



AS "DelfinGroup"

incorporated and registered in the Republic of Latvia with registration number 40103252854

PROSPECTUS ON PUBLIC OFFERING OF NOTES IN THE AMOUNT OF EUR 15,000,000

Subscription Period 2 September 2024 – 16 September 2024

This Public Offering, Listing and Admission to Trading Prospectus (the "**Prospectus**") has been drawn up and published by AS "DelfinGroup", a joint stock company (in Latvian – *Akciju sabiedrība*), incorporated in, and operating under the laws of the Republic of Latvia, and registration number: 40103252854, legal address: Skanstes iela 50A, Rīga, LV-1013, Latvia, (the "**Company**") in connection with the public offering of notes (the "**Notes**") of the Company in the amount of up to EUR 15 000 000 and admission thereof to trading on the Baltic Bond List of AS Nasdaq Riga ("**Nasdaq**" or "**Nasdaq Riga**").

This Prospectus 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 any such offer or solicitation in such jurisdiction. Furthermore, the distribution of this Prospectus in certain jurisdictions may be restricted by law. Thus, persons in possession of this Prospectus are required to inform themselves about and to observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

The Notes shall be offered, as specified in the Prospectus, subject to possible cancellation or modification of the Offering and subject to certain other conditions.

This Prospectus has been prepared by the Company in accordance with the Regulation (EU) 2017/1129 of the European Parliament and of the Council, as may be amended from time to time (the "**Prospectus Regulation**"), Commission Delegated Regulation (EU) 2019/980, as may be amended from time to time (the "**Delegated Regulation**"). The Bank of Latvia (in Latvian – *Latvijas Banka*) in its capacity as the competent authority in Latvia under the Prospectus Regulation has approved this document as a Prospectus and has notified the approval of the Prospectus to the Estonian Financial Supervision Authority (in Estonian – *Finantsinspeksioon*; the "**Estonian Financial Supervision Authority**") and the Bank of Lithuania (in Lithuanian – *Lietuvos bankas*, the "**Bank of Lithuania**").

The approval by the Bank of Latvia (in Latvian – *Latvijas Banka*) of this Prospectus only means that it is meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the quality of the Notes that are the subject of this Prospectus. Application shall be made to Nasdaq Riga for Notes issued to be admitted to trading on the Baltic Bond List of Nasdaq Riga.

All the Notes of the Company (when issued) will be non-material registered notes and will be registered with Nasdaq CSD, SE ("**Nasdaq CSD**"). Noteholders will be able to hold the Notes through Nasdaq CSD participants including the bank, such as investment firms and custodian banks operating in any of the Baltic states.

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.

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

Before deciding to purchase the Notes, prospective investors must make their own assessment as to the suitability of investing in the Notes. 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 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 of the Notes and be familiar with the behaviour 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.

Investment in the Notes to be issued under the Programme involves certain risks. Prospective investors should carefully acquaint themselves with such risks before deciding to invest in the Notes. The principal risk factors that may affect the Company's ability to fulfil its obligations under the Notes are discussed in Section 2 "Risk Factors". 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 Company. If any of these risks materialize, the market value of the Notes and the likelihood the Company will be able 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 Prospectus. A prospective investor should not make an investment decision relying solely upon the information provided to the prospective investor in any presentation or otherwise.

The Notes have not been, and will not be, registered under the U.S. Securities Act 1933 (as amended) (the "**Securities Act**"), or with any securities regulatory authority of any state of the United States. This Prospectus are not to be distributed to the United States or in any other jurisdiction where it would be unlawful. The Notes may not be offered, sold, pledged or otherwise transferred, directly or indirectly, within the United States or to, for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act (the "**Regulation S**"), except to a person who is not a U.S. Person (as defined in Regulation S) in an offshore transaction pursuant to Regulation S.


SIGNET
BANK
Signet Bank AS
Arranger


AS LHV Pank
Sales agent

TABLE OF CONTENTS

1	SUMMARIES	6
1.1	Summary in English	6
1.2	Summary in Estonian (<i>Kokkuvõtted</i>)	13
1.3	Summary in Latvian (<i>Kopsavilkums</i>)	20
1.4	Summary in Lithuanian (<i>Santrauka</i>)	27
2	RISK FACTORS	34
2.1	Risk factors relating to macroeconomic conditions	34
2.2	Risk factors relating to the industry and market in which the Group operates	35
2.3	Risk factors related to the Group's business	36
2.4	Risk factors relating to IT and intellectual property	39
2.5	Risk factors relating to laws, regulations and compliance	41
2.6	Risk factors relating to financial matters	43
2.7	Risks relating to the Notes	45
3	INTRODUCTORY INFORMATION	48
3.1	Applicable Law	48
3.2	Responsible Persons and Limitation of Liability	48
3.3	Presentation of Information	48
3.4	Accounting Principles	49
3.5	Forward-Looking Statements	49
3.6	Distribution of the Prospectus and Selling Restrictions	50
3.7	Approval of this Prospectus	51
3.8	References incorporated into this Prospectus	51
3.9	Documents on Display	51
4	TERMS AND CONDITIONS OF THE NOTES	52
4.1	Type, class and currency of the Notes	52
4.2	Form and Registration	52
4.3	Status of the Notes	52
4.4	Ratings	52
4.5	Applicable Law and Dispute Resolution	52
4.6	Delivery and Transferability	52
4.7	Rights and restrictions connected with the Notes issue	52
4.8	Interest	53
4.9	Early redemption at the option of the Company (call option)	54
4.10	Early redemption at the option of Investors (put option)	54
4.11	Maturity	54
4.12	Representations and warranties of the Company	55
4.13	Financial covenants	55
4.14	General covenants	55
4.15	Negative pledge	56
4.16	Covenant cure	56
4.17	Events of Default	56
4.18	Force Majeure and Limitations of Liability	57
4.19	Notices	58

4.20	Representation of the Noteholders	58
4.21	Noteholders' meetings and decisions	58
5	TERMS AND CONDITIONS OF THE OFFERING	61
5.1	General Structure of the Offering of Notes	61
5.2	Subscription Period	61
5.3	Subscription for the Notes.....	61
5.4	Retail Offering	62
5.5	Private Placement	62
5.6	Exchange Offering.....	62
5.7	Withdrawal of the Subscription Orders.....	63
5.8	No Assignment or Transfer.....	63
5.9	Payment for the Notes.....	63
5.10	Allotment.....	64
5.11	Cancellation, Suspension or Postponement of the Offering	65
5.12	Settlement and Delivery	65
5.13	Listing and Admission to Trading.....	65
5.14	Taxation	65
6	REASONS FOR OFFERING AND USE OF PROCEEDS	68
7	PRINCIPAL MARKETS.....	69
7.1	Introduction	69
7.2	Overview of the consumer lending and pawn lending segment.....	69
7.3	Key developments and trends in the provision of consumer lending services and consumer loans 71	
7.4	Key developments and trends in the provision of pawn lending services and pawn loans....	74
7.5	<i>Developments of applicable regulations</i>	76
7.6	Competitive landscape of consumer lending and pawn lending services	78
7.7	Overview of the retail business segment of pre-owned goods	80
7.8	Key developments and trends in the business segment of pre-owned goods retail.....	81
7.9	Competitive landscape on pre-owned goods retail	81
8	COMPANY OVERVIEW	82
8.1	About the Company	82
8.2	Historical timeline and milestone events	82
8.3	Organisational structure	84
8.4	Services.....	85
8.5	Customer experience.....	88
8.6	Data-driven Consumer Lending Process	100
8.7	Strengths.....	101
8.8	Strategy and objectives	101
8.9	Material agreements.....	103
8.10	Legal proceedings	105
9	GENERAL INFORMATION AND ARTICLES OF ASSOCIATION	106
9.1	General information on the Company	106
9.2	The Articles of Association.....	106
10	SHARE CAPITAL, SHARES AND OWNERSHIP STRUCTURE	108
10.1	Share capital and shares.....	108

10.2	Conditional equity capital	108
10.3	Shareholders	108
11	MANAGEMENT AND SUPERVISORY BODIES.....	110
11.1	Governance Structure.....	110
11.2	Management Board	110
11.3	Supervisory Board	112
11.4	Conflicts of interest	114
11.5	The external auditor	114
12	SELECTED FINANCIAL INFORMATION AND OPERATING DATA	115
12.1	Consolidated Financial Information of the Group	115
12.2	Insight in the Group's Financial Standing	120
12.3	Financial Indebtedness	121
12.4	Alternative Performance Measures (APM)	124
13	GLOSSARY.....	127

1 SUMMARIES

1.1 Summary in English

1.1.1 Introductions and warnings

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

Notes are debt securities issued by the Company (DelfinGroup), reserved international securities identification number (ISIN): LV0000803914.

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

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

Identity and contact details of the competent authority approving the Prospectus

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

Date of approval of the Prospectus

This Prospectus has been approved on 23 August 2024.

Warnings

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

1.1.2 Key information of the Company

Who is the issuer of securities?

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

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

Principal activities

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

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

- (1) **Consumer loan segment:** handling consumer loans to customers, debt collection activities and loan debt sales to external debt collection companies.
- (2) **Pawn loan segment:** handling pawn loan issuance, sale of pawn shop items in the branches and online.
- (3) **Retail business of pre-owned goods:** sale of pre-owned goods, which have been purchased from customers, in the branches and online.

- (4) **Other operations segment:** providing loans for real estate development, general administrative services to the companies of the Group, transactions with related parties, dividends payable. Loans for real estate development are no longer issued and are fully recovered.

Strengths

Market leadership. Throughout its history, the Company has demonstrated consistent growth across the entire spectrum of its core business operations. This is evidenced by its successful operation marked by a sizeable branch network together with an online business component, significant number of employees, substantial customer base, diversity of product range, as well as consistently impressive and increasing profitability over the past 15 years of operation.

Market growth. The Group maintains a diversified geographic presence, operating across all regions of Latvia and continuing to grow in the Latvian market. To expand its market reach further, the Group initiated operations in Lithuania in late 2023 through the Company's subsidiary DelfinGroup LT.

Focus on sustainability. The Management Board believes that operating the business in a sustainable manner will help in ensuring the longevity of the Company and maximise long-term returns for the shareholders. The Company has implemented robust corporate governance policies and procedures aligned to the best international practices, with the ultimate goal of operating the business in the best possible way. Commencing in 2021, it has begun publishing the ESG report.

Digitally advanced. The Company takes pride in the advanced technology that it has implemented both throughout the range of its products and the provision of services to customers. The Group offers access to nearly all of its products and services online and continues adding to the existing array of digital products and services with the ultimate goal of enhancing customer experience.

Strategy

The Company's strategy is focused on: (1) Increasing the value of the Group; (2) Ensuring long-term profitability; (3) Maintaining a flawless reputation; (4) Supporting the financial inclusion of all strata of society.

Major shareholders

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

Name of Shareholder	Percentage of the total share capital held	Number of Shares held	The ultimate beneficial owner and sole shareholder of the Shareholder
AS ALPPES Capital	18.35%	8,325,594	Aigars Kesenfelds
SIA Curiosity Capital	4.86%	2,205,076	Linda Kesenfelde
SIA LK Investments	4.85%	2,200,000	Linda Kesenfelde
Linda Kesenfelde	0.37%	170,000	-
SIA EC finance	14.93%	6,775,560	Agris Evertovskis
SIA "AE Consulting"	8.21%	3,724,229	Agris Evertovskis
Agris Evertovskis	0.003%	1,250	-

In accordance with Article 5(2)(1) of the Latvian Share Buy-back Law, shareholders shall be regarded as acting in concert if they are spouses. Therefore, Mrs Linda Kesenfelde and her spouse Mr Aigars Kesenfelds, are presumed to be acting in concert under the Latvian Share Buy-back Law. The Company is not aware of any other shareholders who are acting in concert.

As of the date of this Prospectus, the Company is not aware that it is directly or indirectly owned or controlled by someone.

As of the date of this Prospectus, the Company is not aware of any facts or arrangements that might give rise to a change in control over the Company.

Key managing directors

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

Name of Key managing directors	Role	Appointment date	Expiration of the Term in Office
Didzis Ādmīdiņš	CEO, Chairman of the Management Board	19 January 2021	18 January 2026

Aldis Umblejs	CFO, Member of the Management Board	15 December 2021	14 December 2026
Nauris Bloks	CINO, Member of the Management Board	8 June 2023	7 June 2028
Agris Evertovskis	Chairman of the Supervisory Board	13 April 2021	12 April 2026
Gatis Kokins	Deputy Chairman of the Supervisory Board	13 April 2021	12 April 2026
Mārtiņš Bičevskis	member of the Supervisory Board	13 April 2021	12 April 2026
Jānis Pizičs	member of the Supervisory Board	13 April 2021	12 April 2026

Identity of statutory auditors

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

What is the key financial information regarding the issuer?

The Group's consolidated audited financial statements for the financial years ended 31 December 2023 and 31 December 2022 have been enclosed to the Prospectus. Also, the Group's unreviewed consolidated interim financial statements for the 6-month period which ended on 30 June 2023 and the Group's unreviewed consolidated interim financial statements for the 6-month period which ended on 30 June 2024 have been enclosed to the Prospectus. The audited financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the European Union. The below tables present the consolidated financial information in accordance with Schedule II of Commission Delegated Regulation 2019/979/EU. The information is based on or derived from the Financial Statements and should be read together with the Financial Statements, including the explanations provided in the notes to the Financial Statements.

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

Item	Year ended 31 December (audited)		Six-month period ended 30 June (unreviewed)	
	2022	2023	2023	2024
Total income	35,776	50,423	23,303	29,098
Gross profit	20,742	25,071	11,754	14,233
Operating income	104	75	27	62
Operating expenses	(13,588)	(16,857)	(7,985)	(9,932)
Profit before corporate income tax	7,258	8,290	3,797	4,363
Income tax*	(1,296)	(1,662)	(414)	(902)
Net profit for the reporting period	5,961	6,628	3,382	3,461
Earnings per share, EUR	0.132	0.146	0.075	0.076
Adjusted earnings per share, EUR	0.132	0.146	0.075	0.076

*In relation to the changes in Income tax applied at the end of 2023 for banks and non-bank lenders, an advance of 20% of the whole 2023 profit was recognised in Q4 2023. As a result, Income tax expenses for the first six months of 2023 were recognised only for the distributed dividends.

Selected consolidated statement of financial position information, EUR'000

Item	Year ended 31 December (audited)		Six-month period ended 30 June (unreviewed)	
	2022	2023	2023	2024
Total non-current assets	50,256	72,253	61,613	84,810
Total current assets	26,902	32,808	29,801	32,571
Total assets	77,158	105,061	91,415	117,381

Total equity	18,106	21,322	19,917	22,972
Total long-term creditors	21,688	50,510	30,690	60,898
Total short-term creditors	37,364	33,228	40,807	33,510
Total creditors	59,052	83,739	71,497	94,409
Net financial debt	56,683	77,810	68,485	90,055
TOTAL EQUITY AND LIABILITIES	77,158	105,061	91,415	117,381

Selected consolidated statement of cash flow information, EUR'000

<i>Item</i>	<i>Year ended 31 December (audited)</i>		<i>Six-month period ended 30 June (unreviewed)</i>	
	2022	2023	2023	2024
Net cash flow from/(to) operating activities	(17,966)	(13,978)	(8,934)	(8,925)
Net cash flow from/(to) investing activities	(704)	(1,726)	(584)	(780)
Net cash flow from/(to) financing activities	18,579	19,264	10,162	8,131
Net cash flow of the reporting period	(90)	3,560	644	(1,574)

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

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

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

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

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

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

1.1.3 Key information on the securities

What are the main features of the securities?

Type, class and ISIN

The Notes are non-equity (debt) securities with the nominal value of EUR 100. The Notes are in dematerialised book-entry form and are not numbered. The Notes are registered with Nasdaq CSD in a book-entry form with the securities settlement system governed by Latvian law under ISIN code LV0000803914 . The Investors may hold the Notes through Nasdaq CSD participants participating the Latvian SSS. The issue date of the Notes issued as a result of the Offering will be 20 September 2024.

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

150,000 Notes, with the nominal value of each Note EUR 100, denominated in euro, each with a term from 20 September 2024 until 25 September 2028.

Rights attached to the Notes

The rights attached to the Notes are fully described in the Terms and Conditions of the Notes. Key Noteholder rights under the Terms and Conditions of the Notes include the right to redemption and the right to receive Interest.

