developing new solutions for Fleet Management Software to stay competitive, acquiring new technologies, improving its infrastructure, as well as acquiring companies, the Group has made significant financial investments in its business and intends to continue to make such investments. This necessitates potential future engagements in equity or debt financings to procure the necessary funds for these investments and other business initiatives. If additional funds are raised through equity or convertible debt issuances, existing stockholders may experience considerable dilution, and these securities may possess rights, preferences, and privileges superior to current shareholders. Opting for debt financing may involve terms with restrictive covenants, complicating capital-raising activities and the pursuit of business opportunities, including potential acquisitions. In the event the Group encounters difficulty obtaining adequate financing or favourable

financing terms when needed, its ability to sustain business growth and address business challenges may be significantly hindered, leading to adverse effects on its business and financial condition.

**If the Group fails to attain and maintain a level of liquidity deemed sufficient to support its operations and meet obligations, it could experience adverse effects on its business, financial condition, and operational results**

The Group actively oversees and manages its cash and cash equivalents to ensure adequate liquidity for funding operations and fulfilling corporate objectives. In the future, increased liquidity levels may be necessary to effectively support ongoing operations, initiatives, and address the impact of business challenges or unforeseen events. The inability to achieve and maintain such heightened liquidity levels may lead to unfavourable consequences, including reduced investment in platform development, challenges in executing the business plan, and difficulties in meeting obligations. Any of these developments may have adverse implications for the Group's business, financial condition, and operational results.

**The loss of one or more key personnel members of the Group could have an adverse effect on its business**

The Group's success hinges on the expertise and leadership of its executive officers and key personnel, including skilled operational managers, product managers, and technology specialists. The senior management team possesses significant industry experience that would be challenging to replace. The potential loss of key management personnel or technical employees could lead to notable disruptions in the Group's business operations, adversely impacting daily operations and financial condition.

**Failure to attract qualified personnel may affect the profitability of the Group's operations**

To remain competitive and execute its growth plan, The Group must continue to attract, hire and retain highly qualified personnel. Competition for skilled employees is intense, and the Group may face challenges in attracting and retaining qualified personnel. Difficulties may arise in hiring and retaining highly skilled individuals with appropriate qualifications. The Group's inability to attract and train new personnel, or to retain, focus, and motivate current personnel, could have a material and adverse impact on its business, results of operations, and financial condition.

**The Group is exposed to operational risks**

Operational risk is a possibility of experiencing losses due to insufficient or unsuccessful internal processes, personnel management, systems, or external circumstances. Thorough personnel selection is carried out, accurate descriptions of job duties are compiled, division of duties is coordinated, which allows the Group and management to reduce operational risks. The Group's internal controls, procedures, compliance systems, and risk management systems may prove to be inadequate to prevent and discover previous or future breaches of laws and regulations and generally to manage risks that could have a material adverse effect on the Group's business operations, financial conditions and results of operations.

**The Group's capacity to adapt to swift technological advancements in its industry and related sectors is critical for maintaining competitiveness and avoiding adverse impacts on its results of operations**

The industry landscape, along with related sectors, is marked by rapid technological changes, frequent product introductions, and evolving industry standards. Beyond the fleet management solutions industry, the Group is exposed to shifts in the automotive, mobile handset, GPS navigation device, and workflow software industries. The ongoing evolution of technology in each of these sectors presents new challenges in terms of integration and competition. For instance, as in-vehicle technology advances among automobile manufacturers, standard GPS tracking devices may emerge, posing competition to the Group's solutions. Additionally, substantial improvements in fuel efficiency may alter the perceived return on investment of the Group's solutions for its customers. Failure to adeptly respond to rapid technological changes could have adverse effects on the Group's operational results and its ability to sustain competitiveness.

**The Group may experience software defects, system errors, and development delays, which could damage customer relationships, decrease its profitability and expose it to liability**

The Group's solutions are based on sophisticated software and computing systems that are constantly

evolving. In addition, some of the underlying software may contain undetected errors, viruses or defects. Defects in the Group's software products and errors or delays in its processing of electronic transactions could result in additional development costs, diversion of technical and other resources from its other development efforts, loss of credibility with current or potential customers, harm to its reputation or exposure to liability claims. In addition, the Group relies on technology supplied to it by third parties, such as Microsoft, Google and other software vendors which support the operations, which may also contain undetected errors, viruses or defects that could adversely affect its business, financial condition or results of operations.

**The Group relies on certain key suppliers to manufacture its hardware, and an interruption in the supply of hardware could materially and adversely affect the Group's business, results of operations, and financial condition**

The Group outsources hardware mass production to UAB Selteka (Lithuania), one of the largest manufacturers of electronics in the Baltics, as well as purchases hardware from several other hardware suppliers. The Group does not have volume commitments to or from these suppliers, and therefore cannot require them to deliver devices. An interruption in the supply of devices from suppliers would significantly impact the Group's operations and require it to identify and integrate manufacturing and supply logistics with an alternate supplier or use a substitute device, which could materially and adversely affect the business, results of operations, and financial condition. The Group has no financial control over and limited operational influence on these suppliers and the conduct of their businesses. These suppliers could, among other things, extend delivery times, raise prices, and limit supply due to their own shortages and business requirements. An interruption in the supply of hardware from suppliers could materially and adversely affect the Group's business, results of operations, and financial condition.

**The Group's solutions integrate with third-party technologies, and if the solutions become incompatible with these technologies, they would lose functionality and flexibility, adversely affecting customer acquisition and retention**

The solutions integrate with third-party solutions to perform key functions. Although, to date, this integration has been accomplished using application programming interfaces ("API"), other open software and hardware interfaces, and simple physical linkages, there is no guarantee that this ease of integration will continue or that the Group will be able to integrate with other devices as easily or without additional cost. Newer third-party systems may be developed that include different ports and do not allow the solutions to be integrated through simple physical linkages. Errors or defects in third-party systems and devices could result in errors or a failure of the solutions, which could harm the Group's business.

**The Group relies on third-party software and other intellectual property to develop and provide its solutions, and significant increases in licensing costs or defects in third-party software could harm its business**

The Group relies on software and other intellectual property licensed from third parties to develop and offer its solutions, including mapping software and data from Google to provide solutions to its customers. In addition, the Group may need to obtain future licenses from third parties to use software or other intellectual property associated with its solutions. The Group cannot be assured that these licenses will be available on acceptable terms, without significant price increases, or at all. Any loss of the right to use any such software or other intellectual property required for the development and maintenance of its solutions could result in delays in the provision of solutions until equivalent technology is either developed by the Group, or, if available from others, is identified, obtained, and integrated, which could harm its business. Any errors or defects in third-party software could result in errors or a failure of its solutions, which could harm its business.

**The Group relies on cellular network providers for the transmission of data from installed in-vehicle devices to its data centres, and significant costs would be incurred if the services of these network providers became unavailable**

The Group enters into contracts with cellular network providers in each of its markets to furnish cellular

network services. These services transmit data from customers' in-vehicle devices to the Group's data centres, where it is managed for the benefit of customers. Each installed in-vehicle device contains a SIM card compatible with a specific cellular network provider. If a cellular network provider in one of the Group's markets were to refuse to continue contracting for any reason or were to go out of business, the Group could incur significant costs related to the replacement of SIM cards for its customers and could experience damage to its reputation and customer relationships. Any of the foregoing could materially and adversely affect the Group's business, results of operations, and financial condition.

**The Group's dependence on the 2G network and roaming services exposes it to potential costs in the event of network and roaming unavailability**

The Group's reliance on the 2G network and roaming services presents a vulnerability to potential costs in situations where network and roaming services become unavailable. This risk encompasses factors such as the ongoing migration from 2G to 4G within the mobile network, the discontinuation of services by other radio networks like Sigfox, and uncertainties surrounding the timelines for the 2G to 4G transition in different countries. With a significant portion of the Group's equipment operating on 2G and the absence of precise information on migration timelines, the deactivation of 2G networks in specific regions could have a substantial impact on the Group's business. Moreover, active utilization of roaming services introduces risks during events like Brexit or changes in EU free roaming policies, potentially leading to sudden increases in data costs in countries with significant fleet presence. Despite the EU free roaming provisions, the Group's exposure to the decisions of mobile operators, who continue to negotiate inter-operator agreements, further emphasizes the Group's susceptibility to operational uncertainties.

**The Group's solutions rely on global navigation satellite system (GNSS) networks, and any disruption, failure, or increase in costs could impede its profitability and harm its financial results**

GNSS is a satellite-based navigation and positioning system consisting of a constellation of orbiting satellites. These satellites and their ground support systems are complex electronic systems subject to electronic and mechanical failures and possible sabotage, and uncertainties regarding the global commitment to their operation and maintenance over an extended period. Moreover, the risk extends to specific navigation systems such as GPS which play a crucial role in the Group's solutions. Additionally, technologies relying on GNSS navigation systems are contingent on the use of radio frequency bands, and any modification of the permitted uses of these bands may adversely affect the functionality of GNSS technologies and, in turn, the Group's solutions. The satellites and their ground control and monitoring stations are maintained and operated globally.

**The Group's exposure to risks associated with the use of intellectual property may be increased as a result of acquisitions**

The Group faces a lower level of visibility into the development process concerning acquired technology or the measures taken to safeguard against infringement risks. Third parties may assert infringement and similar claims after the Group acquires technology that had not been previously asserted. Any of these outcomes would harm the Group's business, results of operations, and financial condition. These risks have been amplified by the increase in third parties whose sole or primary business is to assert such claims.

**The Group may become involved in disputes or litigations in the future, which could lead to adverse effects on the Group's business, financial condition, and operational results**

As of the date of the Offering Memorandum, the Group is not engaged in any material disputes. However, there exists a potential risk that the Group may become involved in disputes or subject to other litigation in the future. In such instances, there is a possibility that legal expenses due to prolonged dispute resolution and an unfavorable outcome of such dispute could adversely impact the Group's business, earnings or financial position.

**Adverse impacts on the Group's results of operations may arise from negative publicity**

Negative publicity or announcement relating to the Group may, regardless of whether justified, deteriorate the value of the brand and have a negative effect on the Group's operations, financial position, earnings

and result.

**The Group does not have third-party liability insurance coverage and would be obligated to self-fund any incurred risks with own financial resources**

The Group does not have third-party liability insurance coverage and it would be responsible for absorbing and mitigating any financial consequences arising from unforeseen risks and events. The lack of insurance coverage increases the potential financial burden and impact on the Group's resources in case of damages. Additionally, there are certain types of losses that are not possible to insure. Hence, there is a risk that the Group might be required to pay for any losses, damages and liabilities leading to adverse effects on the Group's business, earnings or financial position.

**RISKS RELATED TO THE NOTES**

**The Group may be unable to repay or repurchase the Notes at maturity**

The Notes will be secured with the Collateral provided by the Collateral Providers. In case of Insolvency Proceedings affecting the Issuer, the Noteholders will be entitled to recover their investment on the same terms as other secured creditors according to the Applicable Laws, taking into account, that if the Collateral would be enforced, the Noteholders would receive payment of their claims in respect to Notes only to the extent that the enforcement proceeds of the sale of the Collateral are sufficient to pay the costs of enforcement of the Collateral and satisfaction of the fees, costs, damages and claims of the Collateral Agent in accordance with the Terms and Conditions.

Also, for the purposes of securing the claims of AS "SEB banka", registration No. 40003151743, in the total amount of EUR 1,350,000.00 resulting from the Overdraft Agreement No. 2018011252 entered into between the Issuer and AS "SEB banka" on 2 October 2018, the Issuer has pledged in favour of AS "SEB banka" the entire assets of the Issuer as a pool of things on the date of pledge, as well as future components of the pool of things. As a result, in the event of the Insolvency Proceedings affecting the Issuer, the Issuer's assets will be used for settling the claims of the Noteholders only after the claims of AS "SEB banka" are satisfied.

Furthermore, the Terms and Conditions provide that all existing and future loans received from the Company's shareholders must be subordinated to the Notes. On or around the Issue Date the Existing Major Shareholders of the Company will sign an acknowledgement of subordination of existing and future loans granted to the Company to the Notes. Based on a freedom of contract principle, a party may agree to subordinate certain claims owed to it by a debtor to the claims of another creditor of the debtor, which is respectively considered as senior creditor, and contractual subordination arrangements are fairly common in financing transactions in Latvia; however, subordination is not expressly regulated under Latvian law, including in the context of insolvency, legal protection or enforcement proceedings, and thus, there is a risk that it may potentially not be honoured or recognized by an insolvency administrator or a bailiff appointed in respect of the debtor or its assets.

**The Issuer may incur significant additional debt or grant additional security**

The Issuer is not prohibited from issuing further notes or incurring other debt or restricted from granting Security (provided that it is Permitted Security) on any existing or future indebtedness, subject to fulfillment of financial covenants and other restrictions and procedures generally imposed on the borrowers by the lenders. If the Issuer incurs significant additional debt or grants additional Security, the Issuer's ability to service its Financial Indebtedness, including the Notes, might deteriorate, the amount recoverable by the Noteholders in case of Insolvency Proceedings of the Issuer might decrease, and the position and priority of Noteholders in such case might worsen.

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

Neither the Issuer nor any other individual guarantees the minimum liquidity of the Notes. Thus, the Noteholders should consider the fact they may not be able to sell or may face difficulties in selling their

Notes on the secondary market at their fair market value or at all.

**There is a risk that Nasdaq Riga will not accept the Notes to be admitted to trading on First North or order that the Notes are delisted from First North before maturity**

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

**The price of the Notes may be volatile and the market price of the Notes may drop below the initial price a Potential Investor paid for the Notes**

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

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

**The Group may choose to repurchase or redeem the Notes when prevailing interest rates are relatively low, including in open market purchases**

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

**Changes in tax rates may impact net payments related to the Notes**

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

**Decisions of the Majority Noteholders may affect individual rights of the Noteholders**

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

**Risk that some Noteholders might have more preferential terms than others**

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

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

### **The Issuer is dependent on and may be adversely affected by its Subsidiaries**

A significant part of the Group's assets and revenues related to the Issuer's Subsidiaries. Accordingly, the Issuer is dependent upon receipt of sufficient income and cash flow related to the operation of and the ownership in the Subsidiaries to enable it to make payments under the Notes. Consequently, the Issuer is dependent on the Subsidiaries' availability of cash, and their legal stability to make dividends which may from time-to-time be limited by corporate restrictions and law. Should the Issuer not receive sufficient income from its Subsidiaries, the Noteholders' ability to receive payment under the Terms and Conditions may be adversely affected. Additionally, under legal doctrines attributing liability for its subsidiaries to the parent company in rare cases the Issuer may lose its right to rely on its limited liability towards the liability of its Subsidiaries.

### **RISKS RELATED TO THE COLLATERAL**

#### **Risks associated with the Collateral Agent Agreement**

The Noteholders are represented by the Collateral Agent in all matters relating to the Collateral. There is a risk that the Collateral Agent, or anyone appointed by it, does not properly fulfil its obligations in terms of perfecting, enforcing or taking other necessary actions in relation to the Collateral. Subject to the terms of the Collateral Agent Agreement, the Collateral Agent is entitled to enter into agreements for the use of services of a third-party and appoint third-party representatives in the course of performance of its tasks and acts as stipulated in the Terms and Conditions or take any other actions necessary for the purpose of maintaining, releasing or enforcing the Collateral or for the purpose of settling, among others, the Noteholders rights to the Collateral.

#### **Risks associated with the value of the Collateral**

If the Issuer fails to make the Coupon and/or Nominal payments in a timely manner, the Collateral Agent, acting in the interest of the Noteholders upon receipt of the Instruction from the Majority Noteholders and subject to other preconditions will initiate the takeover and realization of the Collateral. There is a risk that there may be no legal and practical possibility to take over or sell the Collateral in full or in part and no buyer may be interested in buying the Collateral. Furthermore, the Collateral may be used to secure obligations of the Issuer under any further debt securities issued by the Issuer, and together with the Notes do not exceed EUR 20,000,000 (twenty million euros). Considering that the Collateral Agent does not supervise the quality of the Collateral during the duration of Issuer's obligations and the Collateral Agent has no liability to the Noteholders in this regard, there is a risk that the Collateral may be taken over but the realization of the Collateral may be insufficient to satisfy the Noteholders' claims.

#### **Risks associated with a replacement of the Collateral**

In order to support the Group's growth, the Group may engage in potential future debt or equity financing transactions, including a potential initial public offering of the Issuer's shares. In case the Issuer decides to repay the Notes at Maturity Date or redeem the Notes prematurely in accordance with the Terms and Conditions using the proceeds from an initial public offering of the Issuer's shares, it is possible that the Issuer may seek the Noteholders' consent to replace the Collateral with another collateral or seek the Noteholders' consent to implement any other arrangement that is required to complete the initial public offering of the Issuer's shares and repay or redeem the Notes.

#### **Risks associated with Parallel Debt**

The security interests in the Collateral that will secure the obligations of the Issuer under the Notes will not be granted directly to the Noteholders but will be created and perfected in favour of the Collateral Agent. Thus, the Noteholders will not have any independent power to enforce, or have recourse to, the Collateral Agreement or to exercise any rights or powers arising under the Collateral Agreement. Only the Collateral Agent will be entitled to enforce the Collateral. As a result of these restrictions, the Noteholders will have limited remedies and recourse against the Issuer in the Event of Default. In particular, none of the



Noteholders will have a direct benefit under the Collateral, and none of the Noteholders will have the status of a secured creditor in the event of any Insolvency Proceedings of the Issuer. From a purely legal perspective, the Noteholders will qualify as unsecured creditors of the Issuer and the Noteholders' claims under the Notes vis-à-vis the Issuer directly will be unsecured obligations of the Issuer.

Due to Latvian law legal requirements, the Collateral Agent cannot take and perfect the security for Issuer's obligations under the Notes. The Parallel Debt creates contractual security for the Noteholders' claims under the Notes because the Collateral Agent has an obligation pursuant to Clause 20.6. (*Application of the Proceeds from Enforcement of the Collateral*) to apply the enforcement proceeds received in enforcement of the Collateral securing the Parallel Debt in and towards satisfaction of the Noteholders' claims.

Parallel Debt is a contractual instrument designed to allow the Collateral Agent to take, perfect, maintain, administer and enforce the Collateral in its own name and right but for the benefit of the Noteholders. The concept of the Parallel Debt is not explicitly recognized under the Latvian law and its legality, validity and enforceability has not been tested in the Latvian courts. If the Parallel Debt arrangements are declared to be illegal, invalid or unenforceable by Latvian court, that will result in the Collateral not being valid and enforceable or not being duly perfected in accordance with the applicable legal requirements. As a consequence, the Noteholder's claims under the Notes would rank *pari passu* with the other unsecured obligations of the Issuer and the Noteholders will not have a preferential right to the enforcement proceeds of the Collateral.

**The enforcement of the Collateral will be subject to the procedures and limitations set out in the Collateral Agent Agreement, the Terms and Conditions, the Collateral Agreement and the Articles of Association of the Issuer**

Even when the Collateral is enforceable, the enforcement is subject to the procedures and limitations set out in the Collateral Agent Agreement, the Terms and Conditions, the Collateral Agreement and the Articles of Association of the Company. For the Collateral Agent to satisfy the Noteholders' claims, the enforcement procedure will be structured in the order as set out in Clause 20.5 (*Enforcement of the Collateral*) of the Terms and Conditions. There can be no assurance as to the ability of the Noteholders to instruct the Collateral Agent to initiate any enforcement procedures.

Furthermore, pursuant to the Collateral Agreement and as provided in 20.5.9. of the Terms and Conditions, the Collateral Agent will be entitled to enforce the Collateral only in case: (a) the Collateral Providers have decided not to sell the Collateral themselves, or (b) the Collateral Providers have decided to sell the Collateral themselves, but have failed to sell the Collateral within 6 (six) month period.

Moreover, pursuant to the Articles of Association of the Issuer, any enforcement of the Collateral will be subject to pre-emption rights of the shareholders, other than the Collateral Providers, of the Issuer in respect to potential acquisition of the shares subject to the Collateral. Also, in order to ensure that the pre-emption rights of the shareholders, other than the Collateral Providers, of the Issuer are effective, pursuant to the Collateral Agreement the Collateral Agent is prohibited to sell the Collateral by enforcement of the pledge in non-adversary enforcement proceedings (in Latvian: *saistību bezstrīdus piespiedu izpildes kārtība*) under the Latvian Civil Procedure Law.

Furthermore, any enforcement of the Collateral may be delayed due to the provisions of the Collateral Agent Agreement and the Terms and Conditions.

**Risks related to amendments to laws and regulations**

There is a general risk that the enforceability of the Collateral may be impacted by any amendments in the applicable laws and regulations.

**The rights of the Noteholders depend on the Collateral Agent's actions and financial standing**

By subscribing for, or accepting the assignment of, any Note, each of the Noteholders will accept the appointment of the Collateral Agent as the agent and representative of the Noteholders, to represent and act for such creditors, *i.e.*, Noteholders, in relation to the Collateral. Only the Collateral Agent is entitled to

exercise the rights under the Collateral and enforce the same. Any failure by the Collateral Agent to perform its duties and obligations properly, or at all, may adversely affect the enforcement of the rights of the Noteholders due to, for example, inability to enforce the Collateral and/or receive any or all amounts payable from the Collateral in a timely and effective manner.

The Majority Noteholders may pass a decision to replace the Collateral Agent at any time. At any time, the Collateral Agent may resign from its role as the Collateral Agent with 20 (twenty) Business Days (one) prior written notice. Furthermore, the Collateral Agent's liability to the Noteholders is limited in accordance with Clause 20.7. (*Liability of the Collateral Agent*). As of the date of this Offering Memorandum the Collateral Agent's professional liability is insured with insurance company If P & C Insurance AS Latvijas filiāle (registration number: 40103201449).

## REPRESENTATIONS AND WARRANTIES, RESPONSIBILITY STATEMENT

### REPRESENTATIONS AND WARRANTIES OF THE ISSUER

Words and expressions defined in the Terms and Conditions of the Notes below or elsewhere in the Offering Memorandum have the same meanings in this section.

The Issuer shall, in accordance with the Terms and Conditions, issue the Notes and perform the obligations arising from the Notes to the Noteholders. The Issuer shall be liable to the Noteholders for due and complete fulfilment of its obligations under the Notes.

The Issuer represents and warrants to the Noteholders and the Collateral Agent that:

- (a) the Issuer and the Collateral Providers are duly incorporated and validly existing as legal entities in their jurisdiction of incorporation, and operating under the laws of jurisdiction of their incorporation;
- (b) all the Issuer's obligations assumed under the Notes are valid and legally binding to the Issuer and performance of these obligations is not contrary to the Applicable Law, the Issuer's constitutional documents or any agreement concluded by the Issuer;
- (c) all the Collateral Providers' obligations assumed under the Collateral Agreement shall be valid and legally binding to the Collateral Providers and performance of these obligations shall not be contrary to the Applicable Law, the Collateral Providers' constitutional documents or any agreement concluded by the Collateral Providers;
- (d) the Issuer has all the rights and sufficient authorisations to issue the Notes and fulfil obligations arising from the Notes;
- (e) the Collateral Providers shall have all the rights and sufficient authorisations to provide the Collateral, to register the Collateral in the relevant registries and fulfil obligations arising from the Collateral;
- (f) the Issuer has performed all the formalities required for issuing the Notes and fulfil other obligations under the Notes;
- (g) the Collateral Providers shall perform all the formalities required for providing the Collateral and fulfil other obligations under the Collateral;
- (h) to the best of the Issuer's knowledge, all information that is provided by the Issuer to the Noteholders in the Offering Memorandum is true, accurate and complete and not misleading in any respect;
- (i) the Issuer and the Collateral Providers are solvent, able to pay their debts as they fall due, there are no liquidation or Insolvency Proceedings pending or initiated against the Issuer or the Collateral Providers;
- (j) there are no material legal or arbitration proceedings pending or initiated against the Issuer or the Collateral Providers which may have a material adverse effect on the Issuer's or the Collateral Providers' financial position or profitability;
- (k) there are no criminal proceedings pending or initiated against the Issuer or the Collateral Providers; and
- (l) the Issuer shall not, and shall procure that none of its directors, officers, employees or agents, use the proceeds from the Notes: (i) to fund, finance or facilitate any activities or business of or with any person that is, or is owned or controlled by persons that are, or in any country, region or territory, that, at the time of such funding, financing or facilitating is, or whose government is, the target of Sanctions; or (ii) in any other manner that would result in a violation of Sanctions by any person (including, any person participating in the subscription of Notes, whether as lender, underwriter, advisor, investor, or otherwise).

The Issuer's representations and warranties provided above are valid on the Issue Date and will remain valid until fulfilment of all obligations arising from the Notes.

## RESPONSIBILITY STATEMENT

The Issuer, represented by the members of its Management Board, accepts responsibility for the information contained in the Offering Memorandum and declares that the Issuer and its Management Board have taken all reasonable care to ensure that the information contained in the Offering Memorandum is, to the best of the Issuer's knowledge, true, accurate and complete and not misleading in any respect.

On behalf of AS "Mapon"

Edmunds Riekstiņš  
Chairman of the Management Board

Aleksei Avanesov  
Member of the Management Board

Andris Drudzilo  
Member of the Management Board

Ingus Rūķis  
Member of the Management Board

Dāvis Siksnāns  
Member of the Management Board

*This document is signed electronically with secure electronic signature containing a time stamp.*

## TERMS AND CONDITIONS OF THE NOTES

### 1. DEFINITIONS

In these Terms and Conditions the following expressions have the following meanings:

- Accounting Principles:** From the Issue Date, Latvian Accounting Standards (Latvian GAAP) as set forth in the Law on Annual Statements and Consolidated Annual Statements of the Republic of Latvia.
- Starting from the Financial Report for the year 2024, International Financial Reporting Standards (IFRS) within the meaning of Regulation 1606/2002/EC (or as otherwise adopted or amended from time to time).
- Acquisition:** Any transaction or series of related transactions pursuant to which the Group has acquired a participation in the equity capital of, or a control in, a person if that person pursuant to the Accounting Principles has to be consolidated into the Group, or any acquisition or transfer of an operating division or business unit of any other person to the Group which under the Applicable Laws constitutes a transfer of enterprise or an independent part thereof (in the meaning of the Commercial Law of the Republic of Latvia (*Komerclikums*)) or an equivalent legal concept under the Applicable Law.
- AML:** Anti-money laundering and counter terrorism and proliferation financing.
- Applicable Laws:** Any applicable law, including without limitation: (a) the regulations of the Bank of Latvia, Nasdaq Riga and Nasdaq CSD; (b) corporate, securities, tax or other laws, statutes, rules, requirements or regulations, whether state, local, foreign, or EU; and (c) the laws and regulations of the Republic of Latvia.
- Arranger:** Signet Bank AS, a Latvian credit institution registered in the Register Enterprises of the Republic of Latvia under registration No. 40003043232.
- Auditor:** Any auditor from the following list that is licensed to practice in the Republic of Latvia:
- (a) Pricewaterhouse Coopers group entity;
  - (b) Ernst & Young group entity;
  - (c) KPMG group entity;
  - (d) Deloitte group entity;
  - (e) BDO group entity;
  - (f) Grant Thornton group entity;
  - (g) Nexia group entity.
- Base Rate:** 3M EURIBOR reference rate (%) determined by the Calculation Agent on the Coupon Reset Date and is fixed for the subsequent Base Rate Period. If on any Coupon Reset Date 3M EURIBOR rate is less than 0%, 3M EURIBOR shall mean 0%.
- Base Rate Period:** The period of time between the First Settlement Date and the last date of the subsequent calendar quarter, which is 30 June 2024, or between the last

dates of two calendar quarters.

**Business Day(s):** A day when the Nasdaq CSD system is open and operational to effectuate T2S-eligible securities settlement transactions.

**Calculation Agent:** A nationally recognized expert with experience in corporate bonds appointed by the Issuer to determine the amount of quarterly payments to Noteholders and provide payment instructions to the Issuer in accordance with Clause 11.4. (*Calculation Agent*), initially Signet Bank AS, a Latvian credit institution registered in the Register Enterprises of the Republic of Latvia under registration No. 40003043232.

**Cash and Cash Equivalents:** Cash and cash equivalents of the Group in accordance with the Accounting Principles.

**Change of Control:** Occurrence of an event or series of events whereby, a person (natural person or legal entity) or group of persons acting in concert (directly or indirectly) acquires the influence (whether by way of ownership of shares, contractual arrangement or otherwise) to:

- (a) cast or control the casting of more than 50% (fifty percent) of the maximum number of votes that might be cast at a general meeting of the shareholders of the Issuer; or
- (b) appoint or remove or control the appointment or removal of a majority of the management board or supervisory board members or other equivalent officers of the Issuer.

For the sake of clarity, a Change of Control does not occur if there is a change between the Existing Major Shareholders (including, where any changes to the management board or supervisory board members, if a supervisory board is appointed, or other equivalent officers of the Issuer takes place) and the Existing Major Shareholders maintain jointly or individually more than 50% (fifty percent) of the maximum number of votes that might be cast at a general meeting of the shareholders of the Issuer.

**Collateral:** Collateral that is described in Clause 20.1. (*Collateral*), which serves as security for the fulfilment of the Issuer's obligations under the Notes in accordance with these Terms and Conditions.

**Collateral Agent:** A reputable person authorized to act with the Collateral in favour of all the Noteholders in accordance with these Terms and Conditions, the Collateral Agent Agreement and the Collateral Agreement, who has a professional experience in capital markets transactions and expertise for the fulfilment of the tasks as a collateral agent, initially ZAB Eversheds Sutherland Bitāns SIA, a law firm registered with the Latvian Bar Association and registered with the Register of Enterprises of the Republic of Latvia under registration No. 40203329751 and with a registered address at: Lāčplēša iela 20A - 9, Rīga, LV-1011, the Republic of Latvia, e-mail: birojs@eversheds-sutherland.lv, phone number: +371 67 280 102. The Collateral Agent's professional liability shall be insured in the course of performance of Collateral Agent functions.

**Collateral Agent Agreement:** The agreement entered into between the Issuer, the Collateral Providers and the Collateral Agent which stipulates the rights and obligations of the Collateral Agent in relation to the establishment, maintenance, and

enforcement of the Collateral, as provided in these Terms and Conditions, in the interests of the Noteholders, as well as the Collateral Agent's compensation. The Collateral Agent Agreement is available upon request from the Issuer and it constitutes an integral part of these Terms and Conditions.

**Collateral Agreement:** The agreement concluded or to be concluded on the provision of the Collateral referred to in Clause 20.1. (*Collateral*) between the Collateral Agent and the Collateral Providers and governed by the Applicable Laws. The Collateral Agreement is available upon request from the Issuer.

**Collateral Providers:** AS "Draugiem Group", registration No. 40203086499, registered address at: Ojāra Vācieša iela 6B, Rīga, Latvia, LV-1004, and SIA "Pirmdiena", registration No. 40203087047, registered address at: Ojāra Vācieša iela 6B, Rīga, Latvia, LV-1004.

**Consolidated EBITDA:** Net profit of the Group for the Relevant Period calculated according to the most recent Financial Reports:

- (a) before deducting any amount of tax on profits, gains or income paid or payable;
- (b) before deducting any interest expense, fees for financing agreements and lease expenses;
- (c) before taking into account any exceptional items which are not in line with the ordinary course of business and any non-cash items (such as e.g., asset revaluation or write-down);
- (d) before taking into account any gains or losses on any foreign exchange gains or losses;
- (e) after adding back any amount attributable to the amortization, depreciation, as well as impairment loss recognized or reversed due to transition to IFRS accounting standards;
- (f) after adding back or deducting, as the case may be, the Group's share of the profits or losses of entities which are not part of the Group; and
- (g) reduced by any interest and similar financial income.

**Consolidated Net Finance Charges:** All recurring debt related charges of the Group for the Relevant Period calculated according to the most recent Financial Reports:

- (a) including cash interest expense on the Financial Indebtedness;
- (b) including cash interest expense on guarantees issued by a bank or insurance company;
- (c) after deducting any interest income relating to Cash and Cash Equivalents; and

excluding any payment-in-kind interest capitalized on loans from Related Parties and/or Subordinated Debt.

**Coupon:** Interest on Notes calculated in accordance with the Clause 11. (*Coupon*).

**Coupon Payment Date:** Coupon payments shall be made 4 (four) times per year – each 31 March, 30

June, 30 September and 31 December.

<b>Coupon Reset Date:</b>	The second Business Day before the start of the Base Rate Period on which the Calculation Agent determines the Coupon rate for the following Base Rate Period.
<b>Custodian:</b>	Nasdaq CSD participant directly or licensed credit institution or investment brokerage company that has a financial securities' custody account with Nasdaq CSD participant.
<b>De-listing Event:</b>	Occurrence of an event whereby at any time following the listing of the Notes, trading in the Notes on First North is suspended for a period of 15 (fifteen) consecutive Business Days (when First North is at the same time open for trading).
<b>Equity Cure:</b>	Has the meaning set forth in Clause 15. ( <i>Events of Default</i> ).
<b>Equity Ratio:</b>	Ratio of Total Equity to total assets (total assets decreased by IFRS 16 Leases standard influence), calculated according to the most recent Financial Report.
<b>EUR:</b>	Euro (the single currency of the Member States of the European Monetary System).
<b>Event of Default:</b>	Any event or circumstance set out in Clause 15.3. ( <i>Events of Default</i> ) of these Terms and Conditions.
<b>EURIBOR:</b>	Means, in respect of any specified currency and any specified period, the interest rate benchmark known as the Euro zone interbank offered rate which is calculated and published by a designated distributor (Bloomberg) in accordance with the requirements from time to time of the European Banking Federation based on estimated interbank borrowing rates for a number of designated currencies and maturities which are provided, in respect of each such currency, by a panel of contributor banks (details of historic EURIBOR rates can be obtained from the designated distributor) and in case of negative rates, interest rate shall be zero.
<b>Existing Major Shareholders:</b>	AS "Draugiem Group", registration No. 40203086499, registered address at: Ojāra Vācieša iela 6B, Riga, Latvia, LV-1004, and SIA "Pirmdiena", registration No. 40203087047, registered address at: Ojāra Vācieša iela 6B, Riga, Latvia, LV-1004.
<b>Fair Market Value:</b>	With respect to any asset, the value that would be paid by a willing buyer to an unaffiliated willing seller in a transaction not involving any distress of either party, determined in good faith by the Management Board of the Issuer.
<b>Financial Indebtedness:</b>	The outstanding aggregate amount of any financial indebtedness of the Group according to the most recent Financial Report, including: <ul style="list-style-type: none"><li>(a) monies borrowed and debt balances at banks or other financial institutions;</li></ul>



- (b) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument, including the Notes;
  - (c) the amount of any liability in respect of any financial lease or hire purchase contract which would, in accordance with the Accounting Principles, be capitalised as an asset and booked as a corresponding liability in the balance sheet;
  - (d) monies borrowed from any shareholder of the Issuer;
  - (e) any amount raised under any other transaction (including any forward purchase or sale agreement) having the commercial effect of a borrowing and treated as a borrowing under the Accounting Principles, except for trade payables incurred in line with the ordinary course of business of the Group and except for premise lease as per IFRS 16 Leases standard;
  - (f) any derivative transaction based on mark-to-market value;
  - (g) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution; and
  - (h) without double-counting any guarantee or other assurance against financial-loss in respect of a type referred to the above items (a) to (f);
- but excluding any Subordinated Debt.

<b>Financial Report:</b>	The annual audited consolidated financial statements of the Group and the quarterly interim unaudited consolidated reports of the Group prepared in accordance with the Accounting Principles.
<b>First North:</b>	The Multilateral Trading Facility (MTF) First North, operated by Nasdaq Riga.
<b>Force Majeure Event:</b>	Has the meaning set forth in Clause 17. ( <i>Force Majeure</i> ).
<b>Group:</b>	The group of the legal entities comprising of the Issuer and its direct or indirect Subsidiaries.
<b>Insolvency Proceedings:</b>	Insolvency ( <i>maksātnešpēja</i> ), legal protection process ( <i>tiesiskās aizsardzības process</i> ) and out-of-court legal protection process ( <i>ārpustiesas tiesiskās aizsardzības process</i> ) pursuant to the Insolvency Law of the Republic of Latvia ( <i>Maksātnešpējas likums</i> ).
<b>Interest Coverage Ratio:</b>	The ratio of (i) Consolidated EBITDA to Consolidated Net Finance Charges for the Relevant Period; or (ii) if the Group has performed an Acquisition in the Relevant Period, the Pro-Forma EBITDA divided by Pro-Forma Net Finance Charges over the Relevant Period.
<b>Issue Date or First Settlement Date:</b>	The date on which interest on the Notes starts to accrue: 8 March 2024.
<b>Issuer or Company:</b>	AS "Mapon", registration No. 40003800531, registered address at: Ojāra Vācieša iela 6B, Rīga, Latvia, LV-1004.

<b>Listing Failure:</b>	A situation where the Notes are not admitted to trading and listing on First North within 12 (twelve) months after the Issue Date.
<b>Majority Noteholders:</b>	<p>Noteholders (other than the Issuer, its direct or indirect shareholders and the Related Parties) who collectively hold in aggregate the Notes with the Nominal Value representing at least ½ (one half) of the aggregate Nominal Value of all outstanding Notes (other than the Notes held by the Issuer, its direct or indirect shareholders and the Related Parties) plus at least one additional Note.</p> <p>The Issuer, its direct or indirect shareholders and the Related Parties holding any such Notes are not eligible for voting.</p>
<b>Material Subsidiary:</b>	<p>At any time any Subsidiary:</p> <ul style="list-style-type: none"><li>(a) whose total consolidated (or, if applicable, unconsolidated) assets (excluding intercompany loans, intercompany payables, intercompany receivables and intercompany unrealised gains and losses in inventories) represent not less than 10 (ten) per cent of the total consolidated assets of the Group, or whose gross consolidated turnover (or, if applicable, unconsolidated) represents not less than 10 (ten) per cent of the gross consolidated turnover of the Group, in each case as determined by reference to the most recent Financial Report and the latest financial statements of the Subsidiary determined in accordance with the Accounting Principles; or</li><li>(b) to which is transferred the whole or substantially all of the assets and undertakings of a Subsidiary which, immediately prior to such transfer, is a Material Subsidiary.</li></ul>
<b>Maturity Date:</b>	The date when the Notes shall be repaid in full at their Nominal Value by the Issuer, which is 8 March 2027.
<b>Minimum Settlement Unit:</b>	The minimum amount which can be held and traded, which is equal to the Nominal Value.
<b>Nasdaq CSD or Depository:</b>	Nasdaq CSD SE, registration No. 40003242879, registered address at: Valņu iela 1, LV-1050, Riga, Latvia.
<b>Nasdaq Riga:</b>	AS "Nasdaq Riga", registration No. 40003167049, registered address at: Valņu iela 1, LV-1050, Riga, Latvia.
<b>Net Debt:</b>	The aggregate amount of the Financial Indebtedness of the Group minus the sum of Cash and Cash Equivalents of the Group, including marketable securities, as per most recent Financial Report.
<b>Net Debt Leverage Ratio:</b>	Net Debt, according to the most recent Financial Report, divided by (i) Consolidated EBITDA; or (ii) if the Group has performed an Acquisition over the Relevant Period, the Pro-Forma EBITDA over the Relevant Period.
<b>Nominal Value:</b>	Face value of a single Note, which is EUR 1,000.00 (one thousand Euro).
<b>Notes:</b>	The debt security issued by the Issuer according to these Terms and Conditions.