The Notes will bear interest at a rate of 10 % per annum. The interest is payable by the 25th day of the respective month until the Maturity Date. The first Interest Payment Date will be 25 October 2024 and the last Interest Payment Date and Maturity Date will be 25 September 2028.

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

The Notes rank *pari passu* with other unsecured obligations of the Company, including the Existing Notes. In case of the insolvency of the Company, the Noteholders will be entitled to recover their investment on the same terms as other unsecured creditors (including Existing Notes) in the respective claims' group according to the relevant Applicable Laws. Save for mandatory provisions of law, there are no contracts or other transaction documents that would subordinate the claims of the Noteholders to other unsecured liabilities of the Group.

Restrictions on free transferability of the Notes

There are no restrictions on the transfer of the Notes as they are described in the applicable Latvian law.

Where will the Notes be traded?

In the event of a successful Offering the Notes will be traded on the Baltic Main List of Nasdaq Riga. No application has been or will be submitted to trading of the Notes on any other stock exchange. Trading with the Notes on the Baltic Main list of Nasdaq Riga is expected to commence on or about 27 September 2024.

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

Risk related to liquidity. Neither the Company nor any other individual guarantees the minimum liquidity of the Notes. Thus, the potential Investors should consider the fact that 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.

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

Risk related to subordination. The Notes will not be secured. The Notes rank *pari passu* with other unsecured obligations of the Company. In case of the insolvency of the Company, the Investors will be entitled to recover their investment on the same terms as other creditors in the respective claims' group according to the relevant Applicable Laws, after the satisfaction of all claims of all secured creditors of the Company.

There are no contracts or other transaction documents that would subordinate the claims of the Investors to other unsecured liabilities of the Company. In the event of liquidation, bankruptcy, recovery and resolution proceedings of the Company, all the claims arising from the Notes shall be ranked *pari passu* with all other unsecured claims and shall be satisfied only after all secured claims against the Company are fully satisfied.

Risk related to offering cancellation and delisting. After registration of the Notes the Company will request admission to trading of the Notes on the Baltic Bond List of Nasdaq Riga. There is a risk that Nasdaq Riga will not accept the Notes to be admitted to trading on the Baltic Bond List or order the Notes are delisted from the Baltic Bond List before maturity after admission to trading has taken place due to changes in Applicable Laws, including Nasdaq Riga regulations. The Company is entitled to change the dates of the opening and closing of a Subscription Period of the Notes according to this Prospectus. Such changes in the dates of the Subscription Period, postponement or cancellation of the Offering of Notes may negatively affect the investment plan of potential Investor.

Risk related to price. The development of market prices of the Notes depends on various factors, such as changes of interest rates, central bank policies, overall economic development, or demand for the Notes. Neither the Company, 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 the potential Investor decides to hold the Notes until maturity, the Notes will be redeemed at their Nominal Value.

Risk related to early redemption. According to this Prospectus, the Notes may be redeemed prematurely at the initiative of the Company. If the early redemption right is exercised by the Company, 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 Company's redemption right may also adversely impact the potential Investor's ability to sell such Notes.

Risk related to tax. Tax rates and tax payment procedure applicable at the time of purchase of the Notes to tax residents, non-residents of Latvia and residents of other jurisdictions may change. The Company will not compensate the increase in taxes to the potential Investors, therefore the potential Investors may receive smaller payments related to Notes.

Risk related to resolutions of Noteholders. The majority resolution of a Noteholders is binding to all Noteholders. Thus, the Noteholder is subject to the risk of being outvoted by a majority resolution of the other Noteholders. As such, certain rights of such Noteholder against the Company may be amended or reduced, or even cancelled, without its consent.

1.1.4 Key information on the offer of Notes to the public and/or the admission to trading on a regulated market

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

The Offering of Notes consists of (i) a public offering (the "**Retail Offering**") of the Notes to retail investors and institutional investors (each a "**Retail Investor**") in Latvia, Lithuania, Estonia; (ii) private placement ("**Private Placement**") of the Notes to institutional investors ("**Institutional Investor**") in certain member states of the EEA and to other selected Investors in each case pursuant to an exemption under Article 1 of the Prospectus Regulation; and (iii) a public exchange offer ("**Exchange Offering**") addressed to the holders of the Existing Notes ("**Existing Noteholder**") in relation to their exchange with the Notes. The Retail Offering, the Private Placement and the Exchange Offering together are referred to as the Offering. The Retail Investor, the Institutional Investor and the Existing Noteholder together are referred to as Investors or Noteholders.

The Noteholders shall be prohibited to resell, transfer or deliver the Notes to any person in a manner that would constitute a public offer of securities.

For the purposes of the Retail Offering, only such prospective investors will be eligible to participate in the offering who at or by the time of placing their orders have opened securities accounts with entities of their choice, which are licensed to provide such services within the territory of Latvia, of Lithuania or of Estonia and are members of Nasdaq Riga or have relevant arrangements with a member of Nasdaq Riga ("**Custodian**").

For the purposes of the Offering, the Company has appointed AS LHV Pank as sales agent ("**Sales Agent**") to act as a Sales Agent in relation to the Offering in Estonia. The Sales Agent will act as a distributor and

offer the Notes, including assist the Company with the relevant investor and marketing materials and approach the investor base concerning the Notes in Estonia.

The indicative timetable of the Offering

Start of the Subscription Period:	2 September 2024
End of the Subscription Period:	16 September 2024
Publication of the results of the Offering:	On or about 17 September 2024
Settlement of the Offering:	On or about 20 September 2024
Commencement of trading of the Notes on the Baltic Bond List of Nasdaq Riga:	On or about 27 September 2024

The Investors wishing to subscribe for and purchase the Notes shall submit their orders to acquire the Notes (the "**Subscription Orders**") at any time during the Subscription Period.

The Subscription Period is the period during which the persons who have the right to participate in the Retail Offering, Private Placement and Exchange Offering may submit Subscription Orders (please see Section 5.2 ("**Subscription Period**") for the Notes. The Subscription Period commences at 10:00 (Latvian time) on 2 September 2024 and terminates at 14:00 (Latvian time) on 16 September 2024.

All expenses associated with the acquisition and custody of the Notes shall be the responsibility of the Noteholder, in accordance with the price list of the credit institution or investment service provider through which the Noteholder purchases and holds the Notes. The Company is not obligated to compensate for any such expenses incurred by the Noteholder.

Why is this prospectus being produced?

In connection with the Offering, the Company expects to receive net proceeds (net of legal fees, financial consultancy fees, and any other agreed costs and expenses relating to the Offering and/or the admission to trading) of up to approximately EUR 14,640,000.

The proceeds shall be used for the following purposes:

- refinancing unsecured bond issue with ISIN LV0000850055 due on 25 September 2024 with an outstanding amount of EUR 10,000,000 (ten million) ("**Existing Notes**"); and
- refinancing of secured debt received from Mintos Finance in the amount up to EUR 5,000,000 (five million).

The total amount of costs related to the Offering (which mainly comprise of legal fees, financial consultancy fees, and any other agreed costs and expenses relating to the Offering and/or the admission to trading) is estimated to be up to approximately EUR 360,000, which will be deducted from the proceeds of the Offering before using the proceeds as described above.

To the knowledge of the Company as of the date of this Prospectus, there exist no actual or potential conflicts of interest between the duties of any member of the Company's Management Board or Supervisory Board, or any of the Subsidiaries, and their private or commercial interests.

1.2 Summary in Estonian (Kokkuvõtted)

1.2.1 Sissejuhatus ja hoiatused

Võlakirjade nimi ja rahvusvaheline väärtpaberite identifitseerimisnumber (ISIN kood)

Võlakirjad on Äriühingu (DelfinGroup) poolt emiteeritud võlaväärtpaberid, millele on reserveeritud rahvusvaheline väärtpaberite identifitseerimisnumber (ISIN): LV0000803914.

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

AS „DelfinGroup“ on Lätis asutatud aktsiaselts (*akciju sabiedrība*), mis on kantud Läti äriregistrisse numbriga 40103252854 ja mille registreeritud aadress on Skanstes iela 50A, Rīga, LV-1013. Äriühingu veebileht on <https://delfingroup.lv/>, e-posti aadress on info@delfingroup.lv, telefoninumber on +371 26189988. Selle juriidilise isiku tunnus (LEI) on 2138002PKHUJIMVMYB13.

Prospekti kinnitanud pädeva asutuse nimi ja kontaktandmed

Käesoleva Prospekti on heaks kiitnud Läti Pank kui pädev asutus, mille aadress on Krišjāņa Valdemāra iela 2A, Rīga, LV-1050, e-post: info@bank.lv, telefoninumber: +371 6702 2300, kooskõlas määrusega (EL) 2017/1129.

Prospekti kinnitamise kuupäev

Käesolev Prospekti on kinnitatud 23. augustil 2024. a.

Hoiatused

Käesolev Kokkuvõte on koostatud kooskõlas määruse (EL) 2017/1129 artikliga 7 ja seda tuleks lugeda kui Prospekti sissejuhatust. Väärtpaberitesse investeerimise üle otsustamisel peaks Investor tuginema Prospektile tervikuna. Investor võib kaotada kogu investeeritud kapitali või osa sellest. Kui kohtule esitatakse Prospektis sisalduva teabega seonduv nõue, võib hagejast Investorile riigisisese õiguse alusel tuleneda kohustus kanda Prospekti tõlkimise kulud enne kohtumenetluse algatamist. Tsiviilvastutus lasub ainult nendel isikutel või puudutab neid isikuid, kes on esitanud Kokkuvõtte, sealhulgas selle tõlkeid, kuid üksnes juhul, kui Kokkuvõte on eksitav, ebatäpne või Prospekti muude osadega vastuolus või kui see ei anna koos Prospekti muude osadega lugedes põhiteavet, mis aitaks Investoritel otsustada nendesse väärtpaberitesse investeerimise üle.

1.2.2 Põhiteave Äriühingu kohta

Kes on väärtpaberite emitent?

Asukoht, õiguslik vorm, LEI, asutamise jurisdiktsioon ja tegevusriik

Emitent on asutatud Lätis, tema registreeritud aadress on Skanstes iela 50A, Rīga, LV-1013, ja tema LEI number on 2138002PKHUJIMVMYB13. Äriühing on asutatud ja registreeritud aktsiaseltsina (*akciju sabiedrība*) Läti äriregistris registreerimisnumbriga 40103252854.

Põhitegevus

Kontsern tegutseb kolme peamise kaubamärgi all: Banknote, VIZIA ja Rīgas pilsētas lombards (Riia linna pandimaja) ning tegutseb kolmes valdkonnas – tarbimislaenud, pandilaenude ja kasutatud kaupade jaemüük.

Kontsern pakub kolme liiki teenuseid: (1) tarbijalaenud, sealhulgas tarbimislaenud, osta kohe, maksa hiljem laenud ja krediitliiniide rahastamine, 2) pandilaenud ja 3) kasutatud kaupade jaekaubandus. Kontsern on teenuste põhiselt jaotatud nelja tegevussegmenti, mis on järgmised:

- (1) **Tarbimislaenude segment:** klientidele antud tarbimislaenude haldamine, võlgade sissenõudmine ja laenuvõlgade müük välistele inkassofirmadele.
- (2) **Pandilaenude segment:** pandilaenude väljastamise haldamine pandimajade esemete müügi haldamine filiaalides ja veebis.
- (3) **Kasutatud kaupade jaemüük:** klientidelt ostetavate kasutatud kaupade müük filiaalides ja interneti kaudu.
- (4) **Muu tegevussegment:** laenude andmine kinnisvaraarenduseks, üldised haldusteenused Kontserni äriühingutele, tehingud seotud osapooltega, makstavad dividendid. Kinnisvaraarenduse laene enam ei väljastata ja need tagastatakse täielikult.

Tugevused

Juhtiv turupositsioon Kogu oma ajaloo jooksul on Äriühing järjepidevalt kasvanud kogu oma põhitegevuse ulatuses. Sellest annab tunnistust tema edukas tegevus, mida iseloomustab ulatuslik filiaalide võrgustik koos veebipõhise ärikomponendiga, märkimisväärne töötajate arv, märkimisväärne kliendibaas,

tootevaliku mitmekesisus ning viimase 15 tegevusaasta jooksul järjepidevalt muljetavaldav ja kasvav kasumlikkus.

Turukasv Kontsern on geograafiliselt mitmekesiselt esindatud, tegutsedes kõigis Läti piirkondades ja jätkates kasvu Läti turul. Oma turuulatuse edasiseks laiendamiseks alustas Kontsern 2023. aasta lõpus tegevust Leedus Äriühingu tütarühingu DelfinGroup LT kaudu.

Keskendumine kestlikkusele Juhatus usub, et kestlik äritegevus aitab tagada Äriühingu pika eluea ja maksimeerida aktsionäride pikaajalist tulu. Äriühing on rakendanud tugevat ettevõtte juhtimise poliitikat ja protseduure, mis on kooskõlas parimate rahvusvaheliste tavade ja mille lõppeesmärgiks on tegutseda parimal võimalikul viisil. Alates 2021. aastast on Äriühing avaldanud ESG aruannet.

Kõrge digitaalne arengutase Äriühing tunneb uhkust kõrgtehnoloogia üle, mida ta on rakendanud nii oma tootevalikus kui ka klientidele teenuste osutamisel. Kontsern pakub ligipääsu peaaegu kõigile oma toodetele ja teenustele internetis ning jätkab olemasolevate digitaalsete toodete ja teenuste täiendamist, eesmärgiga parandada kliendikogemust.

Strateegia

Äriühingu strateegia on keskendunud järgmistele eesmärkidele: (1) Kontserni väärtuse suurendamine; (2) pikaajalise kasumlikkuse tagamine; (3) laitmatu maine säilitamine; (4) kõigi ühiskonnakihtide rahalise kaasatuse toetamine.

Peamised aktsionärid

Käesoleva Prospekti kuupäeva seisuga kuulub järgmistele aktsionäridele üle 5% kõigist Äriühingu aktsiatest ja Äriühing peab neid oma peamisteks aktsionärideks:

Aktsionäri nimi	Osakaal kogu aktsiakapitalist	Omatud aktsiate arv	Aktsionäri lõplik tegelik tulusaaja ja ainuaktsionär
AS ALPPES Capital	18.35%	8,325,594	Aigars Kesenfelds
SIA Curiosity Capital	4.86%	2,205,076	Linda Kesenfelde
SIA LK Investments	4.85%	2,200,000	Linda Kesenfelde
Linda Kesenfelde	0.37%	170,000	-
SIA EC finance	14.93%	6,775,560	Agris Evertovskis
SIA "AE Consulting"	8.21%	3,724,229	Agris Evertovskis
Agris Evertovskis	0.003%	1,250	-

Vastavalt Läti aktsiate tagasiostmise seaduse artikli 5 lõike 2 punktile 1 loetakse aktsionäre kooskõlastatult tegutsevateks, kui nad on abikaasad. Seetõttu eeldatakse, et Linda Kesenfelde ja tema abikaasa Aigars Kesenfelds tegutsevad Läti aktsiate tagasiostmise seaduse kohaselt kooskõlastatult. Äriühing ei ole teadlik teistest kooskõlastatult tegutsevatest aktsionäridest.

Käesoleva Prospekti kuupäeva seisuga ei ole Äriühingule teada, et ta oleks otseselt või kaudselt kellegi omandis või kontrolli all.

Käesoleva Prospekti kuupäeva seisuga ei ole Äriühingule teada mingeid asjaolusid või kokkuleppeid, mis võiksid põhjustada kontrolli muutumist Äriühingu üle.

Peamised tegevjuhid

Täpsemad andmed Äriühingu peamiste tegevjuhtide kohta Prospekti kuupäeva seisuga on esitatud allpool.

Peamiste tegevjuhtide nimed	Ametikoht	Ametisse nimetamise kuupäev	Ametiaja lõppemine
Didzis Ādmīdiņš	Tegevjuht, juhatuse esimees	19. jaanuar 2021. a.	18. jaanuar 2026. a.
Aldis Umblejs	Finantsjuht, juhatuse liige	15. detsember 2021. a.	14. detsember 2026. a.
Nauris Bloks	Innovatsioonijuht, juhatuse liige	8. juuni 2023. a.	7. juuni 2028. a.
Agris Evertovskis	Nõukogu esimees	13. aprill 2021. a.	12. aprill 2026. a.
Gatis Kokins	Nõukogu esimehe asetäitja	13. aprill 2021. a.	12. aprill 2026. a.
Mārtiņš Bičevskis	Nõukogu liige	13. aprill 2021. a.	12. aprill 2026. a.

Vandeauditiitorite identiteet

„KPMG Baltics SIA“, registreerimisnumber: 40003235171, registrijärgne aadress Roberta Hirša iela 1, Rīga, LV-1045, on Kontserni vandeauditiitorid. Vandeauditiitorid valib üldkoosolek.

Milline on emitenti puudutav põhiline finantsteave?

Prospektile on lisatud Kontserni konsolideeritud auditeeritud finantsaruanded 31. detsembril 2023 ja 31. detsembril 2022 lõppenud majandusaastate kohta. Samuti on Prospektile lisatud Kontserni kontrollimata konsolideeritud vahearauanded 30. juunil 2023 lõppenud 6-kuuliste perioodide kohta ja Kontserni kontrollimata konsolideeritud vahearauanded 30. juunil 2024 lõppenud 6-kuuliste perioodide kohta. Auditeeritud finantsaruanded on koostatud kooskõlas rahvusvaheliste finantsaruandluse standarditega (IFRS), mille Euroopa Liit on vastu võtnud. Alljärgnevatel tabelites on esitatud konsolideeritud finantsteave vastavalt komisjoni delegeeritud määruse 2019/979/EL II loendile. Teave põhineb Finantsaruannetel või on sellest tuletatud ning seda tuleks lugeda koos Finantsaruannetega, sealhulgas Finantsaruannete märkustes esitatud selgitustega.

Valitud konsolideeritud kasumiaruande ja muude tulude andmed, tuhandetes eurodes

Kirje	31. detsembril lõppenud aasta (auditeeritud)		30. juunil lõppenud kuuekuuline periood (läbi vaatamata)	
	2022	2023	2023	2024
Kogutulu	35,776	50,423	23,303	29,098
Brutokasum	20,742	25,071	11,754	14,233
Tegevustulu	104	75	27	62
Tegevuskulud	(13,588)	(16,857)	(7,985)	(9,932)
Kasum enne ettevõtte tulumaksu tasumist	7,258	8,290	3,797	4,363
Tulumaks*	(1,296)	(1,662)	(414)	(902)
Aruandeperioodi puhaskasum	5,961	6,628	3,382	3,461
Kasum aktsia kohta, EUR	0.132	0.146	0.075	0,076
Korrigeeritud kasum aktsia kohta, EUR	0.132	0.146	0.075	0,076

*Seoses 2023. aasta lõpus pankadele ja mittepanganduslaenuandjatele kehtestatud tulumaksu muudatustega kajastati 2023. aasta neljandas kvartalis 20% kogu 2023. aasta kasumist ettemaksuna. Selle tulemusena kajastati 2023. aasta esimese kuue kuu tulumaksukulud ainult jaotatud dividendide osas.

Valitud konsolideeritud finantsseisundi aruande andmed, tuhandetes eurodes

Kirje	31. detsembril lõppenud aasta (auditeeritud)		30. juunil lõppenud kuuekuuline periood (läbi vaatamata)	
	2022	2023	2023	2024
Põhivara kokku	50,256	72,253	61,613	84,810
Käibevara kokku	26,902	32,808	29,801	32,571
Varad kokku	77,158	105,061	91,415	11,381
Omakapital kokku	18,106	21,322	19,917	22,972
Pikaajalised kohustused kokku	21,688	50,510	30,690	60,898
Lühiajalised kohustused kokku	37,364	33,228	40,807	33,510
Kohustused kokku	59,052	83,739	71,497	94,409
Netovõlg	56,683	77,810	68,485	90,055
OMAKAPITAL JA KOHUSTUSED KOKKU	77,158	105,061	91,415	117,381

Valitud konsolideeritud rahavoogude aruande andmed, tuhandetes eurodes

Kirje	31. detsembril lõppenud aasta (auditeeritud)		30. juunil lõppenud kuuekuuline periood (läbi vaatamata)	
	2022	2023	2023	2024
Netorahavood äritegevusest/äritegevusse	(17,966)	(13,978)	(8,934)	(8,925)
Netorahavood investeerimistegevusest/investeerimistegevusse	(704)	(1,726)	(584)	(780)
Netorahavood finantseerimistegevusest/finantseerimistegevusse	18,579	19,264	10,162	8,131
Netorahavood aruandlusperioodi jooksul	(90)	3,560	644	(1,574)

Millised on emitendile omased peamised riskid?

Konkurentsiga seotud risk tarbimislaenude ja pandilaenude ärivaldkonnas. Tulevikus võib Kontsernil tekkida suurem konkurents, kuna turule sisenevad uued riiklikud ja rahvusvahelised ettevõtted ning konkurendid laiendavad oma teenuseid ja/või vähendavad tegevuskulusid. Kui Kontserni konkurendid suudavad olemasolevaid eeliseid paremini ära kasutada, ei pruugi Kontsern olla võimeline kliente ligi meelitama või hoidma, mis võib avaldada olulist negatiivset mõju Kontserni tulemuslikkusele, finantsnäitajatele ja väljavaadetele. Lisaks sellele, kui Kontsern ei suuda pakkuda konkurentidega võrreldes sarnast või kvaliteetsemat teenust, võib Kontsern kaotada kliente ja potentsiaalselt ka turuosa konkurentidele. Võib tekkida oht, et järelevalveasutused hakkavad Äriühingut täiendavalt kontrollima, kuna tema turuosa pandilaenude valdkonnas peetakse oluliseks. Sellest tulenevalt võidakse kohaldada Läti konkurentsiseadusest tulenevaid täiendavaid käitumis- ja vastavusnõudeid.

Personali ja tööjõuga seotud riskid. Kvalifitseeritud töötajate lahkumine, töötajate suur voolavus või püsivad raskused vabade töökohtade täitmisel sobivate kandidaatidega võivad avaldada olulist negatiivset mõju Kontserni suutlikkusele konkureerida tõhusalt oma tegevussegmendis ning Kontsern võib kaotada märkimisväärset oskusteavet või konkurendid võivad saada sellele juurdepääsu. Mis tahes olulised erimeelsused Kontserni ja selle töötajate vahel võivad häirida Kontserni tegevust, põhjustada tulude ja klientide vähenemist ning suurendada tegevuskulusid. Kontserni võivad ohustada riskid, mis tulenevad sellest, et töötajad ei pea kinni heakskiidetud protseduuridest. Teatud riske, nagu pettus ja omastamine, ei saa täielikult välistada, arvestades asjaolu, et Kontsern tegeleb sularaha käitlemisega.

Küberturvalisus ja IT-ga seotud riskid. Sõltuvus IT-infrastruktuurist kätkeb endas kõigile IT-süsteemidele omaseid riske, näiteks tarkvara või riistvara rikkeid või tõrkeid, elutähtsa IT-infrastruktuuri füüsilist kahjustamist, arvutiviirustega nakatumist, andmeturvalisuse rikkumist, pahatahtlikku häkkimist või muid küberturvalisuse rünnakuid, samuti muid küberturvalisuse ohte. Kontserni võib potentsiaalselt sattuda küberrünnakute ohvriks - üha rohkem häkkereid ja lunaraha nõudvaid isikuid võtavad sihtmärgiks finantssektori, sealhulgas pangavälised laenuandjad, et kasutada nende sisemisi süsteeme ja protsesse isikliku kasu saamiseks. Igasugune teenusekatkestus võib kahjustada Kontserni tarkvara ja platvorme ning võib põhjustada andmete kadumist ja nõuda Kontsernilt märkimisväärseid paranduskulusid. Kontserni süsteemides esinevate rikete puhul on oht, et müüja ei reageeri, mis võib põhjustada viivitusi teenuse taastamisel.

Seadusest tulenevate tegevusloaõuetega seotud riskid. Kontserni tegevusload on tähtajatud, kuid Tarbijaõiguste Kaitse Keskus („TKK“) võib need tühistada või peatada. TKK peab sekkuma, kui Äriühing ja/või Kontsern rikub oma kehtivatest õigusaktidest tulenevaid kohustusi. TKK võib tegevusloa peatada kuni kuueks kuuks, kui Äriühing ja/või Kontsern ei täida regulatiivseid õigusakte ja ei tee koostööd tuvastatud lahknevuste lahendamiseks. Oluliste rikkumiste korral võib TKK lõpliku meetmena tühistada Äriühingu ja/või Kontserni tegevusloa. Kontserni tegevus sõltub TKK antud tegevuslubadest. Kui tegevusload tühistatakse või peatatakse, peab Kontsern lõpetama oma tarbijakrediiditegevuse, mis omakorda avaldab olulist negatiivset mõju Kontserni äritegevusele, finantsseisundile ja majandustulemustele.

Laenuvõtja krediidiriskiga seotud risk. Kui laenuvõtja ei suuda täita oma kohustusi vastavalt kokkulepitud lepingutingimustele, võib see avaldada negatiivset mõju Kontserni tuludele ja bilansis olevate varade väärtusele. Kontsern ei pruugi asjakohaseid tegureid adekvaatselt tuvastada või tuvastatud tegurite mõju ja/või ulatust seoses laenuvõtja krediitkvaliteediga täpselt hinnata, mis võib negatiivselt mõjutada Kontserni äritegevust, finantsseisundit, majandustulemusi ja väljavaateid. Laenuvõtjate krediitkvaliteedi

halvenemine ja sellest tulenev väärtuse languse suurenemine mõjutaks negatiivselt Kontserni äritegevust, finantsseisundit, majandustulemusi ja väljavaateid.

1.2.3 Põhiteave väärtpaperite kohta

Millised on väärtpaperite peamised omadused?

Liik, klass ja ISIN-kood

Võlakirjad on mittekapitaliväärtpaperid (võlakirjad) nimiväärtusega 100 eurot. Võlakirjad on dematerialiseeritud arvestuslikus vormis ja need ei ole nummerdatud. Võlakirjad on registreeritud Läti õigusega reguleeritud Nasdaq CSD-s väärtpaperite arveldussüsteemis ISIN-koodiga LV0000803914. Investorid võivad hoida Võlakirju Nasdaq CSD osalejate kaudu, kes osalevad Läti arveldussüsteemis. Pakkumise tulemusena emiteeritud Võlakirjade emissiooni kuupäev on 20. september 2024.

Valuuta, denomineerimine, nimiväärtus, emiteeritud aktsiate arv ja tähtaeg

150,000 Võlakirja, iga Võlakirjanimiväärtusega 100 eurot, denomineeritud eurodes, tähtajaga 20. september 2024 kuni 25. september 2028.

Võlakirjadega seotud õigused

Võlakirjadega seotud õigusi on täielikult kirjeldatud Võlakirjade Tingimustes. Võlakirjade Tingimustes sätestatud peamised Võlakirjaomaniku õigused hõlmavad õigust lunastamisele ja õigust saada Intressi.

Võlakirjade intressimäär on 10 % aastas. Intressid makstakse vastava kuu 25. kuupäevaks kuni lunastustähtajani. Esimene Intressimaksepäev on 25. oktoober 2024 ja viimane Intressimaksepäev ja Lõpptähtaeg on 25. september 2028.

Võlakirjade nõudejärk emitendi kapitalisstruktuuris maksejõuetuse korral

Võlakirjad on samaväärsed Äriühingu teiste tagamata kohustustega, sealhulgas olemasolevate võlakirjadega. Äriühingu maksejõuetuse korral on Võlakirjaomanikel õigus saada oma investering tagasi samadel tingimustel nagu teistel tagamata nõuetega võlausaldajatel (sealhulgas Olemasolevad Võlakirjad) vastavate nõuete rühmas kooskõlas asjakohaste kohaldatavate õigusaktidega. Välja arvatud kohustuslikud õigusnormid, puuduvad lepingud või muud tehingudokumentid, mis seaksid Võlakirjaomanike nõuded teiste Kontserni tagamata kohustuste suhtes allutatuks.

Võlakirjade vaba võõrandatavuse piirangud

Võlakirjade ülekandmise suhtes ei ole piiranguid, nagu on kirjeldatud kohaldatavas Läti õiguses.

Kus võlakirjadega kaubeldakse?

Eduka Pakkumise korral hakatakse Võlakirjadega kaupleva Nasdaq Riga Balti põhinimekirjas. Ühtegi taotlust Võlakirjadega kauplemiseks ühelgi teisel börsil ei ole esitatud ega esitata. Kauplemine Võlakirjadega Nasdaq Riga Balti põhinimekirjas algab eeldatavasti või umbes 27. september 2024.

Millised on peamised väärtpaperitega seotud riskid?

Likviidsusega seotud risk. Äriühing ega ükski teine isik ei garanteeri Võlakirjade minimaalset likviidsust. Seega peaksid potentsiaalsed Investorid arvestama asjaoluga, et nad ei pruugi oma Võlakirju õiglase turuväärtusega või üldse mitte järelturul müüa või neil võib tekkida raskusi nende müümisel.

Võlakirjade tagasimaksmisega seotud risk. Lõpptähtajal muutub kogu Võlakirjade põhisumma koos kogunenud ja maksmata intressidega tasumisele kuuluvaks. Äriühingul ei pruugi olla võimalik neid kohustusi tagasi maksta või refinantseerida. Kui lunastustähtaeg langeb ajale, mil muud kokkulepped keelavad Äriühingul Võlakirjade tagasimaksmise, võib Äriühing püüda saada laenuandjatelt ja omanikelt nende kokkulepete alusel sellistest keeldudest loobumist või püüda refinantseerida piiranguid sisaldavaid laene. Kui Äriühingul ei õnnestu saada loobumist või neid laene refinantseerida, ei ole Äriühingul võimalik Võlakirju tagasi maksta.

Allutamise seotud risk. Võlakirjad ei ole tagatud. Võlakirjad on samaväärsed teiste Äriühingu tagamata kohustustega. Äriühingu maksejõuetusel on Investoritel õigus saada oma investering tagasi samadel tingimustel nagu teistel võlausaldajatel vastavas nõuete rühmas, vastavalt asjakohastele kohaldatavatele õigusaktidele pärast kõigi tagatud võlausaldajate nõuete rahuldumist. Puuduvad lepingud või muud tehingudokumentid, mis allutaksid Investorite nõuded teistele Äriühingutagamata kohustustele. Äriühingu likvideerimise, pankroti, sissenõudmise ja kriisilahendusmenetluse korral on kõik Võlakirjadest tulenevad nõuded võrdsustatud kõigi teiste tagamata nõuetega ja rahuldatakse alles pärast seda, kui kõik tagatud nõuded Äriühingu vastu on täielikult rahuldatud.

Pakkumise tühistamise ja noteerimise lõpetamisega seotud risk. Pärast Völakirjade registreerimist taotleb Äriühing Völakirjade kauplemisele võtmist Nasdaq Riga Balti Völakirjade nimekirjas. Eksisteerib oht, et Nasdaq Riga ei aktsepteeri Völakirjade kauplemisele võtmist Balti Völakirjade nimekirjas või määrab, et Völakirjad kustutatakse Balti völakirjade nimekirjast pärast kauplemisele võtmist ennetähtaegselt, kuna kohaldatavad seadused, sealhulgas Nasdaq Riga eeskirjad, on muutunud. Äriühingul on õigus muuta Völakirjade märkimisperioodi algus- ja lõpukuupäevi vastavalt käesolevale Prospektile. Sellised muudatused märkimisperioodi kuupäevades, völakirjade pakkumise edasilükkamine või tühistamine võivad negatiivselt mõjutada potentsiaalse Investori investeerimisplaani.

Hinnaga seotud risk. Völakirjade turuhinnad sõltuvad erinevatest teguritest, näiteks intressimäärade muutustest, keskpanga poliitikast, üldisest majandusarengust või nõudlusest. Äriühing ega ükski teine isik ei võta endale kohustust säilitada Völakirjade teatud hinnataset. Potentsiaalsed Investorid on seega avatud oma Völakirjade ebasoodsa hinnamuutuse riskile, kui nad müüvad Völakirjad enne lõplikku lunastustähtaega. Kui potentsiaalne Investor otsustab hoida Völakirju kuni lunastustähtajani, ostetakse Völakirjad tagasi nende Nimiväärtusega.