<b>Noteholder(s) or Investor(s):</b>	A private person or legal entity that is an owner of one or more Notes and has a claim against the Issuer as provided in these Terms and Conditions.
<b>Noteholders' Meeting:</b>	A meeting among the Noteholders held in accordance with Clause 21. ( <i>Noteholders' Meeting and Decisions</i> ) of these Terms and Conditions.
<b>Parallel Debt:</b>	The legal arrangement described in Clause 20.2. ( <i>Parallel Debt</i> ) of these Terms and Conditions.
<b>Permitted Security:</b>	<p>Any Security:</p> <ul style="list-style-type: none"><li>(i) which is securing the obligations of the Issuer or any Subsidiary and is granted in favor of any credit institution which is incorporated and licensed under the law of a Member State of the European Union or the European Economic Area, or any subsidiary of such credit institution which is incorporated under the law of a Member State of the European Union or the European Economic Area and authorized to provide financial leasing or factoring services;</li><li>(ii) which is securing the Notes, or any other subsequent debt securities of the Issuer where the outstanding principal amount of such debt securities together with the outstanding principal amount of the Notes does not exceed EUR 20,000,000.00 (twenty million Euro);</li><li>(iii) which is created over the Collateral in favor of any third party for the purpose of refinancing of the Notes and having a subsequent ranking;</li><li>(iv) any netting or set-off arrangement entered into by the Issuer or any Subsidiary in the ordinary course of its banking arrangements for the purpose of netting debit and credit balances;</li><li>(v) any payment or close out netting or set-off arrangement pursuant to any hedging transaction entered into by the Issuer or any Subsidiary for the purpose of: (i) hedging any risk to which the Issuer or any Subsidiary is exposed in its ordinary course of trading; or (ii) its interest rate or currency management operations which are carried out in the ordinary course of business and for non-speculative purposes on; excluding, in each case, any Security under a credit support arrangement in relation to a hedging transaction;</li><li>(vi) arising under the sale and leaseback of assets owned by the Issuer or any Subsidiary;</li><li>(vii) arising by operation of law or in the ordinary course of business (including, collateral or retention of title arrangements but, for the avoidance of doubt, excluding guarantees or security in respect of any monies borrowed or raised);</li><li>(viii) incurred as a result of the Issuer or any Subsidiary acquiring another entity with existing encumbrances; or</li><li>(ix) approved by the Majority Noteholders.</li></ul>
<b>Potential Investor(s):</b>	A private person or legal entity that has, according to the terms stated in these Terms and Conditions, expressed interest or is planning to purchase for

its own account one or more Notes.

**Procedure in Writing:** A written or electronic procedure for decision making by the Noteholders in accordance with Clause 21. (*Noteholders' Meeting and Decisions*) of these Terms and Conditions.

**Pro-forma Net Finance Charges:** The sum of the Consolidated Net Finance Charges over the Relevant Period plus, to the extent not already reflected in the Consolidated Net Finance Charges, Net Finance Charges over the Relevant Period of any other person or operating division or business unit of any other person acquired in an Acquisition during such period.

**Pro-Forma EBITDA:** The sum of Consolidated EBITDA over the Relevant Period plus, to the extent not already reflected in Consolidated EBITDA, EBITDA over the Relevant Period of any other person or operating division or business unit of any other person acquired in an Acquisition during such period.

**Related Parties:** Any person listed in Article 184.<sup>1</sup> of the Commercial Law of the Republic of Latvia (*Komerclikums*).

**Relevant Period:** Each period of 12 (twelve) consecutive calendar months, fixed at the end of each calendar quarter.

**Sanctions:** Economic or financial sanctions, trade embargoes and similar measures imposed, administered or enforced from time to time by the Republic of Latvia, European Union, United Nations, the Office of Foreign Assets Control of the US Department of the Treasury (OFAC) and any competent authority.

**Security:** Has the meaning set forth in Clause 14. (*Undertakings*).

**Settlement Unit Multiple:** Multiple that defines the settlement quantity or nominal must be a multiple of the Minimum Settlement Unit.

**Subordinated Debt:** Unsecured principal amount of debt of the Issuer in a form of loan with maturity after the Maturity Date which is subordinated to the Notes with respect to claims on assets or earnings and is fully or partly repayable only if settlement of all obligations under the Notes are made.

**Subsidiary:** An entity:

- (a) whose affairs and policies the Issuer controls or has the power to control, whether by ownership of share capital, contract, the power to appoint or remove members of the governing body or otherwise; or
- (b) whose financial statements are, in accordance with the Applicable Laws and generally accepted accounting principles, consolidated with those of the Issuer.

On the date of these Terms and Conditions, the Issuer has four subsidiaries:

- (a) Mapon Finland OY, registration No. 2391546-5, registered address at: Hedelmätarhantie 19, Hollola, Finland, FIN-15860;
- (b) Mapon Estonia OÜ, registration No. 14606309, registered address at: Harju maakond, Tallinn, Lasnamäe linnaosa, Peterburi tee 90f,

Estonia, 13816;

- (c) Mapon Denmark ApS, registration No. 38434640, registered address at: Søndergade 19L, 8464 Galten, Denmark;
- (d) CarCops OÜ, registration No. 12266051, registered address at: Harju maakond, Tallinn, Lasnamäe linnaosa, Peterburi tee 90f, Estonia, 11415.

**Terms and Conditions:** These Terms and Conditions of the Notes, which form inseparable part of the Offering Memorandum.

**Total Equity:** The aggregate book value of the Group's total equity (including minority interest, if applicable) on consolidated basis, increased by Subordinated Debt according to the most recent Financial Report.

## 2. USE OF THE PROCEEDS

- 2.1. The total issue size is up to EUR 5,000,000.00 (five million Euro). The Notes can be issued in one or several tranches. The Notes of each tranche will all be subject to identical terms, except that the issue dates and the issue prices thereof may be different in respect of different tranches.
- 2.2. Funds that will be raised as a result of the Notes issue after deduction of the Arranger's placement fee will be used to for general corporate purposes, including financing acquisitions and/or the Group's expansion to other markets.

## 3. GENERAL INFORMATION

- 3.1. The Notes are bearer securities and any individual or entity that holds the Notes in his/her securities account has the right to receive Coupon and the Nominal Value payments. It is planned to issue the Notes with a Nominal Value of EUR 1,000.00 (one thousand Euro) for one Note and total nominal value of up to EUR 5,000,000.00 (five million Euro).
- 3.2. ISIN (International Security Identification Number) of the Notes allocated by Nasdaq CSD is LV0000860161.
- 3.3. Minimum subscription amount for the Notes is EUR 100,000.00 (one hundred thousand Euro) with minimum step of EUR 1,000.00 (one thousand Euro).

## 4. APPLICABLE LAW AND DISPUTE RESOLUTION

- 4.1. The Notes issue is a private placement arranged in compliance with the Financial Instrument Market Law of the Republic of Latvia (*Finanšu instrumentu tirgus likums*) and other Applicable Laws that are in force, including regulations of the Bank of Latvia, Nasdaq CSD and Nasdaq Riga.
- 4.2. The Notes are governed by the laws of the Republic of Latvia.
- 4.3. All disputes between any one or more Noteholders and the Issuer shall be settled in courts of the Republic of Latvia in accordance with the laws of the Republic of Latvia. These Terms and Conditions are prepared in English and any translations of these Terms and Conditions into another language are unofficial and made exceptionally for the Potential Investors' convenience. In case of any disputes' settlement, interpretation of the provisions of these Terms and Conditions in English shall have a priority against an interpretation in any other language.

## 5. FORM AND ACCOUNTING OF THE NOTES

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

**6. CURRENCY OF THE NOTES**

Currency of the Notes is in EUR (Euro).

**7. STATUS OF THE NOTES**

The Notes are secured obligations of the Issuer. In case of the Insolvency Proceedings of the Issuer, the Noteholders will be entitled to recover their investment on the same terms as other secured creditors according to the Applicable Laws, taking into account, that if the Collateral would be enforced, the Noteholders would receive payment of their claims in respect to Notes only to the extent that the enforcement proceeds of the sale of the Collateral are sufficient to pay the costs of enforcement of the Collateral and satisfaction of the fees, costs, expenses, damages and claims of the Collateral Agent in accordance with these Terms and Conditions. Save for mandatory provisions of the Applicable Laws, there are no contracts or other transaction documents that would subordinate the claims of the Noteholders to other secured liabilities of the Issuer.

**8. RIGHTS AND RESTRICTIONS CONNECTED WITH THE NOTES ISSUE**

8.1. Each Noteholder has the right to receive Coupon and Nominal Value payments in accordance with Clause 11. (*Coupon*) and Clause 12. (*Repayment of the Notes*), as well as exercise other rights provided in these Terms and Conditions and Applicable Laws.

8.2. The Issuer has the right to purchase the Notes on the secondary market directly from the Noteholders. The Notes that are purchased by the Issuer shall be held in the Issuer's financial instruments' account and the Issuer has the right to sell the purchased Notes to Potential Investors and other Noteholders. The Issuer cannot cancel the purchased Notes held in the Issuer's financial instruments' account, therefore decreasing the size of the Notes issue.

8.3. The Notes held by the Issuer, its direct or indirect shareholders and the Related Parties are not eligible to participate in the voting in accordance with these Terms and Conditions.

**9. RESTRICTIONS ON FREE CIRCULATION OF THE NOTES**

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

9.2. Any Noteholder wishing to transfer or offer the Notes must ensure that any offering related to such transfer or offer would not be qualified as public offering in the essence of the Applicable Laws. According to these Terms and Conditions, it is the obligation and liability of the Noteholder to ensure that any offering of the Notes does not fall under the definition of public offering under the Applicable Laws.

**10. FIRST SETTLEMENT DATE OF THE NOTES ISSUE**

The Issue Date (First Settlement Date) of the first tranche of the Notes is 8 March 2024, on which the Coupon starts to accrue.

**11. COUPON**

**11.1. Coupon rate**

The Coupon rate for the Notes is 3M EURIBOR (floor at zero) + 5% (five per cent) per annum and is fixed for every Base Rate Period.

**11.2. Coupon payment procedure**

11.2.1. Coupon payments are made on each Coupon Payment Date. Coupon payments are made 4 (four) times per year – each 31 March, 30 June, 30 September and 31 December. The first Coupon payment date is 30 June 2024, and the last Coupon payment date is 8 March 2027.

- 11.2.2. The Coupon record date is the 5<sup>th</sup> (fifth) Business Day prior to the Coupon Payment Date. At the end of the Coupon record date the list of the Noteholders, who are eligible for the Coupon payments, will be fixed. The Coupon payment shall be made to the Noteholders, in accordance with the relevant Noteholders' list, on each Coupon Payment Date for the preceding Coupon period.
- 11.2.3. The Issuer shall pay the Coupon through the intermediary of Nasdaq CSD and in accordance with the applicable regulations of Nasdaq CSD, which regulate the procedure for paying income from debt securities. The regulations of Nasdaq CSD applicable on the date of these Terms and Conditions are Nasdaq CSD Rulebook and Corporate Action Service Description.
- 11.2.4. If the Coupon Payment Date is not a Business Day, the Issuer will pay the Coupon payment on the first Business Day after the Coupon Payment Date. The postponement of the payment date shall not have an impact on the amount payable.
- 11.2.5. If the Issuer has failed to make Coupon payments in accordance with the deadlines specified in these Terms and Conditions, the Noteholders shall have the right to submit claims regarding the payment of the Coupon but not earlier than after 10 (ten) Business Days following the payment date of the relevant Coupon.

### **11.3. Coupon calculation**

- 11.3.1. Coupon calculation will be performed by the Calculation Agent. Quarterly Coupon payments, except for the first Coupon payment, are determined according to the following formula:

$CPN = F * C/4$  or  $CPN\% = C/4$ , where:

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

F – Nominal Value of one Note;

C – annual Coupon rate (%) that is determined as Base Rate + 5% five per cent), where:

Base Rate is determined by the Calculation Agent on the Coupon Reset Date.

- 11.3.2. The first Coupon payment in respect of the time period between the Issue Date and 30 June 2024 is determined according to the following formula:

$CPN1 = F * C * 113/360$ , where

CPN1 – the amount of Coupon payment in EUR per Note on 30 June 2024;

F – Nominal value of one Note;

C – annual Coupon rate (%) that is determined as Base Rate + 5% and is equal to 8.952% (eight point nine hundred fifty two per cent), as the Base Rate for the first Coupon Period is set at 3.952% (three point nine hundred fifty two per cent).

- 11.3.3. The last Coupon payment in respect of the time period between 31 December 2026 and the Maturity Date is determined according to the following formula:

$CPN2 = F * C * 66/360$ , where

CPN2 – the amount of Coupon payment in EUR per Note on the Maturity Date;

F – Nominal value of one Note;

C – annual Coupon rate (%) that is determined as Base Rate + 5% (five per cent).

### **11.4. Calculation Agent**

- 11.4.1. The Issuer appoints the Calculation Agent to determine the amount of quarterly payments to

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

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

#### **11.5. Accrued interest calculation**

- 11.5.1. The first Coupon starts to accrue on 8 March 2024, which is the Issue Date of the first tranche of the Notes.
- 11.5.2. The accrued Coupon is calculated presuming there are 360 (three hundred and sixty) days in one year (day count convention – "European 30/360"). Accrued interest between Coupon Payment Dates shall be calculated as follows:

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

AI – accrued interest of one Note;

F – Nominal Value of one Note;

C – annual Coupon rate (%) that is determined as Base Rate + 5% (five per cent);

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

## **12. REPAYMENT OF THE NOTES**

### **12.1. Repayment at maturity**

- 12.1.1. The Nominal Value of one Note is EUR 1,000.00 (one thousand Euro), and the Issuer will repay the Nominal Value of Notes at Maturity Date, which is 8 March 2027.
- 12.1.2. The Issuer shall pay the Nominal Value through the intermediary of Nasdaq CSD and in accordance with applicable regulations of Nasdaq CSD. The regulations of Nasdaq CSD applicable on the date these Terms and Conditions are the Nasdaq CSD Rulebook and Corporate Action Service Description. The Nominal Value will be paid on the Maturity Date. The list of the Noteholders eligible to receive the Nominal Value will be fixed at the end of the previous Business Day before the Maturity Date.
- 12.1.3. If the Maturity Date is not a Business Day, the Issuer will pay the Nominal Value of the Notes on the next Business Day after the Maturity Date. In case of the postponement of the payment date, the Issuer shall compensate the accrued interest for dates between Maturity Date and actual payment date of the Nominal Value.
- 12.1.4. If the Issuer fails to make the Nominal Value payment in accordance with the deadlines specified in these Terms and Conditions, the Noteholders shall have the right to submit claims regarding the repayment of the Nominal Value not earlier than after 10 (ten) Business Days following the Maturity Date.

### **12.2. Early redemption at the option of the Issuer (call option)**

- 12.2.1. The Issuer may redeem the Notes, in whole but not in part:



- (a) from 8 March 2025 (inclusive), until 7 March 2026 (inclusive) by paying 103% (one hundred and three per cent) of the Nominal amount plus accrued and unpaid Coupon;
  - (b) from 8 March 2026 (inclusive), until 7 December 2026 (inclusive) by paying 102% (one hundred and two per cent) of the Nominal amount plus accrued and unpaid Coupon;
  - (c) 3 (three) month before the Maturity Date by paying 100.5% (one hundred point five per cent) of the Nominal amount plus accrued and unpaid Coupon.
- 12.2.2. If the Issuer takes a decision on early redemption of the Notes, the Issuer shall notify the Noteholders at least 20 (twenty) Business Days prior to the redemption date of the Notes, by publishing the notice on the Issuer's website [www.mapon.com](http://www.mapon.com) and on Nasdaq Riga information system (after the Notes are admitted to trading on First North).
- 12.2.3. If the Issuer redeems the Notes, the Issuer will pay the redemption payment through the intermediary of Nasdaq CSD in accordance with applicable regulations of Nasdaq CSD. The regulations of Nasdaq CSD applicable on the date of these Terms and Conditions are the Nasdaq CSD Rulebook and Corporate Action Service Description. The list of the Noteholders eligible to receive the redemption payment will be fixed at the end of the previous Business Day before the redemption payment date.

### **12.3. Early redemption at the option of the Noteholders upon Change of Control**

- 12.3.1. In case a Change of Control has occurred or is anticipated to occur, the Issuer has the obligation (in case of anticipated Change of Control – a right) to notify the Noteholders by publishing a relevant notice with sufficient details on its webpage [www.mapon.com](http://www.mapon.com) and on Nasdaq Riga information system (after the Notes are admitted to trading on First North) no later than 20 (twenty) Business Days after a Change of Control has occurred and at any time before the anticipated occurrence of a Change of Control:
- (a) stating that a Change of Control has occurred or is anticipated to occur, and that each Noteholder within a period of 10 (ten) Business Days has the right to require the Issuer to redeem all of such Noteholder's Notes at a price equal to 101% (one hundred and one percent) of the Nominal Value plus accrued and unpaid Coupon;
  - (b) stating the redemption date, which shall be not earlier than 10 (ten) Business Days and not later than 20 (twenty) Business Days from the date such notice is delivered to Noteholders; however, if the notice is delivered prior to the occurrence of a Change of Control, the Issuer may state that the redemption of the Notes is conditional upon the occurrence of a Change of Control, in which case the Notes will be redeemed not later than 20 (twenty) Business Days following the occurrence of a Change of Control;
  - (c) stating the record date;
  - (d) stating that any Note redeemed will cease to accrue interest after redemption and any Notes not redeemed will continue to accrue interest;
  - (e) describing the circumstances and relevant facts regarding the transaction or transactions that constitute a Change of Control; and
  - (f) describing the procedures determined by the Issuer that the Noteholder must follow to have its Notes redeemed.
- 12.3.2. To exercise a Change of Control put option, the Noteholder must within a period of 10 (ten) Business Days after the date of publication of the Issuer's notice submit to the Issuer a duly signed and completed notice of exercise put option in the form provided by the Issuer. The completed form shall be submitted to the Issuer by the Noteholder directly (physically signed form delivered by post or courier or electronically signed delivered by e-mail) or indirectly via the Noteholder's Custodian. If no response from the Noteholder has been received within the designated time

period, it shall be considered that the Noteholder will not execute its put option. No option so exercised may be withdrawn without a prior consent of the Issuer.

- 12.3.3. If 75 (seventy-five) per cent or more in Nominal Amount of the Notes then outstanding have been redeemed pursuant to this Clause 12.3., the Issuer may, on not less than 30 (thirty) nor more than 60 (sixty) days' notice to the Noteholders given within 30 (thirty) days after the redemption of the Notes pursuant to Clauses 12.3.1. and 12.3.2., redeem on a date to be specified in such notice at its option, all (but not some only) of the remaining Notes at 101% (one hundred and one percent) of the Nominal Value plus accrued and unpaid Coupon.