Enneaegse lunastamisega seotud risk. Vastavalt käesolevale Prospektile võib Völakirju ennetähtaegselt tagasi osta Äriühingu algatusel. Kui Äriühing kasutab ennetähtaegse tagasiostmise õigust, võib Völakirjadesse tehtud investeeringu tootlus olla madalam kui algselt oodatud, kuna potentsiaalne Investor ei pruugi olla võimeline reinvesteerima lunastamisest saadavat tulu samaväärsesse väärtpaberisse, mille efektiivne intressimäär on sama kõrge kui lunastatavate Völakirjade intressimäär. Äriühingu tagasiostmise õigus võib samuti negatiivselt mõjutada potentsiaalse Investori võimet selliseid Völakirju müüa.

Maksudega seotud risk. Völakirjade ostmise ajal maksuresidentidele, Läti mitteresidentidele ja teiste jurisdiktsioonide residentidele kohaldatavad maksumäärad ja maksude tasumise kord võivad muutuda. Äriühing ei kompenseeri potentsiaalsetele Investoritele maksude tõusmist, mistõttu potentsiaalsed Investorid võivad saada seoses Völakirjadega väiksemaid makseid.

Völakirjaomanike otsustega seotud risk. Völakirjaomanike enamuse otsus on siduv kõigile Völakirjaomanikele. Seega esineb Völakirjaomanikul oht, et teised Völakirjaomanikud saavad hääletamisel ülekaalu. See võib sellise Völakirjaomaniku teatavaid õigusi Äriühingu suhtes muuta või vähendada või need isegi tühistada ilma tema nõusolekuta.

1.2.4 Põhiteave Völakirjade avaliku pakkumise ja/või reguleeritud turul kauplemisele võtmise kohta

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

Völakirjade pakkumine koosneb (i) Völakirjade avalikust pakkumisest („**Jaepakkumine**“) jaeinvestoritele ja institutsionaalsetele investoritele („**Jaeinvestor**“) Lätis, Leedus ja Eestis; (ii) Völakirjade erapakkumisest („**Erapakkumine**“) institutsionaalsetele investoritele („**Institutsionaalne Investor**“) teatavates EMP liikmesriikides ja teistele valitud investoritele igal juhul prospektimääruse artikli 1 kohase erandi alusel; ja (iii) avalikust vahetuspakkumisest („**Vahetuspakkumine**“), mis on suunatud Olemasolevate Völakirjaomanikele („**Olemasolevad Völakirjaomanikud**“) seoses nende vahetamisega Völakirjade vastu. Jaepakkumist, Erapakkumist ja Vahetuspakkumist nimetatakse koos Pakkumiseks. Jaeinvestorit, Institutsionaalset Investorit ja Olemasolevat Völakirjaomaniku nimetatakse koos Investoriteks või Völakirjaomanikeks.

Völakirjaomanikel on keelatud Völakirju edasi müüa, võõrandada või tarnida mis tahes isikule viisil, mis kujutaks endast väärtpaberite avalikku pakkumist.

Jaepakkumise puhul võivad pakkumises osaleda ainult need potentsiaalsed Investorid, kes on oma tellimuse esitamise ajal või selleks ajaks avanud väärtpaberikontod nende valitud üksustes, kellel on Läti, Leedu või Eesti territooriumil litsents selliste teenuste osutamiseks ja kes on Nasdaq Riga liikmed või kellel on asjakohased kokkulepped Nasdaq Riga liikmeka („**Haldur**“).

Pakkumise eesmärgil on Äriühing määranud AS LHV Panga müügiesindajaks („**Müügiesindaja**“), kes haldab pakkumisi Eestis. Müügiesindaja tegutseb turustajana ja pakub Völakirju, sealhulgas abistab Äriühingut asjakohaste investorit- ja turundusmaterjalidega ning läheneb investorite baasile seoses Völakirjadega Eestis.

Pakkumise orienteeruv ajakava

Märkimisperioodi algus:	2. september 2024
Märkimisperioodi lõpp:	16. september 2024

Pakkumise tulemuste avaldamine:	Ligikaudu 17. september 2024
Pakkumise arveldamine:	Ligikaudu 20. september 2024
Võlakirjadega kauplemise alustamine Nasdaq Riga Balti võlakirjade nimekirjas:	Ligikaudu 27. september 2024

Investorid, kes soovivad Võlakirju märkida ja osta, esitavad oma korraldused Võlakirjade omandamiseks („**märkimiskorraldused**“) mis tahes ajal märkimisperioodi jooksul.

Märkimisperiood on ajavahemik, mille jooksul isikud, kellel on õigus osaleda Jaepakkumises, Erapakkumises ja Vahetuspakkumises, võivad esitada märkimiskorraldusi (vt jaotist 5.2 („**Märkimisperiood**“)) Võlakirjade märkimiseks. Märkimisperiood algab 10:00 (Läti aja järgi) 2. september 2024. aastal ja lõpeb 14:00 (Läti aja järgi) 16. september 2024. aastal.

Kõik Võlakirjade omandamise ja hoidmisega seotud kulud kannab Võlakirjaomanik vastavalt selle krediitiasutuse või investeerimisteenus osutaja hinnakirjale, mille kaudu Võlakirjaomanik ostab ja hoiab võlakirju. Äriühing ei ole kohustatud hüvitama Võlakirjaomanikule tekkinud kulusid.

Miks on käesolev Prospekt koostatud?

Seoses pakkumisega loodab Äriühing saada puhastulu (ilma õigusabikulude, finantsnõustamise tasude ja muude kokkulepitud kulude ja kulutustega, mis on seotud Pakkumise ja/või kauplemisele lubamisega) kuni ligikaudu 14,640,000 eurot.

Tulusid kasutatakse järgmistel eesmärkidel:

- et refinantseerida tagamata võlakirjaemissioon ISIN LV0000850055, mille tähtaeg on 25. september 2024 ja mille tagasimaksmata summa on 10 000 000 (kümme miljonit) eurot („**Olemasolevad Võlakirjad**“); ja
- et refinantseerida Mintos Finance'ilt saadud tagatud võlg kuni 5 000 000 (viie miljoni) euro ulatuses.

Pakkumisega seotud kulude kogusumma (mis koosneb peamiselt õigusabikuludest, finantskonsultatsioonide tasudest ja muudest kokkulepitud kuludest, mis on seotud Pakkumise ja/või kauplemisele lubamisega) on hinnanguliselt kuni ligikaudu 360,000 eurot, mis arvatakse maha Pakkumisest saadavast tulust enne eespool kirjeldatud tulude kasutamist.

Käesoleva Prospekti kuupäeva seisuga ei ole Äriühingule teadaolevalt olemas tegelikke või potentsiaalseid huvide konflikte Äriühingu juhatuse või nõukogu liikmete või tütarühingute liikmete kohustuste ja nende era- või ärihuvide vahel.

1.3 Summary in Latvian (*Kopsavilkums*)

1.3.1 Ievads un brīdinājumi

Vērtspapīru nosaukums un starptautisko vērtspapīru identifikācijas numurs (ISIN)

Obligācijas ir Sabiedrības (DelfinGroup) emitēti parāda vērtspapīri, kuriem piešķirts starptautiskais vērtspapīru identifikācijas numurs (ISIN): LV0000803914.

Emitenta identitāte un kontaktinformācija, tostarp tā juridiskās personas identifikators (LEI)

reģistrēta Latvijas Uzņēmumu reģistrā ar reģistrācijas numuru 40103252854, tās juridiskā adrese ir Skanstes iela 50A, Rīga, LV-1013. Sabiedrības tīmekļa vietne ir <https://delfingroup.lv/>, e-pasts ir info@delfingroup.lv, tālruņa numurs ir +371 26189988. Tās juridiskās personas identifikators (LEI) ir 2138002PKHUJIMVMYB13.

Tās kompetentās iestādes identitāte un kontaktinformācija, kura apstiprina Prospektu

Šo Prospektu, saskaņā ar Regulu (ES) 2017/1129, ir apstiprinājusi Latvijas Banka kā kompetentā iestāde, kuras adrese ir Krišjāņa Valdemāra iela 2A, Rīga, LV-1050, e-pasts: info@bank.lv, tālruņa numurs: +67022300.

Prospekta apstiprināšanas datums

Šis prospekts ir apstiprināts 2025. gada 23. augustā.

Brīdinājumi

Kopsavilkums ir sagatavots saskaņā ar Regulas (ES) 2017/1129 7. pantu, un tas būtu jālasa kā Prospekta ievads. Jebkurš lēmums ieguldīt vērtspapīros būtu jābalsta uz Ieguldītāja vērtējumu par visu prospektu kopumā. Ieguldītājs var zaudēt visu ieguldīto kapitālu vai daļu no tā. Ja tiesā ir celta prasība par Prospektā ietvertu informāciju, Ieguldītājam prasītājam saskaņā ar valsts tiesībām var būt jāsedz Prospekta tulkošanas izmaksas pirms tiesvedības sākšanas. Civiltiesiska atbildība gulstas tikai uz tām personām, kas iesniegušas kopsavilkumu, tostarp veikušas jebkādu tā tulkošanu, bet tikai tādā gadījumā, ja kopsavilkums ir maldinošs, neprecīzs vai, lasot kopā ar pārējām Prospekta daļām, pretrunīgs, vai, ja, lasot kopā ar pārējām prospekta daļām, nav sniegta pamatinformācija, lai palīdzētu Ieguldītājiem apsvērt, vai ieguldīt minētajos vērtspapīros.

1.3.2 Pamatinformācija par Sabiedrību

Vērtspapīru emitents

Domicils un juridiskā forma, tā LEI, tiesības, saskaņā ar kurām tas darbojas, un tā inkorporācijas valsts

Sabiedrība ir reģistrēta Latvijā, tās juridiskā adrese ir Skanstes iela 50A, Rīga, LV-1013, un tās LEI numurs ir 2138002PKHUJIMVMYB13. Sabiedrība ir dibināta un reģistrēta kā akciju sabiedrība Latvijas Komercreģistrā ar reģistrācijas numuru 40103252854.

Galvenās darbības jomas

Grupa darbojas ar trīs galvenajiem zīmoliem: Banknote, VIZIA un Rīgas pilsētas lombards un darbojas trīs nozarēs – patēriņa kreditēšanā, lombarda aizdevumu izsniegšanā un mazumtirdzniecībā ar lietotām precēm.

Grupa piedāvā šādus trīs pakalpojumu veidus: (1) patēriņa kreditēšanu, kas ietver patēriņa kredītus, aizdevumus tirdzniecības vietās un kredītlīniju finansēšanu, (2) lombardu aizdevumus un (3) lietotu preču mazumtirdzniecību. Pamatojoties uz sniegtajiem pakalpojumiem, Grupa ir iedalīta četros darbības segmentos, kas ir šādi:

- (1) **Patēriņa kredītu segments:** patēriņa kredītu izsniegšana klientiem, parādu piedziņas darbības un aizdevumu cesijas ārējo parādu piedziņas uzņēmumiem.
- (2) **Lombarda aizdevumu segments:** lombarda aizdevumu izsniegšana, lombarda priekšmetu pārdošana filiālēs un tiešsaistē.
- (3) **Lietotu un mazlietotu preču pārdošanas segments:** lietotu preču pārdošana filiālēs un tiešsaistē, kas iegādātas no klientiem.
- (4) **Citu darbību segments:** aizdevumu sniegšana nekustamā īpašuma attīstības projektiem, vispārējie administratīvie pakalpojumi Grupas uzņēmumiem, darījumi ar saistītajām personām, neizmaksātās dividendes.

Stiprās puses

Tirgus līderība. Savas pastāvēšanas vēsturē Sabiedrība ir demonstrējusi konsekventu izaugsmi visā tās pamatdarbības spektrā. Par to liecina tās veiksmīgā darbība, ko raksturo apjomīgs filiāļu tīkls kopā ar tiešsaistes uzņēmējdarbības komponentu, ievērojams darbinieku skaits, ievērojama klientu bāze, produktu klāsta daudzveidība, kā arī pastāvīgi iespaidīga un pieaugoša rentabilitāte pēdējo 15 darbības gadu laikā.

Tirgus izaugsme. Grupa saglabā diversificētu ģeogrāfisko ietekmi, darbojoties visos Latvijas reģionos un turpinot izaugsmi Latvijas tirgū. Lai turpinātu paplašināt savu darbību tirgū, 2023. gada beigās Grupa uzsāka darbību Lietuvā, izmantojot Sabiedrības meitasuzņēmumu DelfinGroup LT.

Koncentrēšanās uz ilgtspēju. Valde uzskata, ka ilgtspējīga uzņēmējdarbības veikšana palīdzēs nodrošināt Sabiedrības ilgtspēju un maksimāli palielināt ilgtermiņa peļņu akcionāriem. Sabiedrība ir ieviesusi stingru korporatīvās pārvaldības politiku un procedūras, kas atbilst labākajai starptautiskajai praksei, lai sasniegtu galīgo mērķi - vadīt uzņēmējdarbību vislabākajā iespējamajā veidā. Sākot ar 2021. gadu, tā ir sākusi publicēt VSP ziņojumu.

Digitālā attīstība. Sabiedrība lepojas ar progresīvajām tehnoloģijām, ko tā ir ieviesusi gan produktu klāstā, gan pakalpojumu sniegšanā klientiem. Grupa piedāvā piekļuvi gandrīz visiem saviem produktiem un pakalpojumiem tiešsaistē un turpina papildināt esošo digitālo produktu un pakalpojumu klāstu, lai uzlabotu klientu pieredzi.

Stratēģija

Sabiedrības stratēģija ir vērsta uz: (1) Grupas vērtības palielināšana; (2) ilgtermiņa rentabilitātes nodrošināšana; (3) nevainojamas reputācijas saglabāšana; (4) visu sabiedrības slāņu finansiālās iekļaušanas atbalstīšanu.

Lielākie akcionāri

Šī Prospekta datumā turpmāk norādītajiem akcionāriem pieder vairāk nekā 5 % no visām Sabiedrības akcijām, un Sabiedrība tos uzskata par saviem lielākajiem akcionāriem:

Akcionāra nosaukums	Procentuālā daļa no kopējā turētā pamatkapitāla	Turēto akciju skaits	Akcionāra patiesā labuma guvējs un vienīgais akcionārs
AS ALPPES Capital	18.35%	8,325,594	Aigars Kesenfelds
SIA Curiosity Capital	4.86%	2,205,076	Linda Kesenfelde
SIA LK Investments	4.85%	2,200,000	Linda Kesenfelde
Linda Kesenfelde	0.37%	170,000	-
SIA EC finance	14.93%	6,775,560	Agris Evertovskis
SIA "AE Consulting"	8.21%	3,724,229	Agris Evertovskis
Agris Evertovskis	0.003%	1,250	-

Saskaņā ar Latvijas Akciju atpiršanas likuma 5. panta 2. punkta 1. apakšpunktu uzskata, ka akcionāri rīkojas saskaņoti, ja viņi ir laulātie. Tāpēc uzskata, ka Linda Kesenfelde un viņas laulātais Aigars Kesenfelds rīkojas saskaņoti saskaņā ar Latvijas Akciju atpiršanas likumu. Sabiedrībai nav zināms par citiem akcionāriem, kas rīkojas saskaņoti.

Šī Prospekta sagatavošanas dienā Sabiedrībai nav zināms, ka tā tieši vai netieši kādam piederētu vai kāds to kontrolētu.

Šī Prospekta datumā Sabiedrībai nav zināmi nekādi fakti vai vienošanās, kas varētu izraisīt kontroles maiņu pār Sabiedrību.

Galvenie rīkotājdirektori

Sīkāka informācija par Sabiedrības galvenajiem izpilddirektoriem šī prospekta datumā ir sniegta zemāk.

Galvenā rīkotājdirektora vārds	Amats	Iecelšanas datums	Pilnvaru termiņa beigas
Didzis Ādmīdiņš	Izpilddirektors, valdes priekšsēdētājs	2021. gada 19. janvāris	2026. gada 18. janvāris
Aldis Umblejs	Finanšu direktors, valdes loceklis	2021. gada 15. decembris	2026. gada 14. decembris

Nauris Bloks	Inovāciju direktors, valdes loceklis	2023. gada 8. jūnijs	2028. gada 7. jūnijs
Agris Evertovskis	Padomes priekšsēdētājs	2021. gada 13. aprīlis	2026. gada 12. aprīlis
Gatis Kokins	Padomes priekšsēdētāja vietnieks	2021. gada 13. aprīlis	2026. gada 12. aprīlis
Mārtiņš Bičevskis	Padomes loceklis	2021. gada 13. aprīlis	2026. gada 12. aprīlis
Jānis Pizičs	Padomes loceklis	2021. gada 13. aprīlis	2026. gada 12. aprīlis

Revidentu, kas veic obligāto revīziju, identitāte

"KPMG Baltics SIA", reģistrācijas numurs: 40003235171, juridiskā adrese: Roberta Hirša iela 1, Rīga, LV-1045, ir Grupas obligātais revidents. Obligātos revidentus ievēl kopsapulce.

Emitenta finanšu pamatinformācija

Prospektam ir pievienoti Grupas konsolidētie revidētie finanšu pārskati par finanšu gadiem, kas beidzās 2023. gada 31. decembrī un 2022. gada 31. decembrī. Prospektam ir pievienoti arī Grupas nerevidētie konsolidētie starpperioda finanšu pārskati par 6 mēnešu periodu, kas beidzās 2023. gada 30. jūnijā, un Grupas nerevidētie konsolidētie starpperioda finanšu pārskati par 6 mēnešu periodu, kas beidzās 2024. gada 30. jūnijā. Pārbaudītie finanšu pārskati ir sagatavoti saskaņā ar Eiropas Savienībā apstiprinātajiem Starptautiskajiem finanšu pārskatu standartiem (SFPS). Turpmāk tabulās sniegta konsolidētā finanšu informācija saskaņā ar Komisijas Deleģētās regulas 2019/979/ES II pielikumu. Informācija ir balstīta uz finanšu pārskatiem vai iegūta no tiem, un tā jālasa kopā ar finanšu pārskatiem, tostarp finanšu pārskatu piezīmēs sniegtajiem skaidrojumiem.

Atsevišķa konsolidētā peļņas un zaudējumu aprēķina un pārējo ienākumu informācija, EUR'000

Vienība	Gads, kas beidzās 31. decembrī (revidēts)		Sešu mēnešu periods, kas beidzās 30. jūnijā (nerevidēts)	
	2022	2023	2023	2024
Kopējie ienākumi	35,776	50,423	23,303	29,098
Bruto peļņa	20,742	25,071	11,754	14,233
Darbības ienākumi	104	75	27	62
Darbības izdevumi	(13,588)	(16,857)	(7,985)	(9,932)
Peļņa pirms uzņēmumu ienākuma nodokļa	7,258	8,290	3,797	4,363
Ienākuma nodoklis*	(1,296)	(1,662)	(414)	(902)
Pārskata perioda neto peļņa	5,961	6,628	3,382	3,461
Peļņa uz akciju, EUR	0.132	0.146	0.075	0.076
Koriģētā peļņa uz akciju, EUR	0.132	0.146	0.075	0.076

*Attiecībā uz izmaiņām ienākuma nodoklī, kas tika piemērotas bankām un nebanku aizdevējiem 2023. gada beigās, tika atzīts avanss 20% apmērā no visa 2023. gada peļņas 2023. gada 4. ceturksnī. Tā rezultātā ienākuma nodokļa izdevumi pirmajos sešos 2023. gada mēnešos tika atzīti tikai par sadalītajiem dividendēm.

Atsevišķa konsolidētā finanšu stāvokļa pārskata informācija, EUR'000

Vienība	Gads, kas beidzās 31. decembrī (revidēts)		Sešu mēnešu periods, kas beidzās 30. jūnijā (nerevidēts)	
	2022	2023	2023	2024
Ilgtermiņa aktīvi kopā	50,256	72,253	61,613	84,810
Apgrozāmie aktīvi kopā	26,902	32,808	29,801	32,571
Aktīvi kopā	77,158	105,061	91,415	117,381
Kopējais kapitāls	18,106	21,322	19,917	22,972
Ilgtermiņa kreditori kopā	21,688	50,510	30,690	60,898
Īstermiņa kreditori kopā	37,364	33,228	40,807	33,510
Kreditori kopā	59,052	83,739	71,497	94,409
Neto parāds	56,683	77,810	68,485	90,055
KOPĒJAIS KAPITĀLS UN SAISTĪBAS	77,158	105,061	91,415	117,381

Atsevišķa konsolidētā naudas plūsmas pārskata informācija, EUR'000

Vienība	Gads, kas beidzās 31. decembrī (revidēts)		Sešu mēnešu periods, kas beidzās 30. jūnijā (nerevidēts)	
	2022	2023	2023	2024
Neto naudas plūsma no/(uz) pamatdarbību	(17,966)	(13,978)	(8,934)	(8,925)
Neto naudas plūsma no/(uz) ieguldījumu darbībām	(704)	(1,726)	(584)	(780)
Neto naudas plūsma no/(uz) finansēšanas darbībām	18,579	19,264	10,162	8,131
Pārskata perioda neto naudas plūsma	(90)	3,560	644	(1,574)

Emitentam raksturīgie būtiskākie riski

Risks, kas saistīts ar konkurenci patēriņa kredītu un lombarda kredītu uzņēmējdarbības jomās. Nākotnē Grupa var saskarties ar pieaugošu konkurenci, jo tirgū ienāks jauni valsts un starptautiski uzņēmumi un konkurenti paplašinās savu pakalpojumu klāstu un/vai samazinās savas darbības izmaksas. Ja Grupas konkurenti spēs labāk izmantot esošās priekšrocības, Grupa var nespēt piesaistīt vai noturēt klientus, kas var būtiski negatīvi ietekmēt Grupas darbību, finanšu rādītājus un perspektīvas. Turklāt, ja Grupa nespēs piedāvāt līdzīga vai augstāka standarta pakalpojumus salīdzinājumā ar konkurentiem, tā var zaudēt klientus un, iespējams, arī tirgus daļu konkurentiem. Līdz ar to var tikt piemērotas papildu rīcības un atbilstības prasības, kas izriet no Latvijas Konkurences likuma.

Risks, kas saistīts ar personālu un darbaspēku. Kvalificēta personāla zaudēšana, izteikta darbinieku mainība vai pastāvīgas grūtības aizpildīt vakantās darba vietas ar piemērotiem pretendentiem var būtiski negatīvi ietekmēt Grupas spēju efektīvi konkurēt savā nozarē, un Grupa var zaudēt ievērojamu pieredzi vai arī piekļuvi tai var iegūt tās konkurenti. Jebkādas būtiskas nesaskaņas starp Grupu un tās darbiniekiem var traucēt Grupas darbību, izraisīt ieņēmumu un klientu zaudējumus un palielināt darbības izmaksas. Grupa var būt pakļauta riskiem, ko rada darbinieku nespēja ievērot apstiprinātās procedūras. Dažus riskus, piemēram, krāpšanu un piesavināšanos, nav iespējams pilnībā novērst, ņemot vērā skaidras naudas apstrādes aspektu, kas raksturīgs Grupas darbībai.

Kiberdrošība un ar IT saistītie riski. Atkarība no IT infrastruktūras ir saistīta ar visām IT sistēmām raksturīgiem riskiem, piemēram, programmatūras vai aparatūras kļūmēm vai darbības traucējumiem, būtiskas IT infrastruktūras fiziskiem bojājumiem, datorvīrusu inficēšanos, datu aizsardzības pārkāpumiem, ļaunprātīgu uzlaušanu vai citiem kiberdrošības uzbrukumiem, kā arī citiem kiberdrošības apdraudējumiem. Grupa potenciāli var kļūt par kiberuzbrukumu upuri, jo arvien vairāk hakeru un to, kas pieprasa izpirkuma maksu, vērsas pret finanšu sektoru, tostarp nebanku aizdevējiem, lai izmantotu to iekšējās sistēmas un procesus personīgas peļņas gūšanai. Jebkāda veida pakalpojumu sniegšanas traucējumi var kaitēt Grupas

programmatūrai un platformām, kā rezultātā var tikt zaudēti dati un Grupas remontam var būt nepieciešami ievērojami izdevumi. Tā ir pakļauta riskam, ka Grupas sistēmu darbības traucējumu gadījumā pārdevējs nereaģēs, kas var izraisīt kavēšanos pakalpojuma atjaunošanā.

Riski, kas saistīti ar likumā noteiktajām licencēšanas prasībām. Grupas licencēm ir neierobežots darbības laiks, taču Patērētāju tiesību aizsardzības centrs ("PTAC") tās var atsaukt vai apturēt. PTAC ir jāiejaucas, ja Sabiedrība un/vai Grupa pārkāpj savus pienākumus saskaņā ar piemērojamiem tiesību aktiem. PTAC var apturēt licences darbību uz laiku līdz sešiem mēnešiem, ja Sabiedrība un/vai Grupa neievēro normatīvos aktus un nesadarbojas, lai novērstu konstatētās neatbilstības. Būtisku pārkāpumu gadījumā PTAC var kā galīgo pasākumu atsaukt Sabiedrības un/vai Grupas licenci. Grupas darbība ir atkarīga no PTAC piešķirtajām darbības licencēm. Ja licences tiks atsauktas vai apturētas, Grupai būs jāpārtrauc patērētāju kredīvēšanas darbības, kas savukārt būtiski negatīvi ietekmēs Grupas uzņēmējdarbību, finanšu stāvokli un darbības rezultātus.

Risks, kas saistīts ar aizņēmēja kredītrisku. Jebkura kredītņēmēja nespēja pildīt savas saistības saskaņā ar līguma noteikumiem var negatīvi ietekmēt Grupas peļņu un bilanci esošo aktīvu vērtību. Grupa var nespēt pienācīgi identificēt attiecīgos faktorus vai precīzi novērtēt identificēto faktoru ietekmi un/vai apmēru attiecībā uz kredītņēmēja kredītkvalitāti, kas var negatīvi ietekmēt tās uzņēmējdarbību, finanšu stāvokli, darbības rezultātus un perspektīvas. Kredītņēmēju kredītkvalitātes pasliktināšanās un no tās izrietošais vērtības samazināšanās pieaugums negatīvi ietekmētu Grupas uzņēmējdarbību, finanšu stāvokli, darbības rezultātus un perspektīvas.

1.3.3 Pamatinformācija par vērtspapīriem

Vērtspapīru galvenās iezīmes

Veids, kategorija un ISIN

Obligācijas ir nekapitāla (parāda) vērtspapīri, kuru nominālvērtība ir EUR 100. Obligācijas ir dematerializētā veidā, un tās nav numurētas. Obligācijas ir reģistrētas Nasdaq CSD dematerializētā veidā Latvijas tiesību aktos noteiktajā vērtspapīru norēķinu sistēmā ar ISIN kodu LV0000803914. Ieguldītāji var turēt Obligācijas, izmantojot Nasdaq CSD dalībniekus, kas piedalās Latvijas SSS. Piedāvājuma rezultātā emitēto Obligāciju emisijas datums būs 2024. gada 20. septembris.

Valūta, nosaukums, paritāte, emitēto vērtspapīru skaits un termiņš

150,000 Obligācijas ar katras Obligācijas nominālvērtību EUR 100, kas denominētas euro, ar termiņu no 2024. gada 20. septembra līdz 2028. gada 25. septembrim.

No Obligācijām izrietošās tiesības

Ar Obligācijām saistītās tiesības ir pilnībā aprakstītas Obligāciju noteikumos un nosacījumos. Galvenās Obligāciju īpašnieku tiesības saskaņā ar Obligāciju noteikumiem un nosacījumiem ietver tiesības uz dzēšanu un tiesības saņemt Procentus.

Par Obligācijām tiks maksāti procenti ar likmi 10 % gadā. Procenti ir maksājami līdz attiecīgā mēneša 25. datumam līdz Dzēšanas datumam. Pirmais Procentu maksājuma datums ir 2024. gada 25. oktobris, bet pēdējais Procentu maksājuma datums un Dzēšanas datums ir 2028. gada 25. septembris.

Obligāciju vieta emitenta kapitāla struktūrā maksātnespējas gadījumā

Obligācijas ir līdzvērtīgas (*pari passu*) ar citām nenodrošinātām Sabiedrības saistībām, ieskaitot Esošās Obligācijas. Sabiedrības maksātnespējas gadījumā Obligāciju turētājiem būs tiesības atgūt savus ieguldījumus ar tādiem pašiem nosacījumiem kā citiem nenodrošinātiem kreditoriem (tostarp Esošajām Obligācijām) attiecīgajā prasījumu grupā saskaņā ar attiecīgajiem piemērojamiem tiesību aktiem. Izņemot obligātās tiesību normas, nav līgumu vai citu darījuma dokumentu, kas Obligāciju turētāju prasījumus pakārtotu citām nenodrošinātām Grupas saistībām.

Ierobežojumi Obligāciju brīvai pārvedamībai

Obligāciju nodošanai nav ierobežojumu, kā tie aprakstīti piemērojamajos Latvijas tiesību aktos.

Obligāciju tirdzniecības vieta

Veiksmīga Piedāvājuma gadījumā Obligācijas tiks tirgotas Nasdaq Riga Baltijas Oficiālajā sarakstā. Nav iesniegts un netiks iesniegts pieteikums Obligāciju tirdzniecībai jebkurā citā biržā. Paredzams, ka Obligāciju tirdzniecība Nasdaq Riga Baltijas Oficiālajā sarakstā sāksies aptuveni 2024. gada 27. septembrī.

Vērtspapīriem raksturīgie būtiskākie riski

Risks, kas saistīts ar likviditāti. Ne Sabiedrība, ne kāda cita persona negarantē Obligāciju minimālo likviditāti. Tādējādi potenciālajiem Ieguldītājiem jāņem vērā, ka viņi var nespēt pārdot vai var saskarties ar grūtībām pārdot savas Obligācijas otrreizējā tirgū par to patieso tirgus vērtību vai vispār.

Risks, kas saistīts ar Obligāciju atmaksu. Dzēšanas datumā visa Obligāciju pamatsumma kopā ar uzkrātajiem un nesamaksātajiem procentiem kļūs maksājama un pieprasāma. Sabiedrībai var nebūt iespēju atmaksāt vai refinansēt šīs saistības. Ja Dzēšanas termiņš iestājas laikā, kad citas vienošanās aizliedz Sabiedrībai atmaksāt Obligācijas, Sabiedrība varētu mēģināt saņemt atteikšanos no šādiem aizliegumiem no aizdevējiem un turētājiem saskaņā ar šīm vienošanām, vai Sabiedrība varētu mēģināt refinansēt aizņēmumus, kuros ir ierobežojumi. Ja Sabiedrībai neizdosies saņemt atbrīvojumus vai refinansēt šos aizņēmumus, Sabiedrība nevarēs atmaksāt Obligācijas.

Risks, kas saistīts ar subordināciju. Obligācijas nebūs nodrošinātas. Obligācijas ir līdzvērtīgas (*pari passu*) ar citām nenodrošinātām Sabiedrības saistībām. Sabiedrības maksātnespējas gadījumā Ieguldītājiem būs tiesības atgūt savus ieguldījumus ar tādiem pašiem nosacījumiem kā citiem kreditoriem attiecīgajā prasījumu grupā saskaņā ar attiecīgajiem Piemērojamiem tiesību aktiem pēc visu Sabiedrības nodrošināto kreditoru prasījumu apmierināšanas. Nav līgumu vai citu darījuma dokumentu, kas pakārtotu ieguldītāju prasījumus citām nenodrošinātām Sabiedrības saistībām. Sabiedrības likvidācijas, bankrota, sanācijas un noregulējuma procedūras gadījumā visiem no Obligācijām izrietošajiem prasījumiem ir līdzvērtīga (*pari passu*) prioritāte ar visiem pārējiem nenodrošinātajiem prasījumiem, un tie tiek apmierināti tikai pēc tam, kad ir pilnībā apmierināti visi nodrošinātie prasījumi pret Sabiedrību.