#### **12.4. Early redemption at the option of the Noteholders upon De-listing Event or Listing Failure**

- 12.4.1. In case a De-listing Event or Listing Failure has occurred, the Issuer has the obligation to notify the Noteholders by publishing a relevant notice with sufficient details on its webpage [www.mapon.com](http://www.mapon.com) no later than 20 (twenty) Business Days after a De-listing Event or Listing Failure has occurred:

- (a) a De-listing Event or Listing Failure has occurred, and that each Noteholder within a period of 10 (ten) Business Days has the right to require the Issuer to redeem all of such Noteholder's Notes at a price equal to 101% (one hundred and one percent) of the Nominal Value plus accrued and unpaid Coupon;
- (b) stating the redemption date, which shall be not earlier than 10 (ten) Business Days and not later than 20 (twenty) Business Days from the date such notice is delivered to the Noteholders;
- (c) stating the record date;
- (d) stating that any Note redeemed will cease to accrue interest after redemption and any Notes not redeemed will continue to accrue interest; and
- (e) describing the circumstances and relevant facts regarding occurrence of a De-listing Event or Listing Failure; and
- (f) describing the procedures determined by the Issuer that the Noteholder must follow to have its Notes redeemed.

- 12.4.2. To exercise the De-listing Event or Listing Failure put option, the Noteholder must within a period of 10 (ten) Business Days after the date of publication of the Issuer's notice submit to the Issuer a duly signed and completed notice of exercise put option in the form provided by the Issuer. The completed form shall be submitted to the Issuer by the Noteholder directly (physically signed form delivered by post or courier or electronically signed delivered by e-mail) or indirectly via the Noteholder's Custodian. If no response from the Noteholder has been received within the designated time period, it shall be considered that the Noteholder will not execute its put option. No option so exercised may be withdrawn without a prior consent of the Issuer.

- 12.4.3. If 75 (seventy-five) per cent or more in Nominal Amount of the Notes then outstanding have been redeemed pursuant to this Clause 12.4., the Issuer may, on not less than 30 (thirty) nor more than 60 (sixty) days' notice to the Noteholders given within 30 (thirty) days after the redemption of the Notes pursuant to Clauses 12.4.1. and 12.4.2., redeem on a date to be specified in such notice at its option, all (but not some only) of the remaining Notes at 101% (one hundred and one percent) of the Nominal Value plus accrued and unpaid Coupon.

#### **13. FINANCIAL COVENANTS**

The Issuer undertakes to comply with the following financial covenants from the Issue Date and for as long as any Notes are outstanding:

- (a) to maintain consolidated Interest Coverage Ratio of at least 2 (two) times; calculated for the Relevant Period at the end of each quarter;

- (b) to maintain Equity Ratio of at least 30% (thirty per cent); calculated at the end of each quarter;
- (c) to maintain Net Debt Leverage Ratio of maximum 4 (four times); calculated for the Relevant Period at the end of each quarter.

#### 14. UNDERTAKINGS

The Issuer undertakes to comply with the following undertakings from the Issue Date and for as long as any Notes are outstanding:

- (a) not to sell or otherwise dispose of equity interest in any Material Subsidiary or of all or substantially all of any Material Subsidiary's assets or operations to any person;
- (b) not to pay dividends or make other distribution of profits to its shareholders and / or entities directly or indirectly owned by them in form of a loan, investment or any other, except for a permitted distribution in the amount of:
  - (i) up to 50% (fifty per cent) of undistributed retained earnings of the Issuer at the end of the Relevant Period if after such permitted distribution Equity Ratio as according to Clause 13(c) remains 50% (fifty per cent) or greater;
  - (ii) up to 75% (seventy five per cent) of undistributed retained earnings of the Issuer at the end of the Relevant Period if after such permitted distribution Equity Ratio as according to Clause 13(c) remains 60% (sixty per cent) or greater;
  - (iii) up to 100% (one hundred per cent) of undistributed retained earnings of the Issuer at the end of the Relevant Period if after such permitted distribution Equity Ratio as according to Clause 13(c) remains 70% (seventy per cent) or greater.

In any case, the Issuer undertakes not to pay dividends or make other distribution of profits to its shareholders and / or entities directly or indirectly owned by them in form of a loan, investment or any other during 2024.

- (c) all existing and future principal amounts of loans received from the Issuer's shareholders must be in a form of Subordinated Debt. On or around the Issue Date the Existing Major Shareholders will sign an acknowledgement of subordination of existing and future principal amounts of loans granted to the Issuer to the Notes, so that such loans are in a form of Subordinated Debt, and execution of such acknowledgement shall be duly confirmed and verified by the Collateral Agent. Noteholders are entitled to get acquainted with the executed acknowledgement upon written request to the Issuer;
- (d) not to make substantial change to the general nature of the business of the Group from that carried on at the Issue Date. The foregoing does not apply to activities reasonably necessary to, or undertaken in connection with, the existing business of the Group on the Issue Date, or any business activity that is a reasonable extension, development or expansion thereof or ancillary thereto, or any business reasonably related thereto;
- (e) not to initiate the Issuer's liquidation or similar proceedings;
- (f) not to reduce the share capital of the Issuer if as a result of such reduction the Issuer is not compliant with the financial covenants set out in Clause 13. (*Financial Covenants*) of these Terms and Conditions. In any case, the Issuer undertakes not to reduce the share capital of the Issuer during 2024;
- (g) to publish consolidated unaudited quarterly report for the Group in English with management comments, prepared according to Accounting Principles, by the end of the second month following the end of each respective quarter. The consolidated unaudited quarterly report for the Group should include balance sheet, profit and loss statement, and information (together with the relevant calculations) confirming that the Issuer is compliant

with the financial covenants set out in Clause 13. (*Financial Covenants*) of these Terms and Conditions. The first consolidated unaudited quarterly report for the Group shall be published by 31 May 2024;

- (h) to publish consolidated annual report for the Group prepared in English and according to the Accounting Principles within 4 (four) months for each consecutive financial year. The Financial Report for 2024 and any subsequent Financial Reports should be audited by an Auditor;
- (i) to ensure that the funds that are raised as a result of the Notes issue are used only in accordance with Clause 2. (*Use of the Proceeds*);
- (j) any transactions with the Related Parties should be at a Fair Market Value;
- (k) not to dispose or otherwise transfer into utilization the right to use trademark "Mapon", except that the Issuer may grant a right to use this trademark to other Subsidiaries and its cooperation partners within the course of its ordinary business activities;
- (l) to ensure that no mortgage, pledge, guarantee or any other security interest (each a "**Security**"), other than the Collateral and the Permitted Security, is created or subsist upon the whole or any part of the Issuer's or any Subsidiary's shares and present or future assets or revenues to secure any Financial Indebtedness without at the same time or prior thereto securing the Notes equally and rateably therewith. Within 7 (seven) Business Days after receiving a relevant request from the Issuer, the Collateral Agent is obliged to submit to the Issuer a duly executed consent (notarized, if so requested by the Issuer) for registration of entries in the relevant registries in connection with granting of any Permitted Security;
- (m) to establish and register the Collateral within the relevant registries within 90 (ninety) days after the Issue Date in accordance with Clause 20.1.3;
- (n) after the establishment and registration of the Collateral, to ensure that the Collateral at all times corresponds to a first ranking commercial pledge of over 51 % (fifty one per cent) of shares of the Issuer proportionally owned by the Collateral Providers, in accordance with Clause 20.1.1.;
- (o) in case of issuance of further debt securities which are secured by any Security (other than the Collateral), to ensure that such Security also secures the Issuer's obligations under the Notes.

## 15. EVENTS OF DEFAULT

- 15.1. If an Event of Default occurs and is continuing, the Noteholders representing at least 10% (ten percent) of the principal amount of the outstanding Notes may by written notice to the Issuer declare the Notes and accrued Coupon to be prematurely due and payable (declare the occurrence of Event of Default). If the Issuer confirms that an Event of Default in accordance with this Clause has occurred or does not provide any information within 20 (twenty) Business Days, then the Issuer shall pay all Noteholders the Nominal Value of the Notes along with the accrued Coupon and default interest in accordance with Clause 16. (*Default Interest*) within 20 (twenty) Business Days from the occurrence of any of the aforementioned events, i.e., confirmation or non-response. If the Issuer is unable to pay, the Noteholders may act in accordance with Clause 20.5 (*Enforcement of the Collateral*).
- 15.2. The Issuer shall publish information regarding Noteholders representing at least 10% (ten percent) of the principal amount of the outstanding Notes declaring the occurrence of Event of Default and confirmation or denial of occurrence of Event of Default on the Issuer's webpage [www.mapon.com](http://www.mapon.com) and on Nasdaq Riga information system (after the Notes are admitted to trading on First North).
- 15.3. Each of the events or circumstances set out in below shall constitute an Event of Default:

- (a) **Non-payment:** the Issuer fails to pay any amount of principal in respect of the Notes on the due date for payment thereof or fails to pay any amount of Coupon in respect of the Notes on the due date for payment thereof, unless the payment is made within 10 (ten) Business Days following the original due date. The Noteholders shall have the right to submit claims regarding failure to make payment not earlier than 10 (ten) Business Days after the due date of the relevant payment;
- (b) **Breach of Financial Covenants:** the Issuer does not comply with any financial covenant set out in Clause 13. (*Financial Covenants*), unless prior to or within 90 (ninety) calendar days of the earlier of: (i) the date on which the relevant Financial Report is to be published pursuant to these Terms and Conditions; and (ii) the date that such Financial Report was in fact published pursuant to these Terms and Conditions for any Relevant Period in which such failure to comply was (or would have been) first evidenced, the Issuer has received cash proceeds of new injections from the shareholders of the Issuer in a form of equity and/or Subordinated Debt (the “**Equity Cure**”), in an amount at least sufficient to ensure the financial covenants set out in Clause 13. (*Financial Covenants*) would be complied with if tested again as at the last date of the same Relevant Period on the basis that any Equity Cure provided to the Issuer is included for the Relevant Period as if provided to the Issuer immediately prior to the last day of such Relevant Period.

Any Equity Cure provided to the Issuer in respect of any Relevant Period shall be deemed to have been provided immediately prior to the last date of such period and shall be included (without double counting) in all relevant calculations of the financial covenants set out in Clause 13. (*Financial Covenants*) until the date it was deemed provided falls outside any subsequent Relevant Period.

If after the Equity Cure the relevant financial covenant set out in Clause 13. (*Financial Covenants*) is met, then an Event of Default shall not be constituted. The Equity Cure may not be exercised for two consecutive reporting periods.

The Issuer is permitted not to comply with a financial covenant set out in Clause 13.(a) or Clause 13.(c) (*Financial Covenants*) once until the maturity of the Notes without constituting an Event of Default, provided that any such failure to comply with the relevant financial covenant is remedied by the Issuer by the date of which the subsequent quarterly Financial Report is to be published pursuant to these Terms and Conditions. If the Issuer remedies any such failure to comply with a financial covenant set out in Clause 13.(a) or Clause 13.(c) (*Financial Covenants*) without it constituting an Event of Default, the Issuer shall pay each Noteholder (other than the Issuer, its direct or indirect shareholders and the Related Parties) a one-time fee in the amount of 1% (one per cent) of the aggregate Nominal Value the Notes held by the Noteholder at the next Coupon Payment Date following the publication of the relevant quarterly Financial Report remedying the failure to comply with a financial covenant set out in Clause 13.(a) or Clause 13.(c) (*Financial Covenants*).

- (c) **Breach of Undertakings:** the Issuer does not comply with any undertakings set out in Clause 14. (*Undertakings*), unless the non-compliance (i) is capable of being remedied and (ii) is remedied within 20 (twenty) Business Days after the Issuer becoming aware of the non-compliance.
- (d) **Cross default:**
  - (i) any Financial Indebtedness of the Issuer or any of its Material Subsidiaries is neither paid when due nor within any applicable grace period;
  - (ii) any Financial Indebtedness of the Issuer or any of its Material Subsidiaries is declared to be or otherwise becomes due and payable prior to its specified maturity, as a result of an event of default (however described);

- (iii) any commitment for any Financial Indebtedness of the Issuer or any of its Material Subsidiaries is cancelled or suspended by a creditor, as a result of an event of default (however described); or
- (iv) any security securing Financial Indebtedness of the Issuer or any of its Material Subsidiaries over any asset is enforced by a secured creditor;

provided, however, the aggregate amount of such Financial Indebtedness or commitment for Financial Indebtedness falling within paragraphs (i) to (iv) above exceeds in total EUR 200,000 (two hundred thousand Euro) (or the equivalent thereof in any other currency), provided that there is no dispute on the obligation to pay, and that the above does not apply to any Financial Indebtedness owed to the Related Parties or Subordinated Debt.

(e) **Insolvency:**

- (i) the Issuer or any Collateral Provider becomes subject to any Insolvency Proceedings or admits inability to pay its debts in case of lawful claims, save for the claims of the Related Parties, other than the Insolvency Proceedings which are being disputed in good faith and are discharged, stayed or dismissed within 90 (ninety) calendar days of commencement;
  - (ii) the Issuer or any Collateral Provider enters into any arrangement with majority of its creditors by value in relation to restructuring of its debts or any meeting is convened to consider a proposal for such arrangement; or
  - (iii) an application to initiate any Insolvency Proceedings or administration of the Issuer or any Collateral Provider or any other proceedings for the settlement of the debt of the Issuer or any Collateral Provider is submitted to the court or out of court (as applicable) by the Issuer or any Collateral Provider.
- (f) **Failure to notify of a Change of Control:** the Issuer does not comply with any notification obligations set out in Clause 12.3. (*Early redemption at the option of the Noteholders upon Change of Control*).
- (g) **Failure to notify of a De-Listing Event or Listing Failure:** the Issuer does not comply with any notification obligations set out in Clause 12.4. (*Early redemption at the option of the Noteholders upon De-listing Event or Listing Failure*).

**16. DEFAULT INTEREST**

If the Issuer fails to pay to the Noteholders any amount payable by it under these Terms and Conditions, then the Issuer shall pay to the Noteholders default interest (*nokavējuma procenti*) accruing on the overdue amount from the due date up to the date of actual payment at a rate which is 0.05% (zero point zero five per cent) per day of the principal outstanding sum.

**17. FORCE MAJEURE**

17.1. The Issuer shall be entitled to postpone the fulfilment of its obligations under these Terms and Conditions by publishing a relevant notice on its webpage [www.mapon.com](http://www.mapon.com) and on Nasdaq Riga information system (after the Notes are admitted to trading on First North) in case the performance is not possible due to continuous existence of any of the following circumstances (a "**Force Majeure Event**"):

- (a) action of any authorities, war or threat of war, armed hostility or a serious threat of it, including but not limited to enemy attacks, blockades, military embargoes, actions by a foreign enemy, general military mobilisation, military actions, declared and undeclared war, actions by a public enemy, commotions, acts of terrorism, diversions, piracy, disorders, invasion, revolution, coup, insurrection, mass unrest, expropriation, enforced withdrawal, takeover of enterprises, requisition;

- (b) disturbances in postal, telephone, or electronic communications which are due to circumstances beyond the reasonable control of the Issuer and that materially affect the operations of the Issuer;
- (c) any interruption of or delay in any functions of measures of the Issuer as a result of fire, frost or other similar disaster;
- (d) any industrial action, such as strike, lockout, boycott or blockade affecting materially the activities of the Issuer; or
- (e) any other similar force majeure hindrance.

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

## **18. DISCLOSURE OF INFORMATION**

- 18.1. Up until the Maturity Date, the Issuer shall publish all the information required by the covenants, rules of Nasdaq Riga and Applicable Laws.
- 18.2. Unless it is provided otherwise in these Terms and Conditions, for as long as the Notes are not admitted to trading on First North, all notices and reports to the Noteholders shall be published on the Issuer's website [www.mapon.com](http://www.mapon.com).
- 18.3. Unless it is provided otherwise in these Terms and Conditions, as of the date when the Notes are admitted to trading on First North, all notices and reports to Noteholders shall be published on Nasdaq Riga information system, as well as on the Issuer's website [www.mapon.com](http://www.mapon.com).
- 18.4. Upon request of the Collateral Agent the Issuer is obliged to immediately publish any notices of the Collateral Agent to the Noteholders in a manner specified in Clause 18.2. and 18.3. (as applicable).
- 18.5. Any notice or report published in manner specified in Clause 18.2. and 18.3. shall be deemed to have been received by the Noteholders on the same Business Day when it is published.

## **19. REPRESENTATION OF THE NOTEHOLDERS BY THE COLLATERAL AGENT**

- 19.1. The Collateral Agent holds the Collateral for the benefit of the new and existing Noteholders and is authorized to act with the Collateral in favour of all the Noteholders in accordance with these Terms and Conditions, the Collateral Agent Agreement and the Collateral Agreement.
- 19.2. Noteholders have no rights to act with the Collateral directly, yet at the same time there are no restrictions set for Noteholders' right to create and/or authorize an organization/person that represents the legal interests of all Noteholders or part thereof.
- 19.3. In case of the Insolvency Proceedings of the Issuer, Noteholders have the right to represent their own interests in creditors' meetings. The Noteholders will have equal rights for satisfaction of their claims with other creditors in the same claims' group.

## **20. COLLATERAL**

### **20.1. Collateral**

- 20.1.1. Fulfilment of the Issuer's obligations under the Notes shall be secured at all times by a first ranking commercial pledge over 51 % (fifty one per cent) of shares of the Issuer proportionally owned by AS "Draugiem Group", registration number 40203086499, registered address at Ojāra Vācieša iela 6B, Riga, Latvia, LV-1004, and SIA "Pirmdiena", registration number 40203087047, registered address at Ojāra Vācieša iela 6B, Riga, Latvia, LV-1004.

- 20.1.2. For the purpose of constituting security for the due and timely payment, discharge, and performance of the Notes, the Collateral shall be established and maintained in the interests of the Noteholders and under the name of the Collateral Agent (as the holder of the Collateral (pledgee)) in accordance with the Parallel Debt established under the Latvian law under the Collateral Agreement which in legal terms, serves as security for the Notes.
- 20.1.3. The Collateral shall be established and registered within the relevant registries within 90 (ninety) days after the Issue Date. The Collateral shall be established according to the terms and conditions of the Collateral Agreement to be concluded between the Collateral Providers as pledgors and the Collateral Agent as pledgee.
- 20.1.4. The Issuer shall provide a written confirmation on the registration of the Collateral in the relevant registries to the Collateral Agent within 3 (three) Business Days after the registration has taken place.
- 20.1.5. The Collateral Agent shall hold the Collateral for the benefit on the Noteholders and is authorised to act with the Collateral in favour of all Noteholders in accordance with these Terms and Conditions, the Collateral Agent Agreement and the Collateral Agreement and its amendments.
- 20.1.6. The Issuer shall be responsible for all the costs related to the registration of the Collateral and changes to the Collateral as specified herein.
- 20.1.7. Noteholders are entitled to get acquainted with the Collateral Agreement upon written request to the Issuer.