Risks, kas saistīts ar piedāvājuma atcelšanu un svītrosānu no biržas. Pēc Obligāciju reģistrācijas Sabiedrība lūgs Obligāciju iekļaušanu Nasdaq Riga obligāciju Baltijas Oficiālajā sarakstā. Pastāv risks, ka Nasdaq Riga nepieņems Obligācijas iekļaušanai tirdzniecībai Baltijas Obligāciju sarakstā vai ka Obligācijas tiks izslēgtas no Baltijas Obligāciju saraksta pirms dzēšanas termiņa pēc iekļaušanas tirdzniecībai sakarā ar izmaiņām piemērojamos tiesību aktos, tostarp Nasdaq Riga noteikumos. Sabiedrībai ir tiesības mainīt Obligāciju Parakstīšanās perioda sākuma un beigu datumus saskaņā ar šo Prospektu. Šādas Parakstīšanās perioda datumu izmaiņas, Obligāciju piedāvājuma atlikšana vai atcelšana var negatīvi ietekmēt potenciālā Ieguldītāja ieguldījumu plānu.

Risks, kas saistīts ar cenu. Obligāciju tirgus cenu attīstība ir atkarīga no dažādiem faktoriem, piemēram, procentu likmju izmaiņām, centrālās bankas politiku, vispārējo ekonomisko attīstību vai pieprasījumu pēc Obligācijām. Ne Sabiedrība, ne kāda cita persona neuzņemas saistības uzturēt noteiktu Obligāciju cenu līmeni. Tādējādi potenciālie Ieguldītāji ir pakļauti riskam, ka viņu Obligāciju cenu attīstība būs nelabvēlīga, ja viņi pārdos Obligācijas pirms to galīgā dzēšanas termiņa. Ja potenciālais ieguldītājs nolemj turēt Obligācijas līdz to dzēšanas termiņam, Obligācijas tiks izpirktas par to Nominālvērtību.

Risks, kas saistīts ar pirmstermiņa dzēšanu. Saskaņā ar šo Prospektu Obligācijas var tikt dzēstas pirms termiņa pēc Sabiedrības iniciatīvas. Ja Sabiedrība izmanto pirmstermiņa dzēšanas tiesības, atdeves likme no ieguldījuma Obligācijās var būt zemāka, nekā sākotnēji paredzēts, jo potenciālajam Ieguldītājam var nebūt iespējams reinvestēt dzēšanas ieņēmumus salīdzināmā vērtspapīrā ar tikpat augstu faktisko procentu likmi, kāda ir dzēšamo Obligāciju procentu likmei. Sabiedrības atpirkšanas tiesības var arī negatīvi ietekmēt potenciālā ieguldītāja spēju pārdot šādas Obligācijas.

Risks, kas saistīts ar nodokļiem. Nodokļu likmes un nodokļu maksāšanas kārtība, kas Obligāciju iegādes brīdī piemērojama nodokļu rezidentiem, Latvijas nerezidentiem un citu jurisdikciju rezidentiem, var mainīties. Sabiedrība nekompensēs potenciālajiem Ieguldītājiem nodokļu palielinājumu, tāpēc potenciālie Ieguldītāji var saņemt mazākus maksājumus saistībā ar Obligācijām.

Risks, kas saistīts ar Obligāciju turētāju lēmumiem. Obligāciju turētāju vairākuma lēmums ir saistošs visiem Obligāciju turētājiem. Tādējādi Obligāciju turētājs ir pakļauts riskam, ka pārējie Obligāciju turētāji ar balsu vairākumu pieņem lēmumu. Līdz ar to atsevišķas šāda Obligāciju turētāja tiesības pret Sabiedrību var tikt grozītas vai samazinātas, vai pat atceltas bez viņa piekrišanas.

1.3.4 Pamatinformācija par vērtspapīru publisko piedāvājumu un/vai atļauju veikt tirdzniecību regulētā tirgū

Nosacījumi un termiņi ieguldījumiem konkrētajā vērtspapīrā

Obligāciju piedāvājums sastāv no (i) Obligāciju publiskā piedāvājuma ("**Privāto ieguldītāju piedāvājums**") privātajiem ieguldītājiem un institucionālajiem ieguldītājiem ("**Privātais ieguldītājs**") Latvijā, Lietuvā un Igaunijā; (ii) Obligāciju privāta izvietošana ("**Privātā izvietošana**") institucionālajiem ieguldītājiem ("**Institucionālais ieguldītājs**") atsevišķās EEZ dalībvalstīs un citiem izvēlētiem ieguldītājiem, katrā gadījumā saskaņā ar Prospekta regulas 1. pantā noteikto atbrīvojumu; un (iii) publisks apmaiņas piedāvājums ("**Apmaiņas piedāvājums**"), kas adresēts Esošo Obligāciju turētājiem ("**Esošais Obligāciju turētājs**") saistībā ar to apmaiņu pret Obligācijām. Privāto ieguldītāju piedāvājums, Privātā izvietošana un Apmaiņas piedāvājums kopā tiek saukti par Piedāvājumu. Privātais ieguldītājs,

Institucionālais ieguldītājs un Esošais Obligāciju turētājs kopā tiek saukti par Ieguldītājiem vai Obligāciju turētājiem.

Obligāciju turētājiem ir aizliegts tālāk pārdot, nodot vai atdot Obligācijas jebkurai personai tādā veidā, kas uzskatāms par vērtspapīru publisku piedāvājumu.

Privāto ieguldītāju piedāvājuma nolūkā piedāvājumā varēs piedalīties tikai tādi potenciālie ieguldītāji, kuri rīkojumu iesniegšanas brīdī vai līdz rīkojumu iesniegšanas brīdim būs atvēruši vērtspapīru kontus pašu izvēlētās iestādēs, kuras ir licencētas sniegt šādus pakalpojumus Latvijas, Lietuvas vai Igaunijas teritorijā un ir Nasdaq Riga biedri vai kurām ir attiecīga vienošanās ar Nasdaq Riga biedru ("**Depozitārijs**").

Piedāvājuma vajadzībām Sabiedrība ir iecēlusi AS LHV Pank par pārdošanas aģentu ("Pārdošanas aģents"), kas darbojas kā Pārdošanas aģents saistībā ar Piedāvājumu Igaunijā. Pārdošanas aģents darbosies kā izplatītājs un piedāvās Obligācijas, tostarp palīdzēs Sabiedrībai sagatavot attiecīgos investoru un mārketinga materiālus un uzrunās investoru bāzi saistībā ar Obligācijām Igaunijā.

Piedāvājuma provizoriskais grafiks

Parakstīšanās perioda sākums:	2024. gada 2. septembris
Parakstīšanās perioda beigas:	2024. gada 16. septembris
Piedāvājuma rezultātu publicēšana:	Aptuveni 2024. gada 17. septembris
Piedāvājuma norēķins:	Aptuveni 2024. gada 20. septembris
Obligāciju tirdzniecības uzsākšana Nasdaq Riga Baltijas Obligāciju sarakstā:	Aptuveni 2024. gada 27. septembris

Ieguldītājiem, kuri vēlas parakstīties uz Obligācijām un tās iegādāties, ir jāiesniedz Obligāciju iegādes rīkojumi ("**Parakstīšanās rīkojumi**") jebkurā brīdī Parakstīšanās perioda laikā.

Parakstīšanās periods ir periods, kurā personas, kurām ir tiesības piedalīties Privāto ieguldītāju piedāvājumā, Privātajā izvietojumā un Apmaiņas piedāvājumā, var iesniegt Parakstīšanās rīkojumus (lūdzu, skatiet 5.2 sadaļu ("**Parakstīšanās periods**") par Obligācijām. Parakstīšanās periods sākas 10:00 2024. gada 2. septembrī (pēc Latvijas laika) un beidzas 14:00 2024. gada 16. septembrī (pēc Latvijas laika).

Visus izdevumus, kas saistīti ar Obligāciju iegādi un glabāšanu, sedz Obligāciju turētājs saskaņā ar tās kredītiestādes vai ieguldījumu pakalpojumu sniedzēja cenrādi, ar kura starpniecību Obligāciju turētājs iegādājas un tur Obligācijas. Sabiedrībai nav pienākuma kompensēt šādus Obligāciju turētāja izdevumus.

Iemesls, kādēļ šis prospekts tiek gatavots

Saistībā ar Piedāvājumu Sabiedrība paredz saņemt neto ieņēmumus (atskaitot maksu par juridiskajiem pakalpojumiem, maksu par finanšu konsultācijām un jebkuras citas saskaņotās izmaksas un izdevumus, kas saistīti ar Piedāvājumu un/vai pielaidi tirgum) līdz aptuveni 14,640,000 EUR.

Ienākumi tiks izmantoti šādiem mērķiem:

- nenodrošinātu obligāciju emisijas ar ISIN LV0000850055 refinansēšanai, kuras termiņš ir 2024. gada 25. septembris un kuras neatmaksātā summa ir 10 000 000 (desmit miljoni) EUR ("**Esošās obligācijas**"); un
- no Mintos Finance saņemto nodrošināto parādu refinansēšanai līdz 5 000 000 (pieci miljoni) EUR apmērā.

Kopējā ar Piedāvājumu saistīto izmaksu summa (kas galvenokārt ietver juridiskās izmaksas, maksu par finanšu konsultācijām un jebkuras citas saskaņotās izmaksas un izdevumus, kas saistīti ar Piedāvājumu un/vai pielaidi tirdzniecībai) tiek plānota aptuveni 360,000 EUR apmērā, kas tiks atskaitīta no Piedāvājuma ieņēmumiem pirms ieņēmumu izmantošanas, kā aprakstīts iepriekš.

Saskaņā ar Sabiedrības rīcībā esošo informāciju šā Prospekta datumā nepastāv nekādi faktiski vai potenciāli interešu konflikti starp jebkura Sabiedrības valdes vai padomes locekļa vai jebkuras Meitas sabiedrības valdes vai padomes locekļa pienākumiem un viņu privātajām vai komerciālajām interesēm.

1.4 Summary in Lithuanian (*Santrauka*)

1.4.1 Įvadas ir išpėjimai

Obligacijų pavadinimas ir tarptautinis vertybinių popierių identifikavimo numeris (ISIN)

Obligacijos yra Bendrovės („DelfinGroup“) išleisti skolos vertybiniai popieriai, kuriems suteiktas tarptautinis vertybinių popierių identifikavimo numeris (ISIN) LV0000803914 .

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

AS „DelfinGroup“ yra akcinė bendrovė (*akciju sabiedrība*) įsteigta Latvijoje ir registruota Latvijos Komerciniame registre, registracijos numeris 40103252854, registruotos buveinės adresas: Skanstes gatvė 50A, Ryga, LV-1013. Bendrovės interneto svetainės adresas yra <https://delfingroup.lv/>, el. pašto adresas – info@delfingroup.lv, tel. nr. +371 26189988. Jos juridinio asmens identifikatorius (LEI) – 2138002PKHUJIMVMYB13.

Prospektą tvirtinančios kompetentingos institucijos tapatybė ir kontaktiniai duomenys

Šį Prospektą, pagal reglamentą (ES) 2017/1129, patvirtino Latvijos bankas, kaip kompetentinga institucija, kurio adresas: Krišjāņa Valdemāra gatvė 2A, Ryga, LV-1050, Latvija, el. paštas: info@bank.lv, telefono numeris: +371 67022300.

Prospekto patvirtinimo data

Prospektas patvirtintas 2024 m. rugpjūčio 23 d.

Įspėjimai

Santrauka parengta pagal Reglamento (ES) 2017/1129 7 straipsnį ir turėtų būti traktuojama kaip Prospekto įvadas. Bet kokį sprendimą investuoti į vertybinius popierius investuotojas turėtų priimti išnagrinėjęs visą Prospektą. Investuotojas gali prarasti visą ar dalį investuoto kapitalo. Jei teisme pateikiamas ieškinys, susijęs su šiuo Prospekte pateikta informacija, pagal nacionalinę teisę iš investuotojo - ieškovo gali būti reikalaujama padengti Prospekto vertimo išlaidas prieš pradėdant teisminį procesą. Civilinė atsakomybė taikoma (numatyta) tik tiems asmenims, kurie pateikė Santrauką, įskaitant bet kokį jos vertimą, tačiau tik tais atvejais, kai Santrauka yra klaidinanti, netiksli ar nenuosekli, ją skaitant kartu su kitomis Prospekto dalimis, arba kai joje, ją skaitant kartu su kitomis Prospekto dalimis, nepateikiama pagrindinė informacija, padedanti investuotojams apsvarstyti, ar investuoti į vertybinius popierius.

1.4.2 Pagrindinė informacija apie Bendrovę

Kas yra vertybinių popierių emitentas?

BUVEINĖ, TEISINĖ FORMA, LEI, STEIGIMO JURISDIKCIJA IR VEIKLOS ŠALIS

Bendrovė yra įsteigta Latvijoje, adresu Skanstes gatvė 50A, Ryga, LV-1013, o jos LEI numeris yra 2138002PKHUJIMVMYB13. Bendrovė yra įsteigta ir registruota kaip akcinė bendrovė (*akciju sabiedrība*) Latvijos Komerciniame registre, registracijos numeris 40103252854.

PAGRINDINĖ VEIKLA

Grupė veikia naudodama tris pagrindinius prekės ženklus: „Banknote“, „VIZIA“ ir „Rīgas pilsētas lombards“ (Rygos miesto lombardas) bei aktyviai veikia trijose verslo srityse – vartojamųjų paskolų, lombardų ir mažmeninės prekybos naudotais daiktais.

Grupė teikia šias trijų rūšių paslaugas: (1) vartojimo paskolas, apimančias vartojimo kreditus, paskolų teikimą pardavimo vietose ir kredito linijos finansavimą (2) lombardo paskolas (3) mažmeninę prekybą naudotomis prekėmis. Pagal teikiamas paslaugas Grupė skirstoma į keturis veiklos segmentus:

- (1) **Vartojamųjų paskolų segmentas:** vartojamųjų paskolų teikimas klientams, skolų išieškojimo veikla ir skolų pardavimas nepriklausomoms skolų išieškojimo bendrovėms.
- (2) **Lombardo segmentas:** lombardo paskolų išdavimas, lombarde įkeistų daiktų pardavimas lombardo padaliniuose ir internetu.
- (3) **Mažmeninė naudotų prekių prekyba:** naudotų prekių, įsigytų iš klientų, pardavimas padaliniuose ir internetu.
- (4) **Kitos ūkinės veiklos segmentas:** paskolų teikimas nekilnojamojo turto plėtrai, bendrosios administracinės paslaugos Grupės bendrovėms, sandoriai su susijusiomis šalimis, mokėtini dividendai. Paskolos nekilnojamojamam turtui vystyti nebeišduodamos ir yra visiškai padengtos.

Bendrovės privalumai

Lyderystė rinkoje. Savo gyvavimo laikotarpiu Bendrovė nuosekliai augo visose pagrindinėse savo veiklos srityse. Tai įrodo sėkminga įmonės veikla, platus filialų tinklas bei veikla internetu, didelis darbuotojų skaičius ir klientų ratas, gausus produktų asortimentas ir įspūdingas darantis bei nuolat augantis pelnas per pastaruosius 15 veiklos metų.

Rinkos augimas. Grupė veikia difersifikuotoje geografinėje vietovėje, įskaitant visus Latvijos regionus, ir toliau auga Latvijos rinkoje. Siekdama dar labiau išplėsti savo rinką, 2023 m. pabaigoje Grupė pradėjo veiklą Lietuvoje per patronuojamąją įmonę „DelfinGroup LT“.

Dėmesys tvarumui. Valdyba įsitikinusi, kad tvarus verslo valdymas padės užtikrinti Bendrovės ilgaamžiškumą ir kaip įmanoma labiau padidinti ilgalaikę grąžą akcininkams. Bendrovė įgyvendino tvirtas vidaus valdymo politikas ir tvarkas, sudarytas vadovaujantis geriausiomis tarptautinėmis praktikomis, siekdama vykdyti ūkinę veiklą geriausiu būdu. Nuo 2021 m. Bendrovė pradėjo skelbti aplinkos, socialinę ir valdymo (angl. Environmental, Social and Governance, toliau – ESG) ataskaitą.

Skaitmeninė pažanga. Bendrovė didžiuojasi įgyvendinusi pažangias technologijas per produktų asortimentą bei vartotojams teikiamas paslaugas. Grupė suteikia prieigą prie beveik visų savo produktų ir paslaugų internetu bei toliau plečia turimą skaitmeninių produktų ir paslaugų asortimentą, siekdama pagerinti klientų patirtį.

Strategija

Bendrovės strategija siekiama: (1) Padidinti Grupės vertę; (2) Užtikrinti ilgalaikį pelningumą; (3) Išlaikyti nepriekaištingą reputaciją; (4) Skatinti finansinę visų visuomenės grupių įtrauktį.