## **20.2. Parallel Debt**

- 20.2.1. Notwithstanding any other provision of these Terms and Conditions, for the purpose of ensuring and preserving the enforceability of the Collateral, the Issuer irrevocably and unconditionally undertakes to pay to the Collateral Agent, as a creditor in its own right and not as representative of the Noteholders and as a solidary/joint creditor together with the Noteholders for the purposes of the Applicable Law, sums equal to and in the currency of each amount payable by the Issuer to each of the Noteholders (whether present or future and whether actual or contingent) in accordance with these Terms and Conditions as and in case the amount falls due for payment under these Terms and Conditions.
- 20.2.2. The Collateral Agent shall be entitled to act as a solidary/joint creditor (jointly with the Noteholders) of each and every Note (whether present or future and whether actual or contingent) of the Issuer to the Noteholders or any of them and, accordingly, the Collateral Agent shall have its own independent right to demand performance by the Issuer of any of those obligations.
- 20.2.3. For the avoidance of doubt, the aggregate amount due by the Issuer under the Parallel Debt will be decreased to the extent the Issuer has paid any amounts to the Noteholders under these Terms and Conditions.
- 20.2.4. For the avoidance of doubt, to the extent the Issuer has paid any amounts to the Collateral Agent under the Parallel Debt the aggregate amount due by the Issuer to the Noteholders under these Terms and Conditions will be decreased accordingly, unless those payments are fees of the Collateral Agent provided in the Collateral Agent Agreement.
- 20.2.5. To the extent the Collateral Agent receives any amount in payment of the Parallel Debt, the Collateral Agent shall apply such amounts in accordance with Clause 20.6. (*Application of the proceeds from enforcement of the Collateral*) of these Terms and Conditions.
- 20.2.6. For the avoidance of doubt, the Parallel Debt shall become due and payable at the same time and to the same extent as the obligations of the Issuer to the Noteholders under these Terms and Conditions have become due and payable.



### 20.3. Noteholders and the Collateral Agent

20.3.1. By submitting a subscription order or acquiring the Notes on the secondary market, each Noteholder:

- (a) appoints the Collateral Agent to act as its agent and to perform the obligations and exercise the rights in connection with the Collateral as set forth in these Terms and Conditions, the Collateral Agreement and the Collateral Agent Agreement and authorises the Collateral Agent to exercise the rights, powers, authorities and discretions specifically given to the Collateral Agent under or in connection with these Terms and Conditions, the Collateral Agreement and the Collateral Agent Agreement;
- (b) acknowledges that the Issuer has concluded the Collateral Agent Agreement with the Collateral Agent;
- (c) confirms the fact that the Collateral Agent's acts under the Collateral Agent Agreement, the Collateral Agreement or other agreements in connection with the Notes concluded with the Issuer does not constitute any conflict of interests with respect to the Noteholder;
- (d) confirms the fact that the Collateral secures, *inter alia*, the Issuer's obligations towards the Collateral Agent do not constitute any conflict of interests with the Noteholder (for the avoidance of doubt, the Collateral Agent has the right to withhold the proceeds necessary for satisfying the fees, costs, expenses, damages and claims of the Collateral Agent in accordance with these Terms and Conditions). Each Noteholder acknowledges the fact that the Collateral secures, *inter alia*, the Issuer's obligations towards the Collateral Agent and shall not prevent the Collateral Agent from fulfilling its obligations and acting in accordance with these Terms and Conditions, the Collateral Agreement and the Collateral Agent Agreement;
- (e) agrees that upon the performance of its obligations and exercising of its rights in connection with the Collateral Agreement, the Collateral Agent shall be entitled to act at its own discretion, considering the interests of the Noteholders collectively and generally (and not of any particular Noteholder), unless specifically instructed otherwise by the Majority Noteholders in accordance with these Terms and Conditions and without prejudice to Clause 20.7. (*Liability of the Collateral Agent*) of these Terms and Conditions;
- (f) agrees that the Collateral Agent has only such functions, obligations and liability as expressly set forth in these Terms and Conditions, the Collateral Agreement and the Collateral Agent Agreement, and that upon the performance of its obligations and exercising of its rights in connection with the Collateral, the Collateral Agent is entitled to act at its discretion, considering the interests of the Noteholders;
- (g) expressly acknowledges that neither the Collateral Agent nor any of his employees, agents, attorneys-in-fact or affiliates have made any representations or warranties to it and that no act by the Collateral Agent hereinafter taken, including any review of the affairs of the Issuer or any of its affiliates, shall be deemed to constitute any representation or warranty by the Collateral Agent to any such person. Each of the Noteholders represents to the Collateral Agent that it has, independently and without reliance upon the Collateral Agent and based on such documents and information as it has deemed appropriate, made its own appraisal of an investigation into the business, operations, property, financial and other condition and creditworthiness of the Issuer and its affiliates, and made its own decision to acquire the Notes;
- (h) agrees that the Collateral can be used to secure the obligations of the Issuer under any further debt securities issued by the Issuer, and together with the Notes do not exceed EUR 20,000,000 (twenty million euros). In such case no Noteholders' consent or decision

is required under these Terms and Conditions, and the Collateral Agent can perform the necessary actions to enter into amendments to the Collateral Agreement upon request of the Collateral Providers in respect to securing the obligations of the Issuer under any further debt securities issued by the Issuer which together with the Notes does not exceed EUR 20,000,000 (twenty million euros).

- 20.3.2. By submitting a subscription order or acquiring the Notes on the secondary market each private individual or legal entity, as well as their authorized representatives upon the request of the Collateral Agent are obliged to disclose to the Collateral Agent all information and documents on these private individuals or the legal entities, as well as their authorized representatives, and the Collateral Agent is entitled to receive this information and documents for the purposes of performance of duties of the Collateral Agent. This information and documents also include those documents and information that are necessary to the Collateral Agent in order to fulfil the Collateral Agent's obligations under AML and Sanctions regulations (e.g., information and documents on the ultimate beneficial owner).

#### **20.4. Scope of Obligations of the Collateral Agent**

- 20.4.1. The rights and obligations of the Collateral Agent are limited to those expressly specified in the Collateral Agent Agreement, the Collateral Agreement and these Terms and Conditions and, notwithstanding any other provisions of these Terms and Conditions, such rights are limited to the exercise of those rights which belong to the Collateral Agent in its capacity as holder of the Collateral (pledgee). The Collateral Agent is required to perform its obligations in relation to the Collateral only if the Collateral is established in accordance with these Terms and Conditions and the Collateral Agreement.

- 20.4.2. The Collateral Agent does not have any obligation:

- (a) to take any action (including, without limitation, to commence legal proceedings, compulsory enforcement proceedings, bankruptcy proceedings or any other proceedings) with the purpose to satisfy any claims arising under these Terms and Conditions in connection with any assets of the Collateral Providers, except for enforcing the Collateral in accordance with these Terms and Conditions and the Collateral Agreement upon the Collateral becoming enforceable and receiving the relevant Instruction from the Majority Noteholders, provided that any of the preconditions stipulated in Clause 20.5.9. of these Terms and Conditions exist;
- (b) to ensure the existence, enforceability or validity of the Collateral or to preserve the Collateral or its value or to assess any rights arising from or relating to the Collateral (except for the validity of the Collateral after its establishment to the extent within the control or sphere of influence of the Collateral Agent and to the extent within the scope of its obligations under these Terms and Conditions). Without prejudice to the aforementioned, the Collateral Agent shall not be liable relating to or affecting the validity of the Collateral Agreement that are outside the control or sphere of influence of the Collateral Agent, *inter alia*, the Collateral Agent shall not be liable for any risks associated with the validity and enforceability or establishment of the Collateral under the Parallel Debt arrangement;
- (c) to inform the Noteholders and the Issuer about any circumstances relating to the Collateral except to the extent such obligation to provide information is explicitly set forth in these Terms and Conditions; and
- (d) to provide any advice to the Noteholders in legal, accounting, tax or other matters.

- 20.4.3. The Noteholders shall not have any independent power to enforce the Collateral or to exercise any rights or powers arising under the Collateral Agreement. The Noteholders may exercise their rights in relation to the Collateral only through the Collateral Agent pursuant to these Terms and

Conditions and the Collateral Agreement.

- 20.4.4. Upon the performance of its obligations and exercising its rights, the Collateral Agent shall act at its own discretion in the interests and on the account of the Noteholders collectively, and generally (and not any particular Noteholder) without having any independent interests of its own (for the avoidance of doubt, the Collateral Agent has the right to withhold the proceeds necessary for satisfying the fees, costs, expenses, damages and claims of the Collateral Agent in accordance with Clause 20.4.10. below) and without any obligation to consider any interests of the Issuer and without any right of the Issuer to give any instructions to the Collateral Agent. In particular, in accordance with these Terms and Conditions the Collateral Agent shall be entitled to decide at its sole discretion as to what would be in the best interests of the Noteholders upon failure to obtain instructions from the Majority Noteholders. However, the Collateral Agent shall not start the enforcement of the Collateral without the relevant Instruction provided by the Majority Noteholders as described in these Terms and Conditions and provided that any of the preconditions stipulated in Clause 20.5.9. of these Terms and Conditions exist.
- 20.4.5. The Collateral Agent is under no circumstances liable for the performance of the obligations of the Issuer or impossibility to enforce the Collateral in accordance with these Terms and Conditions and the Collateral Agreement or any restrictions or delays thereof.
- 20.4.6. Upon the performance of its obligations and exercising of its rights hereunder the Collateral Agent shall have the right at its own cost to use the services of third parties and to appoint third-party representatives (including, during the performance of its tasks and acts as stipulated in these Terms and Conditions and the Collateral Agreement). In case of use of the services of third parties and/or appointment of third-party representatives, the Collateral Agent shall evaluate and appoint only reputable third parties having professional expertise for the fulfilment of the tasks and acts as stipulated in these Terms and Conditions. In case of use of the services of third parties and/or appointment of third-party representatives, the Collateral Agent shall also ensure that: (i) no conflict of interest exists in respect to the Issuer and the Majority Noteholders; (ii) the fees, costs and expenses of such third-party services are at a reasonable market price; (iii) the fees, costs and expenses for using the services of third parties and/or appointment of third-party representatives would not exceed costs, fees and expenses of the Collateral Agent if the latter would perform its obligations under these Terms and Conditions, the Collateral Agreement and the Collateral Agent Agreement on its own; and (iv) it remains a duty and obligation of the Collateral Agent to perform its obligations under these Terms and Conditions and not of the appointed third-party. In case the use of services of third parties or appointment of third-party representatives is required for the fulfilment of obligations arising from these Terms and Conditions, including the Collateral Agreement, Clause 20.4.10. of these Terms and Conditions is applicable. The Collateral Agent shall not be responsible for any losses and damage caused by the acts and omissions by third parties.
- 20.4.7. At the request of the Collateral Agent, the Noteholders shall provide the Collateral Agent with any information required for the purposes of identification of the Noteholders and/or for the performance of other obligations arising from the Applicable Laws. The Noteholders hereby authorize the Collateral Agent to represent the Noteholders in the scope and capacity of the Collateral Agent against any third parties.
- 20.4.8. At the request of the Collateral Agent, the Issuer shall provide the Collateral Agent with an updated list of Noteholders specifying the outstanding Nominal Value of the Notes each of them is holding and their latest known email addresses, if such information is available in accordance with the respective list of Noteholders and information contained therein as provided by Nasdaq CSD.
- 20.4.9. The Collateral Agent is not liable for any circumstances relating to or affecting the validity of the Collateral Agreement that are outside the control or sphere of influence of the Collateral Agent.

- 20.4.10. The Collateral Agent shall have the right to receive fees from the Issuer and to be compensated by the Issuer for those costs that are necessary relating to the performance of its obligations under these Terms and Conditions in accordance with the Collateral Agent Agreement and shall have the right to withhold the performance of its duties and obligations in case of any delay of payment of the relevant fees and costs. As regards the costs, the Issuer shall also compensate to the Collateral Agent all payments made by the Collateral Agent to third parties for the purposes of establishment (registration), amendment, deletion, alienation and enforcement of the Collateral in accordance with these Terms and Conditions and the Collateral Agreement (including, without limitation, state fees and taxes, other fees and payments established by Applicable Laws, costs and expenses that are necessary and incurred by the Collateral Agent), as well as all damages incurred by the Collateral Agent in relation to the same.
- 20.4.11. Notices and documents to the Collateral Agent shall be valid only if made and forwarded in writing either by post or e-mail by using the contact details set forth in these Terms and Conditions. All notices of the Noteholders to the Collateral Agent shall be sent in writing (letter and email) to the Collateral Agent and copied to the Issuer and the Arranger. If the Collateral Agent has doubts that a notice from a Noteholder has not been sent to the Issuer or the Arranger, then the Collateral Agent shall immediately forward such notice to the Issuer or the Arranger (as applicable).
- 20.4.12. The Collateral Agent has the right to terminate the Collateral Agent Agreement by providing a 20 (twenty) Business Days prior written notice and in case: (a) the Collateral has not been granted within the term stipulated in Clause 20.1.3. of these Terms and Conditions (as applicable); and/or (b) the Collateral Agent resigns pursuant to Clause 20.8.1. of these Terms and Conditions. Fees and payments already paid to the Collateral Agent shall not be refunded in the event of termination of the Collateral Agent Agreement. In any case, the duties and obligations of the retiring Collateral Agent shall be deemed to have terminated upon fulfillment of the conditions set out in Clause 20.8.9. of these Terms and Conditions.
- 20.4.13. The Issuer has the right to terminate the Collateral Agent Agreement in case the Issuer decides not to proceed with the Notes issue and in case the Collateral Agent is dismissed pursuant to Clause 20.8.4. of these Terms and Conditions.

## **20.5. Enforcement of the Collateral**

- 20.5.1. Upon receipt by the Issuer of a notification that an Event of Default has occurred pursuant to Clauses 15.1., the Issuer shall within 20 (twenty) Business Days have the right to submit the proposed action plan in respect to the claim settlement to the Noteholders ("**Action Plan**"). The Issuer shall act in accordance with Clause 21. (*Noteholders' Meetings and Decisions*) and the Majority Noteholders shall vote for the approval of the Action Plan.
- 20.5.2. If the Majority Noteholders have not approved the Action Plan, the Issuer shall act in accordance with Clause 21. (*Noteholders' Meetings and Decisions*) and Majority Noteholders shall vote on whether to instruct the Collateral Agent to enforce the Collateral ("**Instruction**"). The Noteholders agree that the Collateral Agent will enforce the Collateral upon receipt of the Instruction, provided that any of the preconditions stipulated in Clause 20.5.9. of these Terms and Conditions exist.
- 20.5.3. If the Majority Noteholders in accordance with Clause 20.5.2. of these Terms and Conditions have provided to the Collateral Agent the Instruction, the Collateral Agent shall immediately notify (by letter or email) the Collateral Providers, the Issuer and all Noteholders of receipt of the Instruction, provided that the Collateral Agent has the relevant contact details of the Noteholders, and the Issuer shall publish the received information on its website [www.mapon.com](http://www.mapon.com) and on Nasdaq Riga information system (after the Notes are admitted to trading on First North).
- 20.5.4. The Collateral Providers may decide to sell the Collateral themselves by notifying the Collateral Agent within 10 (ten) Business Days following receipt of the Collateral Agent's notice on enforcement of the Collateral in accordance with Clause 20.5.3. of these Terms and Conditions.

If the Collateral Agent has not received a confirmation from the Collateral Providers to sell the Collateral themselves within the term specified above, it shall be deemed that the Collateral Providers have decided not to sell the Collateral themselves.

- 20.5.5. If the Collateral Providers have decided to sell the Collateral themselves, they have a right to sell the Collateral within 6 (six) month following confirmation provided to the Collateral Agent in accordance with Clause 20.5.4. of these Terms and Conditions.
- 20.5.6. The Collateral Providers are entitled to sell the Collateral for a price that is sufficient to completely cover the Issuer's obligations under these Terms and Conditions, and moneys received by the Collateral Providers in connection with the sale of the Collateral shall be transferred to the Collateral Agent in amount which is required to discharge the Issuer's obligations under these Terms and Conditions.
- 20.5.7. The Collateral Providers are entitled to sell the Collateral for a price that is below the amount of the Issuer's obligations under these Terms and Conditions only if the Majority Noteholders have approved such sale in accordance with Clause 21. (*Noteholders' Meetings and Decisions*), and moneys received by the Collateral Providers in connection with the sale of the Collateral shall be transferred to the Collateral Agent for partial discharge the Issuer's obligations under these Terms and Conditions.
- 20.5.8. Upon the sale of the Collateral by the Collateral Providers the Collateral Agent is obliged to release the Collateral by submitting to the Commercial Pledge Register of the Republic of Latvia an application on deletion of the commercial pledge.
- 20.5.9. The Collateral Agent is entitled to enforce the Collateral only in case: (a) the Collateral Providers have decided not to sell the Collateral themselves within a term specified in Clause 20.5.4. of these Terms and Conditions, or (b) the Collateral Providers have decided to sell the Collateral themselves, but have failed to sell the Collateral within 6 (six) month following confirmation provided to the Collateral Agent in accordance with Clause 20.5.4. of these Terms and Conditions.
- 20.5.10. The Collateral Agent is prohibited to enforce the Collateral by enforcement of the pledge in non-adversary enforcement proceedings (in Latvian: *saistību bezstrīdus piespiedu izpildes kārtība*) under the Latvian Civil Procedure Law.
- 20.5.11. Upon enforcement of the Collateral the Collateral Agent is obliged to comply with the preemptive rights of the Issuer's shareholders to acquire the shares of the Issuer provided for in the Articles of Association of the Issuer.
- 20.5.12. The Collateral Agent may rely that the Issuer has performed its obligations under the Notes in accordance with these Terms and Conditions until the Majority Noteholders have adopted the Action Plan or it has received the Instruction.
- 20.5.13. The Collateral Agent shall be entitled (but is not under any circumstances obliged) to request instructions, or clarification of any direction regarding the Instruction, from the Majority Noteholders as to whether, and in what manner, the Collateral Agent should exercise or refrain from exercising any rights, powers and discretions with regard to the enforcement of the Collateral. Upon such request, the Majority Noteholders shall give their instructions or clarifications to the Collateral Agent within the time period specified in the Collateral Agent's request for instructions or clarifications, such a time period is to be at least 2 (two) Business Days. The Collateral Agent may refrain from acting unless and until Majority Noteholders have provided the Collateral Agent with requested instructions or clarifications.
- 20.5.14. The Issuer is required to publish the Action Plan and the Instruction on its website [www.mapon.com](http://www.mapon.com) and on Nasdaq Riga information system (after the Notes are admitted to trading on First North).

20.5.15. Upon enforcement of the Collateral, the Collateral Providers shall transfer any amounts arising out of the Collateral to the Collateral Agent and no payments shall be made by the Collateral Providers directly to any of the Noteholders. If any such amounts have been transferred by the Collateral Providers to any of the Noteholders, the Noteholders shall return such amounts to the Collateral Agent who shall apply the proceeds from enforcement according to these Terms and Conditions.

## **20.6. Application of the Proceeds from Enforcement of the Collateral**

20.6.1. The proceeds from the enforcement of the Collateral shall be applied by the Collateral Agent in the following order of priority:

- (a) as the first priority: to the satisfaction and payment of all fees, costs and expenses and damages (including, without limitation, state duties, notary fees, valuation costs and fees, costs and expenses of third parties engaged in by the Collateral Agent pursuant to conditions set out, *inter alia*, in Clauses 20.4.6. and 20.4.10. related to performance of its duties by, or otherwise payable to, the Collateral Agent under these Terms and Conditions, the Collateral Agent Agreement and the Collateral Agreement, including, but not limited to, the establishment, amendment, termination and enforcement of the Collateral, representation of Noteholders (negotiation with the Issuer in the name of Noteholders and execution of decisions adopted by Noteholders', reporting to Noteholders regarding protection of Noteholders' interests) incurred by the Collateral Agent or any of the third parties engaged by the Collateral Agent, provided that the fees, costs and expenses have occurred on a reasonable market price;
- (b) as the second priority (after full satisfaction, payment and deduction of all claims and amounts set forth in Clause 20.6.1. (a) of these Terms and Conditions): in payment of the claims of the Noteholders arising under these Terms and Conditions, including, but not limited to, the claims arising from the Notes.

20.6.2. The Collateral Agent shall withhold the proceeds necessary for satisfying the fees, costs, expenses, damages and claims of the Collateral Agent specified in Clause 20.6.1. (a) of these Terms and Conditions and immediately transfer the remaining proceeds to the Noteholders for satisfying the claims under Clause 20.6.1. (b) of these Terms and Conditions. The Collateral Agent shall immediately return to the Collateral Providers the proceeds from the enforcement of the Collateral remaining after satisfying all claims set forth in Clause 20.6.1. of these Terms and Conditions.

20.6.3. In case the proceeds remaining after covering the fees, costs, expenses, damages and claims under Clause 20.6.1. (a) of these Terms and Conditions do not cover the claims of the Noteholders under Clause 20.6.1. (b) of these Terms and Conditions in full, these claims of the Noteholders shall be satisfied pro rata to the Nominal Value of the Notes held by the Noteholders.

20.6.4. The Collateral Agent is not obliged to pay to the Noteholders or any other persons any interest on the proceeds from the enforcement of the Collateral (whether deposited or not).

20.6.5. In case the Collateral Agent is required, under the Applicable Laws, to withhold or pay any taxes in connection with payments to be made by the Collateral Agent hereunder, the amount to be paid by the Collateral Agent shall be reduced by the amount of respective taxes and only the net amount shall be paid by the Collateral Agent.

## **20.7. Liability of the Collateral Agent**

20.7.1. If Majority Noteholders have submitted Instruction to the Collateral Agent, the Collateral Agent is obligated to comply with the Instruction and enforce the Collateral in accordance with Clause 20.5. (*Enforcement of the Collateral*), provided that any of the preconditions stipulated in Clause 20.5.9. of these Terms and Conditions exist. Any such Instruction from the Majority Noteholders

will be binding on all Noteholders. The Collateral Agent shall not be liable for any consequences or damages that result from complying with the Instruction.

- 20.7.2. Notwithstanding Clause 20.7.1. of these Terms and Conditions, the Collateral Agent may refrain from doing anything which in its opinion will or may be contrary to the Terms and Conditions, the Collateral Agreement, the Collateral Agent Agreement or Applicable Laws or otherwise render it liable to any person. The Collateral Agent may refrain from acting in accordance with the instructions of the Majority Noteholders until it has received such indemnification or security as it may require for all costs, claims, losses, expenses (including, but not limited to, legal fees) and liabilities which it will or may expend or incur in complying with such instructions.
- 20.7.3. Without prejudice to Clause 20.5.13., Clause 20.7.1. and Clause 20.7.2. of these Terms and Conditions, the Collateral Agent may (but is not obligated to) act (or refrain from acting) as it in its own discretion reasonably believes is in the best interests of the Noteholders. The Collateral Agent shall not be liable to the Noteholders for acting (or refraining from acting) as described in these Terms and Conditions or in accordance with the instruction of the Majority Noteholders and/or the Applicable Laws, and shall not be liable to Noteholders for the outcome of the enforcement of the Collateral, provided the Collateral Agent has acted in accordance with these Terms and Conditions and the Collateral Agreement, except for losses, damages, costs and expenses incurred by the Noteholders and/or the Collateral Providers due to willful misconduct or gross negligence by the Collateral Agent. The liability of the Collateral Agent is limited to EUR 300,000, save in case of willful breach by the Collateral Agent of its obligations giving rise to the liability of the Collateral Agent.

## **20.8. Replacement of the Collateral Agent**

- 20.8.1. Subject to Clause 20.8.9., the Collateral Agent may resign by giving notice to the Issuer and the Noteholders, in which case the Majority Noteholders shall appoint a successor Collateral Agent at a Noteholders' Meeting or by way of the Procedure in Writing.
- 20.8.2. Subject to Clause 20.8.9., if the Collateral Agent is insolvent, the Collateral Agent shall be deemed to resign as Collateral Agent and the Issuer shall within 10 (ten) Business Days appoint a successor Collateral Agent which shall correspond to the requirements provided in Clause 20.8.6.
- 20.8.3. The Issuer shall immediately inform the Noteholders of receipt of the notice of resignation from the Collateral Agent by publishing a relevant notice on its website [www.mapon.com](http://www.mapon.com) and on Nasdaq Riga information system (after the Notes are admitted to trading on First North).
- 20.8.4. The Majority Noteholders may, by notice to the Issuer (such notice shall, if given by several Noteholders, be given by them jointly), require that a Noteholders' Meeting is held for the purpose of dismissing the Collateral Agent and appointing a new Collateral Agent. The Issuer may, at a Noteholders' Meeting or by way of the Procedure in Writing initiated or convened by it, propose to the Noteholders that the Collateral Agent be dismissed and a new Collateral Agent appointed.
- 20.8.5. If the Majority Noteholders have not appointed a successor Collateral Agent within ninety 90 (ninety) days after:
- (a) the earlier of the notice of resignation was given or the resignation otherwise took place; or
  - (b) the Collateral Agent was dismissed through a decision by the Majority Noteholders,
- the Issuer shall within 30 (thirty) days thereafter appoint a successor Collateral Agent which shall correspond to the requirements provided in Clause 20.8.6.
- 20.8.6. The successor Collateral Agent shall be a reputable person authorized to act with the Collateral in favor of all the Noteholders in accordance with these Terms and Conditions, the Collateral

Agreement and the Collateral Agent Agreement, who has a professional experience in capital markets transactions and expertise for the fulfilment of the tasks as a collateral agent. The Collateral Agent's professional liability shall be insured in the course of performance of Collateral Agent's functions.

- 20.8.7. The retiring Collateral Agent shall, at its own cost, make available to the successor Collateral Agent such documents and records and provide such assistance as the successor Collateral Agent may reasonably request for the purposes of performing its functions as Collateral Agent under these Terms and Conditions.
- 20.8.8. The Issuer shall execute such documents and take such actions as the new Collateral Agent may reasonably require for the purpose of vesting in such new Collateral Agent the rights, powers and obligation of the Collateral Agent and releasing the retiring Collateral Agent from its further obligations under these Terms and Conditions and the Collateral Agent Agreement. Unless the Issuer and the new Collateral Agent agree otherwise, the new Collateral Agent shall be entitled to the same fees and the same indemnities as the retiring Collateral Agent.
- 20.8.9. The Collateral Agent resignation or dismissal shall only take effect upon the appointment of a successor Collateral Agent and acceptance by such successor Collateral Agent of such appointment and the execution of all necessary documentation to effectively substitute the retiring Collateral Agent, including, for avoidance of doubt, registration of all necessary amendments to the Collateral with the Commercial Pledge Register of the Republic of Latvia to ensure that the Collateral is established and maintained in the interests of the Noteholders and under the name of the successor Collateral Agent (as the holder of the Collateral (pledgee)) in accordance with Clause 20.1.2. of these Terms and Conditions.
- 20.8.10. Upon the appointment of a successor, the retiring Collateral Agent shall be discharged from any further obligation in respect of these Terms and Conditions but shall remain entitled to the benefit of these Terms and Conditions and remain liable under these Terms and Conditions in respect of any action which it took or failed to take whilst acting as Collateral Agent. Its successor, the Issuer and each of the Noteholders shall have the same rights and obligations amongst themselves under these Terms and Conditions as they would have had if such successor had been the original Collateral Agent.

## **20.9. Release of the Collateral**

- 20.9.1. The Collateral Agent is obliged to submit to the Commercial Pledge Register of the Republic of Latvia an application duly executed by the Collateral Agent for deletion of the entries made in respect of the Collateral within 5 (five) Business Days from the date when the Issuer's obligations under the Notes have been fully discharged.
- 20.9.2. If for any reason the repayment or redemption of the Notes is arranged through an escrow account, the Collateral Agent is obliged to provide to the Issuer an application duly executed by the Collateral Agent for deletion of the entries made in the Commercial Pledge Register of the Republic of Latvia in respect of the Collateral, if the following preconditions have been met:
  - (a) the Collateral Agent has received a copy of an escrow account agreement which, among other, provides that the funds deposited in the escrow account should be transferred to the Noteholders through the intermediary of Nasdaq CSD for discharge the Issuer's obligations under the Notes, and submission to the Issuer of an application for deletion of the entries made in the Commercial Pledge Register of the Republic of Latvia in respect of the Collateral is a precondition for the release of funds from the escrow account;
  - (b) the Collateral Agent has received a copy of the bank's, which holds an escrow account, confirmation about the amount of funds deposited with the escrow account, and such amount is sufficient to discharge the Issuer's obligations under the Notes; and



- (c) the Collateral Agent has verified that all other preconditions for release of the funds from the escrow account have been fulfilled.

## **21. NOTEHOLDERS' MEETINGS AND DECISIONS**

### **21.1. General Provisions**

- 21.1.1. The decisions of the Noteholders (including decisions on amendments to these Terms and Conditions, the Collateral Agreement (unless the Collateral Agreement provides an obligation of the Collateral Agent to enter into amendments to the Collateral Agreement upon request of the Collateral Providers in respect to securing the obligations of the Issuer under any further debt securities issued by the Issuer which together with the Notes does not exceed EUR 20,000,000 (twenty million euros) as provided in Clause 20.3.1(h)), on termination of the Collateral Agent Agreement (and consequently designate a new collateral agent (if applicable)) granting of consent or waiver or instructions to the Collateral Agent) shall be passed at the Noteholders' Meeting or in Procedure in Writing at the choice of the Issuer. However, the Issuer shall have a right to amend the technical procedures relating to the Notes (including any manifest errors or other inconsistencies) without the decision of the Noteholders, if such amendments are not prejudicial to the interests of the Noteholders.
- 21.1.2. The Issuer shall have a right to convene the Noteholders' Meeting or instigate the Procedure in Writing at any time, and Issuer shall do so following a written request from the Collateral Agent or Noteholders who, on the day of the request, collectively hold in aggregate the Notes with the Nominal Value representing at least 1/10 (one-tenth) of the aggregate Nominal Value of all outstanding Notes (other than the Notes held by the Issuer, its direct or indirect shareholders and the Related Parties). As a general rule, the Noteholders' Meeting or in Procedure in Writing is convened by a decision of the Issuer.
- 21.1.3. The Issuer may refrain from convening the Noteholders' Meeting or instigating the Procedure in Writing if (i) the suggested decision does not fall under the competence of Noteholders, or (ii) the suggested decision is not in accordance with the Applicable Laws.
- 21.1.4. In case convening of the Noteholders' Meeting or instigation of the Procedure in Writing is requested to the Issuer by the Collateral Agent or Noteholders, the Issuer shall be obliged to convene the Noteholders' Meeting or instigate the Procedure in Writing within 1 (one) month after receipt of the respective Collateral Agent's or Noteholders' written request.
- 21.1.5. All expenses in relation to the convening and holding the Noteholders' Meeting or a Procedure in Writing shall be covered by the Issuer.
- 21.1.6. Only those who were appearing in Nasdaq CSD as the Noteholders by the end of the 5<sup>th</sup> (fifth) Business Day prior to convening the Noteholders' Meeting and only those who were appearing in Nasdaq CSD as the Noteholders by the end of the 5<sup>th</sup> (fifth) Business Day after publishing an announcement on instigation of the Procedure in Writing or proxies authorised by such Noteholders, may exercise their voting rights at the Noteholders' Meeting or in the Procedure in Writing. The voting rights of the Noteholders will be determined on the basis of the principal amount of the Notes held.
- 21.1.7. Without amending or varying these Terms and Conditions, the Issuer may prescribe such further regulations regarding the convening and holding of the Noteholders' Meeting or the Procedure in Writing as the Issuer may deem appropriate. Such regulations may include e.g. a possibility for Noteholders to vote without attending the meeting in person, holding the Noteholders' Meeting in the form of a video conference etc.

### **21.2. Noteholders' Decisions**

- 21.2.1. A Noteholders' Meeting or a Procedure in Writing may make decisions that are binding on the Noteholders on a matter relating to these Terms and Conditions and the Collateral Agreement as

- provided in Clause 21.1.1. Consent of the Majority Noteholders is required to adopt any decision.
- 21.2.2. Notes held by the Issuer, its direct or indirect shareholders and the Related Parties will not carry the right to vote at the Noteholders' Meetings and will not be taken into account in determining how many Notes are outstanding for the purposes of the present Clauses of these Terms and Conditions.
- 21.2.3. The Noteholders' Meeting and the Procedure in Writing can authorise a named person to take any necessary actions to enforce the decisions of the Noteholders' Meeting or the Procedure in Writing.
- 21.2.4. A matter decided at the Noteholders' Meeting or the Procedure in Writing is binding on all Noteholders, irrespective of whether they were present at the Noteholders' Meeting or participated in the Procedure in Writing. Decisions made at the Noteholders' Meeting or in the Procedure in Writing are deemed to have been received by the Noteholders at the time (i) they have been entered in the issue account maintained by Nasdaq CSD, or (ii) notified to the Noteholders by a notice published in English on the Issuer's website [www.mapon.com](http://www.mapon.com) and the Nasdaq Riga information system (after the Notes are admitted to trading on First North) (any such notice shall be deemed to have been received by the Noteholders when sent or published in the manner specified in this Clause), provided that a failure to do so shall not invalidate any decision made or voting result achieved. In addition, the Noteholders are obliged to notify subsequent transferees of the Notes of the decisions taken at the Noteholders' Meeting or the Procedure in Writing.
- 21.2.5. Information about decisions taken at the Noteholders' Meeting or the Procedure in Writing shall be provided to the Noteholders in English on the Issuer's website [www.mapon.com](http://www.mapon.com) and the Nasdaq Riga information system (after the Notes are admitted to trading on First North) (any such notice shall be deemed to have been received by the Noteholders when sent or published in the manner specified in this Clause).

### **21.3. Meetings of the Noteholders**

- 21.3.1. If a decision of the Noteholders is intended to be passed at the Noteholders' Meeting, then a respective notice of the Noteholders' Meeting shall be provided to the Collateral Agent and the Noteholders in English on the Issuer's website [www.mapon.com](http://www.mapon.com) and the Nasdaq Riga information system (after the Notes are admitted to trading on First North) (any such notice shall be deemed to have been received by the Collateral Agent and Noteholders when sent or published in the manner specified in this Clause) no later than 10 (ten) Business Days prior to the meeting. Furthermore, the notice shall specify the time, place and agenda of the meeting, as well as any action required on the part of the Collateral Agent and Noteholders that will attend the meeting. No matters other than those referred to in the notice may be resolved at the Noteholders' Meeting.
- 21.3.2. The Noteholders' Meeting shall be held in Riga, Latvia, and its chairperson shall be appointed by the Noteholders' Meeting.
- 21.3.3. The Noteholders' Meeting shall be organised by the chairperson of the Noteholders' Meeting.
- 21.3.4. The Noteholders' Meeting shall be held in English.
- 21.3.5. Representatives of the Issuer and persons authorised to act for the Issuer may attend and speak at the Noteholders' Meeting.
- 21.3.6. The Collateral Agent shall have a right to participate in all Noteholders' Meetings.
- 21.3.7. Minutes of the Noteholders' Meeting shall be kept, recording the day and time of the meeting, attendees, their votes represented, matters discussed, results of voting, and resolutions which were adopted. The minutes shall be signed by the keeper of the minutes, which shall be appointed by the Noteholders' Meeting. The minutes shall be attested by the chairman of the Noteholders'

Meeting, if the chairperson is not the keeper of the minutes, as well as by one of the persons appointed by the Noteholders' Meeting to attest the minutes. The minutes from the relevant Noteholders' Meeting shall at the request of a Noteholder or the Collateral Agent be sent to it by the Issuer.

**21.4. Procedure in Writing**

- 21.4.1. If a decision of the Noteholders is intended to be passed by the Procedure in Writing, then a respective communication of the Procedure in Writing shall be provided to the Collateral Agent and the Noteholders in English on the Issuer's website [www.mapon.com](http://www.mapon.com) and the Nasdaq Riga information system (after the Notes are admitted to trading on First North) (any such notice shall be deemed to have been received by the Noteholders when sent or published in the manner specified in this Clause). Communication to the Noteholders shall include:
- (a) each request for a decision by the Noteholders;
  - (b) a description of the reasons for each request;
  - (c) a specification of the Business Day on which a person must be registered as a Noteholder in order to be entitled to exercise voting rights;
  - (d) information on where to receive a form for replying to the request (such form to include an option to vote "yes" or "no" for each request), as well as a form of a power of attorney;
  - (e) instructions how to execute and submit a form for replying to the request;
  - (f) the stipulated time period within which the Noteholder must reply to the request (such time period to last at least 10 (ten) Business Days from the communication pursuant this Clause) and a manner of a reply.
- 21.4.2. When the requisite consents have been received in a Procedure in Writing, the relevant decision shall be deemed to be adopted even if the time period for replies in the Procedure in Writing has not yet expired.
- 21.4.3. The Issuer shall inform the Collateral Agent on the results of the Procedure in Writing and the status of the relevant decision.