Pagrindiniai akcininkai

Šio Prospekto išleidimo dieną šie akcininkai valdo daugiau kaip 5 % visų Bendrovės akcijų ir Bendrovė laiko juos savo pagrindiniais akcininkais:

Akcininko vardas, pavardė arba pavadinimas	Viso turimo akcinio kapitalo dalis procentais	Turimų akcijų skaičius	Galutinis Akcininko naudos gavėjas ir vienintelis akcininkas
AS ALPPES Capital	18.35%	8,325,594	Aigars Kesenfelds
SIA Curiosity Capital	4.86%	2,205,076	Linda Kesenfelde
SIA LK Investments	4.85%	2,200,000	Linda Kesenfelde
Linda Kesenfelde	0.37%	170,000	-
SIA EC finance	14.93%	6,775,560	Agris Evertovskis
SIA "AE Consulting"	8.21%	3,724,229	Agris Evertovskis
Agris Evertovskis	0.003%	1,250	-

Pagal Latvijos akcijų atpirkimo įstatymo 5(2)(1) str., akcininkai yra laikomi veikiančiais kartu, jei jie yra sutuoktiniai. Todėl pagal Latvijos akcijų atpirkimo įstatymą p. Linda Kesenfelde ir jos sutuoktinis p. Aigars Kesenfelds yra laikomi veikiančiais kartu. Bendrovė nežino apie jokių kitus akcininkus, kurie būtų laikomi veikiančiais kartu.

Prospekto sudarymo dieną Bendrovė neturi žinių apie tai, jog ji tiesiogiai ar netiesiogiai priklausytų ar būtų kontroliuojama kitų asmenų.

Prospekto sudarymo dieną Bendrovei nežinoma apie jokių faktus ar susitarimus, kurie galėtų turėti įtakos Bendrovės kontrolės pokyčiams.

Pagrindiniai valdantieji direktoriai

Išsami informacija apie Bendrovės pagrindinius valdančiuosius direktorius Prospekto paskelbimo dieną pateikiama toliau.

Pagrindinių valdančiųjų direktorių vardai ir pavardės	Pareigos	Paskyrimo data	Kadencijos pabaiga
Didzis Ādmīdiņš	Generalinis direktorius, valdybos pirmininkas	2021 m. sausio 19 d.	2026 m. sausio 18 d.
Aldis Umblejs	Vyriausiasis finansininkas, valdybos narys	2021 m. gruodžio 15 d.	2026 m. gruodžio 14 d.
Nauris Bloks	Vyriausiasis inovacijų vadovas, valdybos narys	2023 m. birželio 8 d.	2028 m. birželio 7 d.
Agris Evertovskis	Stebėtojų tarybos pirmininkas	2021 m. balandžio 13 d.	2026 m. balandžio 12 d.

Gatis Kokins	Stebėtojų tarybos pirmininko pavaduotojas	2021 m. balandžio 13 d.	2026 m. balandžio 12 d.
Mārtiņš Bičevskis	Stebėtojų tarybos narys	2021 m. balandžio 13 d.	2026 m. balandžio 12 d.
Jānis Pizičs	Stebėtojų tarybos narys	2021 m. balandžio 13 d.	2026 m. balandžio 12 d.

Teisės aktų nustatyta auditą atliekančių auditorių tapatybės

„KPMG Baltics SIA“, registracijos numeris 40003235171, registruotos buveinės adresas: Roberta Hirša gatvė 1, Ryga, LV-1045 yra Grupės teisės aktų nustatyta auditą atliekantis auditorius. Teisės aktų nustatyta auditą atliekančius auditorius renka visuotinis akcininkų susirinkimas.

Kokia yra pagrindinė Emitento finansinė informacija?

Grupės konsoliduotos audituotos finansinės ataskaitos už finansinius metus, pasibaigusius 2023 m. gruodžio 31 d. ir 2022 m. gruodžio 31 d., pridėtos prie Prospekto. Taip pat Grupės neaudituos tarpinės finansinės ataskaitos už 6 mėnesių laikotarpį, pasibaigusį 2023 m. birželio 30 d., ir Grupės neaudituos tarpinės finansinės ataskaitos už 6 mėnesių laikotarpį, pasibaigusį 2024 m. birželio 30 d., pridėtos prie Prospekto. Audituotos finansinės ataskaitos buvo paruoštos pagal Europos Sąjungos priimtus Tarptautinius finansinės atskaitomybės standartus (TFAS). Toliau pateiktose lentelėse pristatomi konsoliduoti finansiniai duomenys pagal Komisijos deleguotojo reglamento 2019/979/ES II priedą. Informacija yra pagrįsta arba kyla iš finansinių ataskaitų ir turi būti skaitoma kartu su finansinėmis ataskaitomis, įskaitant paaiškinimus, pateiktus finansinių ataskaitų pastabose.

Atrinkta pelno ir nuostolių bei kitų pajamų konsoliduota ataskaita, EUR'000

Elementas	Metai, pasibaigę gruodžio 31 d.(audituota)		Šešių mėnesių laikotarpis, pasibaigęs birželio 30 d. (neaudituota)	
	2022 m.	2023 m.	2023 m.	2024 m.
Bendrosios pajamos	35,776	50,423	23,303	29,098
Bendrasis pelnas	20,742	25,071	11,754	14,233
Veiklos pajamos	104	75	27	62
Veiklos išlaidos	(13,588)	(16,857)	(7,985)	(9,932)
Pelnas neatskaičius įmonių pelno mokesčio	7,258	8,290	3,797	4,363
Pelno mokestis*	(1,296)	(1,662)	(414)	(902)
Grynasis pelnas už ataskaitinį laikotarpį	5,961	6,628	3,382	3,461
Vienai akcijai tenkantis pelnas, EUR	0.132	0.146	0.075	0,076
Perskaičiuotas vienai akcijai tenkantis pelnas, EUR	0.132	0.146	0.075	0,076

*Atsižvelgiant į 2023 metų pabaigoje taikytus pajamų mokesčio pakeitimus bankams ir nebankinėms paskolų bendrovėms, 2023 metų ketvirtajame ketvirtyje buvo pripažinta 20% viso 2023 metų pelno avansinė įmoka. Dėl to pajamų mokesčio sąnaudos už pirmuosius šešis 2023 metų mėnesius buvo pripažintos tik dėl išmokėtų dividendų.

Atrinkta finansinės būklės konsoliduota ataskaita, EUR'000

Elementas	Metai, pasibaigę gruodžio 31 d.(audituota)		Šešių mėnesių laikotarpis, pasibaigęs birželio 30 d. (neaudituota)	
	2022 m.	2023 m.	2023 m.	2024 m.
Bendras ilgalaikis turtas	50,256	72,253	61,613	84,810

Bendras trumpalaikis turtas	26,902	32,808	29,801	32,571
Bendras turtas	77,158	105,061	91,415	117,381
Bendras kapitalas	18,106	21,322	19,917	22,972
Bendrieji ilgalaikiai kreditoriai	21,688	50,510	30,690	60,898
Bendrieji trumpalaikiai kreditoriai	37,364	33,228	40,807	33,510
Iš viso kreditorių	59,052	83,739	71,497	94,409
Grynoji skola	56,683	77,810	68,485	90,055
IŠ VISO NUOSAVO KAPITALO IR ĮSIPAREIGOJIMŲ	77,158	105,061	91,415	117,381

Atrinkta pinigų srautų konsoliduota ataskaita, EUR'000

<i>Elementas</i>	<i>Metai, pasibaigę gruodžio 31 d. (audituota)</i>		<i>Šešių mėnesių laikotarpis, pasibaigęs birželio 30 d. (neaudituota)</i>	
	<i>2022 m.</i>	<i>2023 m.</i>	<i>2023 m.</i>	<i>2024 m.</i>
Grynieji pinigų srautai iš / į ūkinės veiklos	(17,966)	(13,978)	(8,934)	(8,925)
Grynieji pinigų srautai iš / į investavimo veiklos	(704)	(1,726)	(584)	(780)
Grynieji pinigų srautai iš / į finansavimo veiklos	18,579	19,264	10,162	8,131
Grynieji pinigų srautai per ataskaitinį laikotarpį	(90)	3,560	644	(1,574)

Kokia pagrindinė rizika kyla Emitentui?

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

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

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

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

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

1.4.3 Pagrindinė informacija apie vertybinius popierius

Kokios yra pagrindinės vertybinių popierių savybės?

Tipas, klasė ir ISIN

Obligacijos yra ne nuosavybės (skolos) vertybiniai popieriai, kurių nominali vertė yra 100 EUR. Obligacijos yra nematerialios formos ir nėra numeruojamos. Obligacijos yra įregistruotos „Nasdaq CSD“ sistemoje nematerialia forma ir saugomos vertybinių popierių atsiskaitymo sistemoje pagal Latvijos įstatymus, suteikus ISIN LV0000803914. Investuotojai gali įsigyti Obligacijas kaip „Nasdaq CSD“ rinkos dalyviai, dalyvaudami Latvijos VPAS. Šiuo Siūlymu išleistų Obligacijų išleidimo data yra 2024 m. rugsėjo 20 d.

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

150,000 Obligacijų, kurių kiekvienos nominalioji vertė yra 100 EUR, išreikštų eurais, trukmė yra nuo 2024 m. rugsėjo 20 d. iki 2028 m. rugsėjo 25 d.

Su Obligacijomis susijusios teisės

Visos su Obligacijomis susijusios teisės yra aprašomos Obligacijų sąlygose ir nuostatose. Obligacijų turėtojų pagrindinės teisės, numatomos Obligacijų sąlygose ir nuostatose, apima teisę išpirkti Obligacijas ir teisę gauti Palūkanas.

Už Obligacijas bus mokama taikant 10 % metinę palūkanų normą. Palūkanos yra išmokamos iki atitinkamo mėnesio 25 d. iki Išpirkimo datos. Pirmoji Palūkanų išmokėjimo data bus 2024 m. spalio 25 d., o paskutinioji Palūkanų mokėjimo diena ir Išpirkimo diena bus – 2028 m. rugsėjo 25 d.

Obligacijų reitingas emitento kapitalo struktūroje nemokumo atveju

Obligacijos yra lygiavertės (*pari passu*) visiems kitiems Bendrovės neužtikrintiesiems įsipareigojimams, įskaitant Einamąsias obligacijas. Bendrovės nemokumo atveju Obligacijų turėtojai turės teisę atgauti savo investicijas tokiomis pačiomis sąlygomis, kaip ir kiti neužtikrintųjų įsipareigojimų kreditoriai (įskaitant Einamąsias obligacijas), priklausantys atitinkamai reikalavimų grupei pagal atitinkamus Taikytinus įstatymus. Išskyrus imperatyvias teisės aktų nuostatas, nėra jokių sutarčių ar kitų sandorių dokumentų, pagal kuriuos Obligacijų turėtojų reikalavimai būtų subordinuoti kitų neužtikrintų Grupės įsipareigojimų atžvilgiu.

Nevaržomo Obligacijų perleidimo ribojimai

Pagal Latvijos Respublikos įstatymus, Obligacijų perleidimui netaikomi jokie specialūs apribojimai.

Kur bus prekiaujama Obligacijomis?

Sėkmingo Siūlymo atveju Obligacijos bus parduodamos pagrindiniame „Nasdaq Riga“ Baltijos oficialiajame prekybos sąrašė. Paraiška prekybai Obligacijomis jokioje kitoje vertybinių popierių biržoje nebuvo ir nebus pateikta. Tikimasi, kad prekyba Obligacijomis, įtrauktomis į „Nasdaq Riga“ Baltijos oficialųjį prekybos sąrašą, prasidės / arba apytiksliai prasidės 2024 m. rugsėjo 27 d.

Kokia pagrindinė rizika būdinga vertybiniams popieriams?

Su likvidumu susijusi rizika. Nei Bendrovė, nei jokie kiti asmenys negali užtikrinti minimalaus Obligacijų likvidumo. Todėl potencialūs Investuotojai turi įvertinti tai, kad jiems gali nepavykti parduoti ar susidurti su sunkumais parduodant Obligacijas antrinėje rinkoje teisinga rinkos kaina arba apskritai parduodant Obligacijas.

Rizika, susijusi su išmokėjimu už Obligacijas. Suėjus Išpirkimo datai turės būti išmokėta visa Obligacijų pagrindinė suma ir susikaupusios bei išmokėtinos palūkanos. Bendrovė gali neturėti galimybės išmokėti arba refinansuoti šiuos įsipareigojimus. Jei Išpirkimo data sueis laiku, kai kiti įsipareigojimai draudžia Bendrovei gražinti Obligacijas, Bendrovė gali bandyti gauti tokių draudimų atsisakymą iš skolintojų ir Obligacijų turėtojų pagal tuos įsipareigojimus arba Bendrovė gali mėginti refinansuoti skolas, kurioms taikomi ribojimai. Jei Bendrovei nepavyksta gauti atsisakymų arba refinansuoti skolas, Bendrovė gali neturėti galimybės išpirkti Obligacijų.

Su subordinacija susijusi rizika. Obligacijos nėra užtikrintos. Obligacijos yra lygiavertės (*pari passu*) visiems kitiems Bendrovės neužtikrintiesiems įsipareigojimams. Jei Bendrovė taptų nemoki, Investuotojai turės teisę susigrąžinti savo investicijas tomis pačiomis sąlygomis, kaip ir kiti kreditoriai, priklausantys atitinkamai reikalavimų grupei pagal galiojančius įstatymus, po to, kai bus patenkinti visi užtikrintųjų Bendrovės kreditorių reikalavimai. Nėra jokių sutarčių ar kitų sandorių dokumentų, pagal kuriuos Investuotojų reikalavimai būtų subordinuoti kitų neužtikrintų Bendrovės įsipareigojimų atžvilgiu. Pradėjus Bendrovės likvidavimo, bankroto, atkūrimo ir pertvarkymo procesus visi reikalavimai dėl Obligacijų bus lygiaverčiai (*pari passu*) su visais kitais neužtikrintaisiais reikalavimais ir bus patenkinti tik patenkinus visus Bendrovės užtikrintuosius reikalavimus.

Rizika, susijusi su pasiūlymo atšaukimu ir išbraukimu iš sąrašo. Po Obligacijų registravimo Bendrovė pateiks prašymą prekiauti Obligacijomis „Nasdaq Riga“ Baltijos obligacijų sąrašė. Egzistuoja rizika, kad „Nasdaq Riga“ nesuteiks leidimo prekiauti Obligacijomis Baltijos obligacijų sąrašė ar pareikalaus išbraukti Obligacijas iš Baltijos obligacijų sąrašo prieš jų išpirkimo datą ir po to, kai buvo gautas leidimas prekiauti Obligacijomis, dėl pasikeitusių įstatymų, įskaitant „Nasdaq Riga“ reikalavimus. Bendrovė turi teisę keisti Obligacijų Pasirašymo laikotarpio pradžios ir pabaigos datas pagal šį Prospektą. Tokių Pasirašymo laikotarpio datų pakeitimas, atidėjimas ar Obligacijų Siūlymo atšaukimas gali turėti neigiamos įtakos potencialių Investuotojų investicijų planui.

Su kaina susijusi rizika. Obligacijų rinkos kainos pokyčiai priklauso nuo įvairių veiksnių, pavyzdžiui, palūkanų normų pokyčių, centrinio banko politikų, ekonominės plėtros ar Obligacijų paklausos. Nei Bendrovė, nei joks kitas asmuo neįsipareigoja palaikyti tam tikro Obligacijų kainų lygio. Todėl potencialiems Investuotojams kyla rizika, kad jų Obligacijų kaina kis nepalankiai, jei Obligacijos bus parduodamos iki galutinės išpirkimo datos. Jei potencialus Investuotojas nuspręs išlaikyti Obligacijas iki jų išpirkimo datos, Obligacijos bus išpirtos jų Nominalia verte.

Su ankstyvu išpirkimu susijusi rizika. Vadovaujantis šiuo Prospektu, Bendrovės iniciatyva Obligacijos gali būti išpirtos anksčiau laiko. Jei Bendrovė pasinaudoja teise iš anksto išpirkti Obligacijas, investicijų į Obligacijas grąža gali būti mažesnė nei tikėtasi, nes potencialus Investuotojas gali netekti galimybės pakartotinai investuoti pelną, gautą išpirkus Obligacijas, į panašius vertybinius popierius, kurių faktinė palūkanų norma būtų tokia pat aukšta, kaip ir išperkamų Obligacijų palūkanų norma. Bendrovės teisė į Obligacijų išpirkimą taip pat gali turėti neigiamą įtaką Investuotojo galimybei parduoti tokias Obligacijas.