## TAXES

### NOTICE

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

### DEFINITION OF RESIDENTS AND NON-RESIDENTS

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

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

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

### TAXATION

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

Legal status of income beneficiary	Notes that are not in the public circulation (not admitted to trading on a regulated market for the purposes of MiFID II)		Conditions
	Interest tax rate	Capital gains tax rate	
Individual resident of Latvia	20%	20% <sup>1</sup>	<p>20% tax from the interest (coupon) income is withheld and transferred to the State budget by the Issuer of Notes.</p> <p><sup>1</sup> Income from disposal of Notes is considered equivalent to an interest income and taxed in the same way at 20% rate in Latvia.</p> <p>Special rules apply if the transactions with the Notes are made through an investment account within the meaning of the Law “On Personal Income Tax”. In such case taxation of income is deferred until the moment when the amount</p>

			withdrawn from the investment account exceeds the contributed amount.
Company resident of Latvia	deferred: 20/80 of the beneficiary's net profit distributed (equals to 20% of the gross profit)	deferred: 20/80 of the beneficiary's net profit distributed (equals to 20% of the gross profit)	<p>Interest (coupon) income and a capital gain from the Notes constitute a part of the beneficiary's - Latvian company's overall income.</p> <p>The Corporate Income Tax obligation is deferred to the moment of profit distribution (dividends, interim dividends) or deemed profit distribution (e.g., deemed dividends, non-business expenditure, bad debts provisions/write-off, loans to the related persons, transfer pricing adjustments, liquidation quota) of the beneficiary - Latvian company. The tax is assessed and paid based on the Corporate Income Tax Return filed for a taxation period (a month or year).</p>
Individual non-resident	5%/20% <sup>2,4</sup>	5%/20% <sup>2,3,4</sup>	<p>5% tax from interest (coupon) income and a capital gain from the Notes can be withheld and transferred to the State budget by the Issuer of Notes, if all of the following three criteria are met: (i) the payment is made with the intermediation of an investment service provider, including the Depository, and the issue of the Notes is organized by an investment service provider supervised by competent authority supervising financial markets and participants thereof (such as the Bank of Latvia); (ii) the recipient of such income is a resident of the European Union or the European Economic Area and is not engaged in economic activity; (iii) the Notes are not publicly traded.</p> <p>Otherwise 20% tax from the interest (coupon) income or an income from disposal of Notes is withheld and transferred to the State budget by an Issuer of Notes.</p> <p><sup>2</sup> In general, interest payments and other payments (except principal loan) to non-resident located, registered or incorporated in a no-tax or low-tax country or territory as defined according to the Regulations of the Cabinet of Ministers No. 333 "List of Low-Tax or No-Tax Countries and Territories", adopted on 27 June 2023; effective as of 1 July 2023 are subject to withholding tax of 20% if the payer is a Latvian legal entity<sup>3</sup> – Income from disposal of the Notes is considered equivalent to an interest income and taxed at 20% rate.</p> <p><sup>4</sup> - A non-resident individual being a beneficiary of interest (coupon) income or an income from</p>

			disposal of Notes could be obliged to assess and pay tax in its country of residence at the tax rate specified in the relevant country, which may or may not be higher than the one applicable in Latvia.
Company non-resident	Not taxable in Latvia <sup>5,6</sup>	Not taxable in Latvia <sup>5,6</sup>	<p>Interest (coupon) income and a capital gain derived by a non-resident company (except a company from no-tax or low-tax countries or territories) are not taxable in Latvia.</p> <p><sup>5</sup> - In general, interest payments and other payments (except principal loan) to non-resident located, registered or incorporated in a no-tax or low-tax country or territory as defined according to the Regulations of the Cabinet of Ministers No. 333 "List of Low-Tax or No-Tax Countries and Territories", adopted on 27 June 2023; effective as of 1 July 2023 are subject to withholding tax of 20% if the payer is a Latvian legal entity.</p> <p><sup>6</sup> - A non-resident company being a beneficiary of interest (coupon) income or a capital gain could be obliged to assess and pay tax in its country of residence at the tax rate specified in the relevant country, which may or may not be higher than the one applicable in Latvia.</p>

Source: Applicable Laws of the Republic of Latvia

## TERMS OF THE PRIVATE OFFERING

Words and expressions defined in the Terms and Conditions of the Notes below or elsewhere in the Offering Memorandum have the same meanings in this section.

### 1.1. Method of issue

The Notes will be issued in two tranches. The Notes of each tranche will all be subject to identical terms, except that the issue dates and the issue prices thereof may be different in respect of different tranches.

### 1.2. Subscription for the Notes

The subscription period ("**Subscription Period**") for the Notes in total amount of up to EUR 5,000,000 (five million Euro) is divided in two stages:

- (i) Offering of the Notes with the total nominal value of up to EUR 3,000,000 (three million Euro) ("**First Tranche**") with the Subscription Period that commences on 29 February 2024 at 10:00 Riga time and ends on 1 March 2024 at 17:00 Riga time. In case the total number of the Notes subscribed for during the Subscription Period of the First Tranche is larger than the number of Notes available, the Arranger at its sole discretion has a right to terminate the Subscription Period and announce the completion of the Subscription Period. The termination timing can be different for private investors and institutional investors.
- (ii) Offering of the remaining Notes with the total nominal value of up to EUR 2,000,000 (two million Euro) ("**Second Tranche**") with the Subscription Period announced by the Issuer by publishing a relevant notice with sufficient details on its webpage [www.mapon.com](http://www.mapon.com) and on Nasdaq Riga information system (after the Notes are admitted to trading on First North). Subscription for the Second Tranche can end on the Maturity Date, or when all Notes are sold, whichever is earlier.

### 1.3. Subscription terms

- 1.3.1. The subscription orders to the Notes can be submitted to the Arranger every Business Day during normal working hours until the end of the Subscription Period. More detailed information on the submission of the subscription orders is available by phone (+371 67 081 069).
- 1.3.2. The subscription orders can also be submitted to other Custodians, which in turn shall submit orders to the Arranger until the end of the Subscription Period. The form of such subscription orders is regulated by contracts between Noteholders and Custodians and by the Applicable Laws.
- 1.3.3. The minimal initial subscription size (the "**Minimum Investment Amount**") is EUR 100,000.00 (one hundred thousand Euro). The subscription size should be equal to a multiple of the Settlement Unit Multiple.
- 1.3.4. Total Nominal Value of the Notes to be purchased and provided in each subscription order shall be for at least Minimum Investment Amount. Potential Investors have the right to submit several orders during the offering.
- 1.3.5. All subscription orders to the Notes shall be considered as binding and irrevocable commitment to acquire the allotted Notes.
- 1.3.6. By submitting the subscription order the Potential Investor confirms that it/he/she: (a) has read the Offering Memorandum and understands the Terms and Conditions; (b) agrees and commits to adhere to the Terms and Conditions; and (c) authorizes and instructs the Custodian, the Arranger, the Issuer, distributors or other parties involved in the subscription order submission and/or settlement process, forward and exchange its/his/her personal data and information provided in the subscription order.

- 1.3.7. In accordance with Article 5f of Council Regulation (EU) No 833/2014 of 31 July 2014 concerning restrictive measures in view of Russia's actions destabilising the situation in Ukraine (as amended), it is prohibited to sell the Notes to any Russian national or natural person residing in Russia or any legal person, entity or body established in Russia. This prohibition shall not apply to nationals of a Member State of the European Union, of a country member of the European Economic Area or of Switzerland, or to natural persons having a temporary or permanent residence permit in a Member State of the European Union, in a country member of the European Economic Area or in Switzerland.
- 1.3.8. In accordance with Article 1y of Council Regulation (EC) No 765/2006 of 18 May 2006 concerning restrictive measures against President Lukashenko and certain officials of Belarus (as amended), it is prohibited to sell the Notes to any Belarusian national or natural person residing in Belarus or any legal person, entity or body established in Belarus. This prohibition shall not apply to nationals of a Member State of the European Union or to natural persons having a temporary or permanent residence permit in a Member State of the European Union.
- 1.3.9. The First Settlement Date of the first tranche of the Notes is 8 March 2024.
- 1.3.10. All the expenses related to the acquisition and custody of the Notes shall be borne by a Potential Investor in compliance with the pricelist of a credit institution or investment service provider, through which the investor purchases and keeps Notes. The Issuer is not obliged to compensate any such expenses incurred by the Potential Investor.
- 1.4. Notes price**
- 1.4.1. The purchase price of the Notes can be equal to 100% (one hundred per cent) of the Nominal Value or purchase price could be lower or higher than the Nominal Value, meaning that the Notes can be sold with discount or premium, plus accrued interest.
- 1.4.2. The Related Parties may subscribe to the Notes, but purchase price for those orders shall be equal to 100% (one hundred per cent) or, in case of lower or higher than the Nominal Value, the discount or premium shall be at market conditions.
- 1.5. Allocation of the Notes to Noteholders**
- 1.5.1. The Notes are allocated to the Noteholders in the amount not larger than the amount specified in the subscription order and not less than the Minimum Investment Amount.
- 1.5.2. In case the total number of Notes subscribed for during the Subscription Period is less than the number of Notes available, the Notes will be allotted based on the subscription orders placed.
- 1.5.3. In case the total number of Notes subscribed for is higher than the number of Notes available, the proportionate reduction principle shall be applied to the extent possible at the discretion of the Issuer, however, the Notes allocated to the Noteholders shall not be less than the Minimum Investment Amount.
- 1.5.4. The Issuer or Arranger at its sole discretion has a right to refuse to allocate all or part of the subscribed Notes to any Potential Investor due to AML, Sanctions regulations compliance risk or other risks.
- 1.5.5. In case the total number of the Notes subscribed for during the Subscription Period is larger than the number of Notes available, the Issuer at its sole discretion has a right to refuse to allocated all or part of the subscribed Notes to any Potential Investor. The decision on the final allocation of Notes to Potential Investors is made by the Issuer.
- 1.5.6. Allocation principles for the First Tranche with the total nominal value of up to EUR 3,000,000 (three million Euro):
- (i) Amount up to EUR 1,000,000 (one million Euro) shall be allocated to private investors;



- (ii) Amount up to EUR 2,000,000 (two million Euro) shall be allocated to institutional investors (licensed financial institutions, banks, investment funds, insurance companies, asset management companies).
- 1.5.7. Allocation principles for the Second Tranche with the total nominal value of up to EUR 2,000,000 (two million Euro) shall be announced by the Issuer by publishing a relevant notice with sufficient details on its webpage [www.mapon.com](http://www.mapon.com) and on Nasdaq Riga information system (after the Notes are admitted to trading on First North).
- 1.6. **Discontinuation of the placement and reduction of the Notes issue size**
- 1.6.1. The Issuer may decide to discontinue placement of the Notes at any time until the end of the Subscription Period.
- 1.6.2. The Issuer may also decide on reduction of the Notes issue size.
- 1.6.3. Any Notes that are not issued shall be deleted.
- 1.7. **Settlement and delivery of the Notes**
- 1.7.1. The settlement date for the Notes can be any Business Day which is not earlier than the 2nd (second) Business Day and not later than 20th (twentieth) Business Day after subscription order is fully submitted to the Arranger.
- 1.7.2. Settlement of the Notes will be executed through Nasdaq CSD in accordance with the DVP (*delivery versus payment*) principle pursuant to the applicable rules of Nasdaq CSD.
- 1.7.3. The Custodians shall execute payments for the Notes based on the results of the subscription provided by the Arranger. The Notes will be transferred to the Noteholders' financial instrument accounts on the settlement date.
- 1.7.4. Settlement for the Notes can be executed according to other procedure, which is agreed to by the Arranger and a Potential Investor, but in any case, through Nasdaq CSD in accordance with the DVP (*delivery versus payment*) principle pursuant to the applicable rules of Nasdaq CSD.
- 1.8. **Pre-emptive rights**
- None of Potential Investors has the rights of pre-emption in respect to acquisition of the Notes in the initial placement.
- 1.9. **Listing**
- 1.9.1. The Issuer plans to request the admission to trading of the Notes on First North within 12 (twelve) months after the Issue Date and submit this Offering Memorandum to Nasdaq Riga. The Issuer does not undertake to register the Notes prospectus with the Bank of Latvia or list the Notes on any regulated market.
- 1.9.2. The Issuer has not signed any agreement with any person for liquidity maintenance of the Notes on the secondary market.

## GENERAL INFORMATION

Words and expressions defined in the Terms and Conditions of the Notes below or elsewhere in the Offering Memorandum have the same meanings in this section.

### GENERAL INFORMATION ON THE ISSUER AND THE GROUP

The Issuer is AS "Mapon", registration number 40003800531 (legal entity identifier 984500ZBU42CH9ECD41), registered address at: Ojāra Vācieša iela 6B, Riga, Latvia, LV-1004.

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

The Issuer provides fleet management and asset tracking services.

The Issuer currently has four Subsidiaries – please refer to the definition of a "Subsidiary" in the Terms and Conditions.

### DECISIONS OF THE ISSUER ON THE NOTES ISSUE

On 23 February 2024, the Company's shareholders passed the decision to issue the Notes and to authorize the Management Board of the Company inter alia to take all necessary actions to ensure the issuance of the Notes, registering the Notes with Nasdaq CSD SE and listing the notes on First North.

On 23 February 2024, the Company's Supervisory Board passed the decision to approve the issuance of the Notes and to grant a consent to the Management Board of the Company to approve the Offering Memorandum and the Terms and Conditions of the Notes.

On 29 February 2024, the Company's Management Board passed the decision to approve the issuance of the Notes and to approve the Offering Memorandum and the Terms and Conditions of the Notes.

### AUDITOR

The Group's Financial Reports for the financial years ended at 31 December 2022 and 31 December 2021 have been audited by Sabiedrība ar ierobežotu atbildību "POTAPOVIČA UN ANDERSONE", registration No. 40003612562, registered address at: Ūdens iela 12 - 45, Riga, Latvia, LV-1007.

### ADVISORS INVOLVED IN THE ISSUE

The Issuer has concluded an agreement with the Arranger to organise the Notes issue, to communicate with Nasdaq CSD, market the Notes to investors and conduct settlement during the Subscription Period. The Arranger may provide other services to the Issuer in the future and receive remuneration for it. The Arranger may invest its own funds in the Notes.

The Issuer has signed the Collateral Agent Agreement with Collateral Agent, which holds the Collateral on behalf and for the benefit of the new and the existing Noteholders and is authorized to act with the Collateral in favour of all the Noteholders in accordance with the Terms and Conditions, the Collateral Agreement and the Collateral Agent Agreement. The Collateral Agent may provide other services to the Issuer in the future and receive remuneration for it.

Legal advice to the Issuer in respect of the Notes issue was provided by ZAB COBALT SIA.

### EXTERNAL AUDIT OF THE INFORMATION INCLUDED IN THE OFFERING MEMORANDUM

The auditors have not verified the information included in the Offering Memorandum.

### STATEMENTS OR REPORTS INCLUDED IN THE SECURITIES DESCRIPTION

The Offering Memorandum does not contain any expert statements or reports.

### CREDIT RATINGS

No credit rating has been assigned to the Issuer or to the Notes.

## BUSINESS DESCRIPTION

Words and expressions defined in the Terms and Conditions of the Notes below or elsewhere in the Offering Memorandum have the same meanings in this section.

### OVERVIEW

The Group is one of the leading fleet management and asset tracking solution providers in Northern Europe and one of the largest SaaS (Software as a Service) companies in the Baltics. The Group offers comprehensive end-to-end telemetry solutions that are widely compatible with various tracking devices. Provided solutions help customers to improve safety, efficiency and sustainability of their fleets.

Established in 2006 in Riga, Latvia, the Issuer has been in business for over 18 years. During this time, it has evolved into an international enterprise, establishing a robust global partner network and expanding its reach with a branch in Spain and subsidiaries in Estonia, Finland, and Denmark. The Group has an international team of over 180 people and operates directly in six European countries and has customers in over 85 countries. The Issuer is a part of Draugiem Group – an international IT company association from Latvia with offices in multiple locations across Europe and the USA.

### STRATEGY OF THE ISSUER

The ambition of the Group is to become Top 3 player in every country where the Group currently has a direct presence via establishments (Latvia, Estonia, Finland, Denmark) and to expand its direct operations in several new European countries by the end of 2028.

The Group plans to achieve the desired goals based on three growth & strategy pillars:

**Organic growth** – the Group mainly plans to fuel its growth organically, focusing on the speed of onboarding and scaling the client base. In order to improve scaling opportunities, the Group has put a specific focus on software-only solutions that are compatible with over 500 different device models, digital marketing and options for the clients to self-serve and onboard without required assistance, automating hardware installations by providing plug-and-play hardware options and a present technicians team to provide high complexity, high quality and speedy hardware installations across Europe.

**M&A activities** – the Group has a proven track record of numerous successful M&A transactions. Since 2017 the Group has engaged in five M&A transactions in four Nordic countries and aims to continue its growth in new and existing markets with M&A activities in the future.

The Group is interested in various types of M&A – add-ons to the existing footprint, acquisitions that expand geographic reach or acquire new and supplementary technologies or applications.

**Product focus** – the Group is strategically shifting towards a comprehensive one-stop-shop solution for specific industries, aligning with key trends in the transport sector. Product focus is set to support several mega-trends in the transport industry – energy transition and environmental aspect, regulation and compliance, general efficiency, automation and cost saving needs of businesses.

The Group's product roadmap includes advanced CO<sub>2</sub> reporting, mixed energy and fuel support, plug-and-play hardware, and AI-driven fleet safety. The Group has highly capable and professional in-house IT and R&D teams that are able to completely develop new products and solutions with no development outsourced to third parties.

### KEY STRENGTHS OF THE ISSUER

**Subscription-based business model** – being a SaaS (Software as a Service) company, the Group benefits from highly predictable and resilient recurring revenue base as subscription fees represent the largest share of income. Monthly subscription fee combines telemetry services (fixed amount per connected device), as well as various additional fees depending on the customer type and functionality.

**Highly competent IT team** – the Group's in-house IT team constitutes around 40% (forty per cent) of the

total workforce. The software solutions are completely designed and built by the in-house IT team, with no development outsourced to third parties and are compatible with over 500 hardware device models from leading manufacturers.

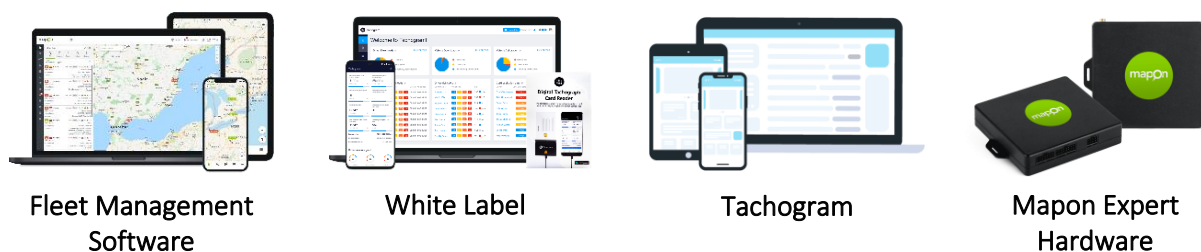
**Lean organization** – the Group maintains a streamlined organization structure by internalizing core competencies and outsourcing non-core functions. Some of the overhead functions (legal, office administration) are managed by AS “Idea Bits Latvia” (part of Draugiem Group). Mapon Expert device design and development is done in-house, while mass production is outsourced to UAB Selteka (Lithuania), one of the largest manufacturers of innovative electronics in the Baltics. Additionally, the Group has direct agreements with telecommunications operators.

**Diversified customer base** – the Group’s product offerings are used by over 30 000 customers in 85 countries, connecting over 250 000 units across six continents. Main clients include companies in logistics, construction, waste management, agribusiness and delivery sectors, as well as corporate fleet and passenger transport operators.

**Global distribution network** – about 200 white-label partners enable cost-efficient wide reach for products. Successful long-term cooperation with partners outside key markets, ensures great service to end customers in the respective countries by providing installation, support and maintenance services in the local language, as well as provides opportunities for rapid trend identification outside main markets with direct presence.

## PRODUCT OFFERING OF THE GROUP

The Group has four main product lines:



**Fleet Management Software** – a state-of-the-art fleet management platform suitable for logistics, company carsharing, special equipment tracking, mobile workforce management and more, offering a large range of operational efficiency, compliance, safety and security solutions.

**White Label** – streamlined white-labelling solutions for partners to re-brand the software platform and mobile applications with their own logos and colour schemes while maintaining Mapon’s UI/UX friendliness.

**Tachogram** – a complete stand-alone solution for managing digital tachograph (including smart tachograph) compliance, downloading and analysing driver and vehicle data remotely using online platform and mobile application.

**Mapon Expert Hardware** – a multi-purpose tracking device with high precision and a variety of interfaces for connecting accessories.

## FINANCING STRUCTURE OF THE GROUP

As at 31 December 2023, the Group’s outstanding borrowings amounted to about EUR 0.3 million, exclusively attributed to leasing arrangements. The Group intends to retire the existing leasing obligations while concurrently securing new leases, ensuring the continuity of its current installation levels.

Additionally, the Group holds an untapped overdraft facility with AS “SEB banka”, standing at EUR 0.6 million as of December 2023. As at the date of this Offering Memorandum, the overdraft has not been utilised.

## GROUP STRUCTURE

The Issuer is incorporated in Latvia and executes control over the following subsidiaries:



AS “Mapon” (Latvia) - as a cornerstone of the Group, the Issuer stands as the headquarters of one of the leading fleet management and asset tracking solution providers in the Northern Europe.

**Mapon Denmark ApS** (Denmark) – the Issuer acquired Danfleet Danmark ApS, a white-label partner offering the Issuer’s fleet management and asset tracking solutions to Danish customers under own brand, in September 2022. After the acquisition, rebranding from “Danfleet Danmark” to “Mapon Denmark” was completed in December 2022.

**Mapon Finland Oy** (Finland) – in February 2015, the Issuer initiated a collaboration with Mapon Finland Oy (previously – Mapon Soumi Oy), setting the stage for a strategic partnership. In 2017, the Issuer acquired a 20% (twenty per cent) stake in Mapon Finland Oy to fuel growth. The Finnish market's inclination towards a rental model, with installation fees and monthly payments, posed challenges for Mapon Finland Oy, causing cash flow strain during rapid expansion and prolonged payback periods, leading to difficulties settling debts with the Issuer. In December 2018, the Issuer made the strategic decision to acquire the remaining 80% (eighty per cent) of Mapon Finland Oy. Under the new ownership, Mapon Finland Oy underwent a transformation, implementing enhanced financial discipline and transitioning to a positive cash flow.

**Mapon Estonia OÜ** (Estonia) – the Issuer entered the Estonian market by acquiring a white-label partner’s client portfolio in 2018.

**CarCops OÜ** (Estonia) – the Issuer acquired CarCops OÜ, one of the largest Estonian fleet management services providers, in June 2023. As CarCops OÜ used a telemetry solution different from the one developed by the Issuer, a gradual transition of client units to the Issuer’s fleet management and asset tracking solution began in September 2023. The goal is to merge CarCops OÜ and Mapon Estonia OÜ, migrate approximately 5,000 client units onto the Issuer’s platform, thereby generating cost-optimizing synergies.

**AS Mapon Sucursal en España** (the Issuer’s branch office in Spain) – the Issuer opened its first branch in Spain in 2016. While the branch is not a separate entity, it serves customers in Spanish speaking markets.

## MANAGEMENT OF THE ISSUER

### Management Board

The Management Board of the Issuer serves as the executive body entrusted with the pivotal responsibilities of overseeing and directing the entirety of its business operations. This includes not only the efficient management and representation of the organization but also the diligent fulfilment of various obligations.

At the date of Offering Memorandum the Management board of the Issuer consists of five members:

Name	Position
Edmunds Riekstiņš	Chairman of the Management Board
Andris Dzudzilo	Co-Chief Executive Officer and Management Board Member
Ingus Rūķis	Co-Chief Executive Officer and Management Board Member
Aleksei Avanesov	Chief Financial Officer and Management Board Member
Dāvis Siksnāns	Management Board Member

**Edmunds Riekstiņš** has been the Chairman of the Management Board of the Issuer since 2011 and is a Board Member and Council Member in over 10 other Draugiem Group companies with over 17 years of experience

in finance. Mr Riekstiņš holds a Bachelor’s degree in International Economic Relations from the University of Latvia, specializing in financial management and strategic planning.

**Andris Dzudzilo** is the Co-CEO and Member of the Management Board of the Issuer and is responsible for the commercial operations of the Group. Mr Dzudzilo joined the Issuer in 2010 as one of the first employees in the Sales department and has over 15 years of sales experience, including leading local and export Sales teams. For the past 7 years, Mr Dzudzilo has co-managed the Group together with Ingus Rūķis and has scaled it from €3 million to €17 million in revenue and a team of 26 to over 180 employees across six countries. Mr Dzudzilo holds a Bachelor’s degree in Business Administration from the University of Latvia.

**Ingus Rūķis** is the Co-CEO and Member of the Management Board of the Issuer responsible for product & technology with over 20 years of extensive development and product experience, including both software and hardware aspects. Mr Rūķis joined the Mapon team in 2014 as Chief Technical Officer after 9 years of working for the Latvian social network Draugiem.lv (the core of Draugiem Group) in roles such as Software Developer, Development Team Leader, Project Manager and others. Mr Rūķis holds a Master's degree in computer science from the University of Latvia.

**Aleksei Avanesov** is a strategic-minded generalist Chief Financial Officer with over 20 years of extensive financial experience, including M&A consulting, production, wholesale trade, and real estate. Mr Avanesov joined the Issuer’s team in 2020 and the Management Board in 2022. Prior to joining the Issuer, Mr Avanesov served as the CFO of Polipaks Group, a packaging and trade company, where Mr Avanesov attracted financing and managed cash flow for a €30 million investment project in Riga, Latvia. Mr Avanesov holds a Bachelor's degree in economics and business from the Stockholm School of Economics in Riga.

**Dāvis Siksnāns** previously served as a Management Board Member of the Issuer between 2016 and 2018 and re-joined the Board in late 2022. With over a decade of experience in various Draugiem Group companies, Mr. Siksnāns is notably recognized as the Co-Founder and former CEO of AS “Printful Latvia” — the first Latvian unicorn company and one of the world's largest on-demand manufacturers and e-commerce service providers. Under his leadership, AS “Printful Latvia” expanded to over 10 fulfilment centres worldwide, boasting a workforce of more than 1,500 employees and achieving annual revenues in the hundreds of millions of dollars. Mr. Siksnāns holds a Bachelor's degree in economics from the University of Latvia, specializing in international relations.

Main functions of the Supervisory Board are to ensure a corporate governance framework, to provide strategic direction for the Issuer’s development, to provide expertise and guidance in relation to the Issuer’s international operations and to supervise key areas of the Issuer’s operations, performance and compliance.

### Supervisory Board

At the date of the Offering Memorandum the Supervisory Board of the Issuer consists of three members:

Name	Position
<b>Agris Tamanis</b>	Chairman of the Supervisory Board
<b>Lauris Liberts</b>	Deputy Chairman of the Supervisory Board
<b>Inga Liberte</b>	Member of the Supervisory Board

**Agris Tamanis** is a serial entrepreneur. Mr Tamanis has worked in various fields, ranging from on-demand printing and manufacturing to the development of social media platforms and smart home solutions. In 2004, Mr Tamanis co-founded Draugiem.lv, a Latvian social network that amassed 1 million active users in only three years. Over the years, Mr Tamanis has launched many business ideas under Draugiem Group, including AS “Printful Latvia”, Latvia’s first unicorn start-up.

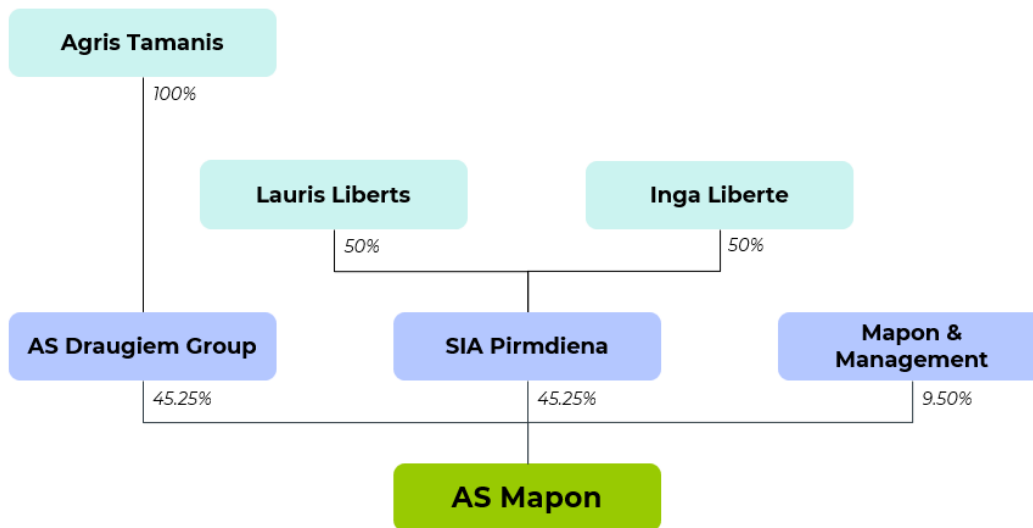
**Lauris Liberts** is one of the best-known and most successful entrepreneurs in the Latvian IT industry. In 2004, Mr Liberts co-founded draugiem.lv, and in 2013, Mr Liberts introduced the idea of AS “Printful Latvia” As a

co-founder of Draugiem Group, Mr Liberts has played a pivotal role in shaping the company's direction & contributing to its success. Mr Liberts holds a Bachelor's degree in economics from the University of Latvia and a Master's degree in e-business and innovation from the University of Lancaster in Great Britain.

**Inga Liberte** has played an integral part in the early development of AS "Printful Latvia", Latvia's first unicorn company, and is now a co-owner of multiple Draugiem Group companies. Mrs Liberte holds a Master's degree in legal studies from the University of Latvia.

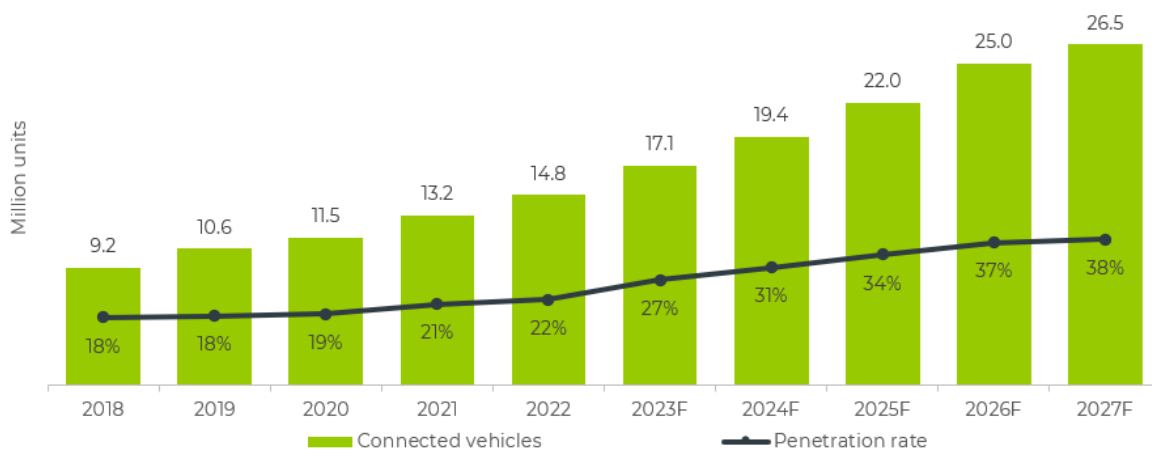
**ISSUER'S SHAREHOLDER STRUCTURE**

The Issuer's shareholder structure as at date of the Offering Memorandum:



**MARKET OVERVIEW AND COMPETITION**

The Group's addressable European market is still highly underpenetrated and is anticipated to experience substantial growth, expanding from EUR 5.9 billion in 2023 to EUR 10.3 billion by 2028, with an expected Compound Annual Growth Rate (CAGR) of 11.90% (eleven point ninety per cent). The volume of fleet management systems is set to rise from 14.8 million units in 2022 to 26.5 million by 2027. The upward trajectory is fuelled by favourable market regulations and an increasing emphasis on operational efficiency in Europe.









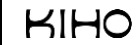
Source: Berg Insight

Notably, only a quarter of commercial vehicles currently utilize fleet telemetry, but a projected surge to 38% (thirty eight per cent) adoption by 2027 stands as a significant growth driver. Companies are

strategically shifting focus to prioritise the total cost of mobility over ownership, leading to reduced operational costs and a subsequent surge in demand.

To navigate this evolving landscape, industry vendors are embracing collaborative strategies, such as partnerships, mergers, and acquisitions, aiming for enhanced solutions and deeper insights. Despite facing transient challenges stemming from regional economic conditions and the Ukraine crisis, the fleet management market is expected to maintain steady growth.

As the market is highly fragmented, there are many competitors across various markets. According to the Management estimates, the following are the closest competitors to the Group:

Company							
<b>Key offering</b>	Fleet management and asset tracking solutions for end-clients and white label partners	Fleet, asset and mobile workforce management solutions	Fleet management, app-based mobile workforce management and home security solutions	GPS-based fleet and asset management, electronic trip logs, and recovery services	Fleet management software and equipment control technology, usage-based insurance	Fleet, transport and workforce management solutions	Field service management with expertise in ERP and work time solutions
<b>HQ</b>	Latvia	Canada	Estonia	Norway	Norway	Sweden	Finland
<b>Key European markets</b>	Nordics & Baltics	Nordics & Baltics, Benelux	Baltics, Poland, Russia, Belarus	Nordics, Baltics, Hungary, Germany,	Nordics, UK, Poland, Belgium, Netherlands	Nordics, Benelux, France, Germany, UK	Finland
<b>Size</b>	30,000 customers, 240,000 assets	12,000 customers, 600,000 assets	10,000 customers, 47,000 assets	153,000 assets	44,000 customers, 500,000 assets	5,100 customers, 250,000 assets	1,500 customers, 15,000 assets
<b>Primary focus</b>	HCV segment, road transport, waste management	LCV segment, municipality sector	LCV, HCV segment, municipality sector	Municipality sector, insurance segment	LCV segment, asset tracking, mobile workforce businesses	HCV segment, workforce, work time & salary management	LCV segment, mobile workforce businesses
<b>Areas of competition with Mapon</b>	-	Main competitor in the Baltics, LCV segment. Focus on government tenders	Main competitor in the Baltics, mostly in Estonia and Latvia, both in LCV, HCV segments	Competitor in Denmark, Finland in municipality segment, LCV segment	Main competitor in Finland in LCV segment	Competitor in Finland, HCV segment. Higher pricing positioning	Main competitor in Finland in LCV segment

#### LEGAL PROCEEDINGS AND ARBITRATIONS

At the date of this Offering Memorandum, the Issuer is not involved in any lawsuits or arbitration proceedings that may significantly affect or have significantly affected the financial situation or profitability of the Issuer.

#### SUBSTANTIAL CHANGES IN FINANCIAL SITUATION OF THE ISSUER

Since 31 December 2023 there have been no substantial changes in the financial situation of the Issuer.

#### MATERIAL CONTRACTS



The Issuer is not aware of any material contracts that have been entered into by the Issuer outside the ordinary course of its business that could result in any obligation or entitlement that is material to the ability of the Issuer to meet obligations in respect of the Notes being issued.

**SIGNIFICANT RECENT AND KNOWN TRENDS**

At the date of the Offering Memorandum, the Issuer has no information at its disposal regarding any known trends that have negatively affected the Issuer or its activities.

## SELECTED FINANCIAL INFORMATION OF THE GROUP

Words and expressions defined in the Terms and Conditions of the Notes below or elsewhere in the Offering Memorandum have the same meanings in this section.

### GENERAL

The Group's Financial Reports starting from audited consolidated annual report for 2023 and unaudited quarterly report for the reporting period from 1 January 2024 to 31 March 2024 will be available on the Issuer's website [www.mapon.com](http://www.mapon.com) and on Nasdaq Riga information system (after the Notes are admitted to trading on First North).

The tables below present key selected financial information for the Issuer and have been derived from the Group's audited consolidated financial statements as at and for the financial year ended 31 December 2022, 31 December 2021 and 31 December 2020, and the Group's unaudited consolidated financial statements for the financial year ended 31 December 2023.

The Group's Financial Reports for the years 2022, 2021 and 2020 have been prepared in accordance with Latvian Accounting Standards and audited by Sabiedrība ar ierobežotu atbildību "POTAPOVIČA UN ANDERSONE", registration No. 40003612562, registered address at: Ūdens iela 12 - 45, Rīga, Latvia, LV-1007.

### CONSOLIDATED STATEMENT OF INCOME

€'000	Audited 2020	Audited 2021	Audited 2022	Unaudited 2023
Revenue	7,549	10,148	12,884	17,341
Cost of goods sold	-4,287	-5,981	-8,128	-9,992
<b>Gross profit</b>	<b>3,262</b>	<b>4,166</b>	<b>4,756</b>	<b>7,349</b>
<i>Gross profit margin</i>	<i>43%</i>	<i>41%</i>	<i>37%</i>	<i>42%</i>
Selling expenses	-1,379	-2,133	-2,905	-3,242
Administrative expenses	-870	-1,083	-1,470	-2,328
Other operating income	127	26	50	48
Other operating expenses	-55	-25	-78	-114
<b>EBIT</b>	<b>1,085</b>	<b>950</b>	<b>353</b>	<b>1,713</b>
Interest expense	-19	-7	-12	-21
Interest income	0	0	0	11
<b>Profit before tax</b>	<b>1,066</b>	<b>943</b>	<b>341</b>	<b>1,703</b>
Income tax	-28	20	-24	-314
<b>Profit for the period</b>	<b>1,038</b>	<b>963</b>	<b>317</b>	<b>1,389</b>
<i>Profit margin</i>	<i>14%</i>	<i>9%</i>	<i>2%</i>	<i>8%</i>
Depreciation & amortization	641	509	699	949
<b>EBITDA</b>	<b>1,726</b>	<b>1,459</b>	<b>1,052</b>	<b>2,662</b>
<i>EBITDA margin</i>	<i>22.9%</i>	<i>14.4%</i>	<i>8.2%</i>	<i>15.4%</i>

### SELECTED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

€'000	Audited 2020	Audited 2021	Audited 2022	Unaudited 2023
Intangible assets	251	696	983	1,104
Goodwill	909	795	1,436	2,016
Property, plant and equipment	557	592	911	1,376
Other financial assets	0	0	5	0

<b>Total non-current assets</b>	<b>1,717</b>	<b>2,083</b>	<b>3,336</b>	<b>4,496</b>
Inventory	482	772	1,168	912
Trade and other receivables	979	1,436	1,554	2,471
Other financial assets	0	0	10	0
Cash	878	896	689	1,839
<b>Total current assets</b>	<b>2,340</b>	<b>3,104</b>	<b>3,420</b>	<b>5,221</b>
<b>Total assets</b>	<b>4,057</b>	<b>5,187</b>	<b>6,756</b>	<b>9,718</b>
Share capital	200	200	225	231
Share premium	549	549	1,045	1,889
Retained earnings	1,817	2,779	3,096	4,656
<b>Total equity</b>	<b>2,566</b>	<b>3,529</b>	<b>4,366</b>	<b>6,775</b>
Borrowings from banks	97	0	0	0
Long-term leasing portion	32	17	86	222
Trade and other payables	31	17	18	33
Deferred income	163	202	194	373
<b>Total non-current liabilities</b>	<b>323</b>	<b>235</b>	<b>298</b>	<b>628</b>
Borrowings from banks	167	97	0	0
Short-term leasing portion	19	16	44	103
Trade and other payables	321	353	473	440
Taxes and social insurance payments	253	359	552	851
Deferred income	54	97	152	110
Other liabilities	355	502	871	810
<b>Current liabilities</b>	<b>1,168</b>	<b>1,423</b>	<b>2,093</b>	<b>2,314</b>
<b>Total liabilities and equity</b>	<b>4,057</b>	<b>5,187</b>	<b>6,756</b>	<b>9,718</b>

#### KEY FINANCIAL RATIOS

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

Key financial ratios	Audited 2020	Audited 2021	Audited 2022	Unaudited 2023
Net debt / Equity	-0.2x	-0.2x	-0.1x	-0.2x
Net debt / EBITDA	-0.3x	-0.5x	-0.5x	-0.6x
Equity / Assets	63%	68%	65%	70%
EBITDA / Interest	92x	201x	90x	129x