Su mokesčiais susijusi rizika. Mokesčių dydis ir mokesčių mokėjimo tvarka, Obligacijų įsigijimo metu galiojanti mokesčių mokėtojams, ne Latvijos gyventojams mokesčių mokėtojams ir kitų jurisdikcijų gyventojams, gali pasikeisti. Bendrovė nekompensuos mokesčių padidėjimo potencialiems Investuotojams, todėl potencialūs Investuotojai gali gauti mažesnes išmokas už Obligacijas.

Su Obligacijų turėtojų sprendimais susijusi rizika. Obligacijų turėtojų daugumos sprendimai teisiškai įpareigoja visus Obligacijų turėtojus. Todėl Obligacijų turėtojui kyla rizika, kad jo pasiūlymas bus atmestas Obligacijų turėtojų daugumos sprendimu. Todėl tam tikros Obligacijų turėtojų teisės Bendrovės atžvilgiu gali pasikeisti, sumažėti ar būti atšauktos be jų sutikimo.

1.4.4 Pagrindinė informacija apie vertybinių popierių viešą siūlymą ar/ir įtraukimą į prekybos reguliuojamoje rinkoje sąrašą

Kokiomis sąlygomis ir terminais galiu investuoti į šiuos vertybinius popierius?

Obligacijų Siūlymas teikiamas (i) kaip viešas siūlymas (toliau – **Mažmeninis siūlymas**) mažmeniniams ir instituciniams investuotojams (kiekvienas atskirai – **Mažmeninis investuotojas**) Latvijoje, Lietuvoje ir Estijoje; (ii) kaip neviešas siūlymas (toliau – **Neviešas siūlymas**) instituciniams investuotojams (toliau – **Institucinis investuotojas**) tam tikrose EEE valstybėse narėse ir kitiems pasirinktiems investuotojams, remiantis tam tikromis išimtimis, kaip apibrėžia Prospekto reglamento 1 straipsnis (iii) viešu mainų siūlymu (toliau – **Mainų siūlymas**), adresuotu esamų Obligacijų turėtojams (toliau – **Esamas obligacijų turėtojas**) dėl Obligacijų mainų. Mažmeninis siūlymas, Neviešas siūlymas ir Mainų siūlymas kartu vadinami Siūlymu. Mažmeninis investuotojas, Institucinis investuotojas ir Esamas obligacijų turėtojas kartu vadinami Investuotojais arba Obligacijų turėtojais.

Obligacijų turėtojams draudžiama perparduoti, perduoti ar pristatyti Obligacijas bet kuriam asmeniui tokiu būdu, kuris būtų laikomas viešu vertybinių popierių siūlymu.

Mažmeninio siūlymo tikslais Siūlyme galės dalyvauti tik tie potencialūs investuotojai, kurie užsakymo pateikimo metu ar iki jo turėjo atidareg vertybinių popierių sąskaitas pasirinktose įstaigose, turinčiose licenciją teikti tokias paslaugas Latvijos, Lietuvos arba Estijos teritorijoje ir priklauso „Nasdaq Riga“ arba yra sudarę atitinkamus susitarimus su „Nasdaq Riga“ nariais (toliau – **Investicijų saugotojas**)

Siūlymo tikslais Bendrovė paskyrė „AS LHV Pank“ savo Pardavimo agentu (toliau – Pardavimo agentas), kad šis atliktų Pardavimo agento paslaugas, susijusias su Siūlymu Estijoje. Pardavimo agentas veiks kaip distributorius ir teiks Obligacijų siūlymus bei padės Bendrovei su atitinkamu investuotoju ir rinkodaros medžiaga bei padės pritraukti investuotojų į Obligacijas bazę Estijoje.

Orientacinis Pasiūlymo grafikas yra:

Pasirašymo laikotarpio pradžia:	2024 m. rugsėjo 2 d.
Pasirašymo laikotarpio pabaiga:	2024 m. rugsėjo 16 d.
Siūlymo rezultatų paskelbimas:	Apie 2024 m. rugsėjo 17 d.
Siūlymo apmokėjimas	Apie 2024 m. rugsėjo 20 d.
Prekybos Obligacijomis „Nasdaq Riga“ Baltijos obligacijų sąrašė pradžia:	Apie 2024 m. rugsėjo 27 d.

Investuotojai, norintys pasirašyti ir įsigyti Obligacijas, turi pateikti savo užsakymus įsigyti Obligacijas (toliau – **Pasirašymo užsakymai**) bet kuriuo Pasirašymo laikotarpio metu.

Pasirašymo laikotarpis yra laikas, per kurį asmenys, turintys teisę dalyvauti Mažmeniniame siūlyme, Neviešame siūlyme ar Mainų siūlyme, gali pateikti Pasirašymo užsakymus (žr. skiltį 5.2 (toliau – **Pasirašymo laikotarpis**) dėl Obligacijų. Pasirašymo laikotarpis prasideda 10:00 (Latvijos laiku) 2024 m. rugsėjo 2 d. ir baigiasi 14:00 (Latvijos laiku) 2024 m. rugsėjo 16 d.

Visos išlaidos, susijusios su Obligacijų įsigijimu ir jų nuosavybės teisių įgijimu, yra laikomos Obligacijų turėtojo atsakomybe bei yra nustatomos pagal kredito įstaigos arba investavimo paslaugų teikėjo, per kurį Obligacijų turėtojas įsigyja ir laiko Obligacijas, kainoraštį. Bendrovė neįsipareigoja kompensuoti jokių tokių išlaidų, kurias patiria Obligacijų turėtojas.

Kodėl rengiamas šis prospektas?

Teikdama šį Siūlymą Bendrovė tikisi gauti grynąsias pajamas (atskaičius mokesčius teisininkams, finansų konsultantams ir bet kokias kitas išlaidas ir sąnaudas, susijusias su Siūlymu ir (arba) leidimu prekiauti), siekiančias apytiksliai iki 14,640,000 EUR.

Pajamos bus naudojamos šiais tikslais:

- refinansuoti neužtikrintųjų obligacijų emisijos, kurios ISIN LV0000850055, išleidžiamos 2024 m. rugsėjo 25 d.; likutinė suma – 10 000 000 EUR (dešimt milijonų) (toliau – **Esamos Obligacijos**); ir
- refinansuoti užtikrintąją paskolą, gautą iš „Mintos Finance“, kurios suma siekia iki 5 000 000 EUR (penki milijonai).

Skaiciuojama, kad bendra su Siūlymu susijusių išlaidų suma (kurią daugiausiai sudaro mokesčiai teisininkams, finansų konsultantams ir bet kokios kitos išlaidos ir sąnaudos, susijusios su Siūlymu ir (arba) leidimu prekiauti) gali siekti iki 360,000 EUR, kurie bus išskaičiuoti iš Siūlymo pajamų prieš naudojant jas taip, kaip aprašyta pirmiau.

Bendrovės žiniomis šio Prospekto sudarymo dieną neegzistuoja jokie faktiniai ar galimi interesų konfliktai tarp bet kurio Bendrovės valdybos arba stebėtojų tarybos nario bei bet kokių patrunuojamųjų įmonių ar jų privačių arba komercinių interesų.

2 RISK FACTORS

The prospective investors are advised to carefully consider the risk factors and other information provided in this Prospectus. Investing in Notes involves certain risks including but not limited to the risks described herein. Risk factors, understood as sources of uncertainty, are inherent in any business activity. Thus, investment in Notes is open to various risks which may, independently or collectively, have an adverse effect on the Company's and Group's business operations, financial position, or business results and, thereby, the Company's and Group's ability to fulfil its obligations under the Notes as well as the market price and value of the Notes. As a result, investors could lose a part or all the value of their investments.

The risks and uncertainties described in this Section are not the only risks currently faced by the Company and the Group. In addition to the risks listed in this Section "Risk factors", the Company and the Group could be exposed to risks, of which the Company is not currently aware or which the Company considers immaterial at the moment, but which could affect the Company's business operations, financial position, or business results and, thereby, the Company's and Group's ability to fulfil its obligations under the Notes as well as the market price and value of the Notes. Accordingly, each prospective investor should thoroughly consider all the information in this Prospectus, including the risk factors described below.

The risk factors are presented in a limited number of categories, where each risk factor is placed in the most appropriate category based on the nature of the risk it represents. Within each category, the risk factors deemed most material for the Company and the Notes are set out first, considering their potential negative effect for the Company and the probability of their occurrence. This does not imply that the remaining risk factors are ranked based on their materiality or comprehensibility, nor based on the probability of their occurrence.

The potential magnitude of each risk towards the business of the Company and the Group has been categorised as "low" or "medium" or "high" in the opinion of the Management Board at the date of this Prospectus. Risk categories have been provided for ease of reference and cannot be understood separately from the description of each risk. The Company and the Group may face number of the risk factors described below simultaneously and some risks described below may be interdependent. While the risk factors below have been divided into categories, some risk factors could belong to more than one category and prospective investors should carefully consider all risk factors set out in this Section.

2.1 Risk factors relating to macroeconomic conditions

Risk of economic slowdown

The Group's performance and the growth of its business are correlated with the performance of the economies where its activities are carried in. Although the Group's business activities are performed in both Latvia and Lithuania, the Group is mainly affected by the economy of Latvia as the activities in Lithuania can be regarded as insignificant.

The Latvian economy could be adversely affected by various factors, such as political changes, changes in interest rates, social disturbances and other acts of violence, natural calamities, pandemics, and other factors. Regulatory changes introduced by the government or local governments could also adversely affect businesses and economic conditions in Latvia and Lithuania.

The Group conducts its business operations across all Latvian regions, thereby reducing the risk exposure to a local economic downturn or adverse effects of regulatory changes introduced by local governments. In addition, the Group, with its Subsidiary DelfinGroup LT, operates in Lithuania. As of the date of this Prospectus, it has opened 7 pawn shops in the capital, Vilnius. At the same time, additional risks (executional, operational, regulatory and currency exchange) are incurred by the Group.

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

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

The Group's performance may also be affected by financial difficulties encountered by certain Latvian financial institutions and investment platforms, as the commercial soundness of institutions within the Latvian financial system are interlinked through credit, trading, clearing, funding and other relationships. This risk, which is commonly referred to as "systemic risk", exposes the Group to a variety of risks faced

by entities operating in the Latvian financial system, including the risk of bank runs, which applies irrespective of the existence of a national deposit insurance programme.

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

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

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

Competition risk in the consumer lending segment

The Group competes with 23 licensed consumer lending companies¹ in Latvia, which, *inter alia*, provide consumer loan services. Therefore, the consumer lending market where the Group operates, is highly competitive. The market share of the Group in Latvia, considering the total size of its consumer loan portfolio in 2023 was 15,9% (14.5% in the year 2022 and 12% in the year 2021).² Interest rates charged by consumer loan providers vary significantly. The maximum permitted rates are set by the Latvian legislator. Because of this, the Company's strategy is to increase market share primarily through the breadth of its service offering, speed, quality and reliability in the provision of the scale of services, effective brand advertising, established reputation and continuous investment in new technology.

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

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

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

Competition risk in the pawn loan segment

The Company currently competes with 4 companies licensed to provide pawn loans to consumers³. In 2023, the market share of the Company in Latvia amounted to 53% (compared to 46% in the year 2021).⁴ Moreover, considering the fact that the Company plans to continue expanding its operations in the area of pawn loans, there may be a risk that the Company will attract additional scrutiny on the part of supervisory authorities as its market share in the pawn loan business will be considered significant. Consequently, additional compliance requirements stemming from the Latvian Competition Law could apply.

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

Risk related to unsuccessful development of products and services

The defining trends of consumer lending industry are rapid technological advancement, the emergence of new solutions and changing customer preferences. The Group's strategy is to remain at the forefront of the development of the industry. The process of developing new products and services and enhancing existing

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

² Based on the information provided in the Overview on Consumer (non-bank) Credit Market Activities in 2023 by the Consumer Rights Protection Centre. Available at: <https://www.ptac.gov.lv/lv/media/4356/download?attachment>.

³ Capital companies that have received a special permit (license) to provide consumer credit services (pawn loans). Available at: https://registri.ptac.gov.lv/registri/pateretaju-kreditesanas-pakalpojumu-sniedzaji?s=1&f%5Bdocument_ft-TypeOfLoan%5D=Kred%C4%ABts+pret+kustamas+lietas+%C4%B7%C4%ABlu.

⁴ Based on the information provided in the Overview of Consumer (non-bank) Credit Market Activities in 2023 by the Consumer Rights Protection Centre. Available at: <https://www.ptac.gov.lv/lv/media/4356/download?attachment>.

products and services is complex, costly and involves significant execution risks. Any failure by the Group to accurately anticipate the changing customer needs and emerging technological trends could significantly harm the Group's competitive positioning and results of operations. In order to remain competitive, the Group must anticipate and respond to these changes. In recent years, the Group has been increasingly leveraging new technologies to expand its product and service offering.

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

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

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

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

2.3 Risk factors related to the Group's business

Risk related to personnel and workforce

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

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

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

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

Lending concentration risk

The Group is subject to high sectoral and geographical concentration, since its operations are carried out mainly in Latvia. In the event of disruptions in the Latvian credit market or a deterioration in economic conditions in Latvia (or other macro-economic conditions, including higher interest rates), the high sectoral

and geographic concentration could cause the Group to experience a deterioration in its earnings and/or reduced business activity.

Expansion of business activities into the Lithuanian market may mitigate this risk, since economic conditions in Latvia would not impact the Lithuanian market directly and vice versa.

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

Reputational risk

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

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

Risk posed by providing consumer loan services

From the total amount of EUR 92,255 thousand issued loans by the Group in 2023, most loans are not secured by any collateral or security of any kind (*unsecured loans*). In 2023, the revenue generated by consumer loans constituted 70% of the Group's total revenue.

The Group uses debt service to income ratio to evaluate borrower's ability to repay a loan and an application scoring engine to assess credit risks. The Group uses reports from the State Revenue Service of Latvia, credit bureaus and other credit history databases to determine borrowers' income, current liabilities, current and past debts, and other financial information. The Group realizes that the accuracy of creditworthiness assessment may be affected by the quality of reports relied on in making the assessment. For example, in some cases the information contained in the reports may be incomplete due to records not being updated in a timely manner. Therefore, the efficiency of creditworthiness analyses carried out by the Group with respect to the potential and existing customers may be limited. As a result, some of the Group's customers in the consumer loans segment present a higher degree of credit loss risk compared to that of the borrowers in the Company's pawn loan segment, which is backed with collateral (*pawn loans*). The non-performing loan ratio at the end of 2023 was 1,6%.

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

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

Risk related to Force majeure

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

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

In the Company's assessment, the degree of risk related to the Force majeure is low.

Risk related to Geo-political tension

Increased geopolitical tension was noticeable in the Baltics towards the end of 2021 as Russia and Belarus conducted one of the largest military exercises since the 1980s and targeted the EU's neighbouring countries that criticized the 2020 presidential election in Belarus. Furthermore, geopolitical tensions between Russia and Belarus on the one side and NATO (*the North Atlantic Treaty Organization*) on the other side escalated during the first months of 2022. On 24 February 2022 Russia invaded Ukraine which has increased the safety risks in the region.

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

Risks posed by providing pawn loan services

Risk of inaccurate appraisal of pledged assets

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

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

In the Company's assessment, the degree of risk related to inaccurate appraisal of pledged assets is low.

Risk related to origin of the goods

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

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

Risk related to branch operations

Risk of fraud, theft, burglary and misappropriation

The Company's business involves cash and jewellery transactions that expose the Company to the risk of fraud by employees, customers or third parties, theft, burglary or unauthorised transactions by the Company's employees. Storage of cash, pre-owned goods and jewellery entails the risk of theft and the resulting deterioration in the reputation and business of the Company.

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

The Company is insured against the risk of burglary arising from its business, however, there have been instances when theft and burglary have taken place in the Company's branches. In 2023, the total value of stolen goods was EUR 3,116.98, from which EUR 2,965 have been recovered as of the date of this Prospectus. One criminal proceeding was initiated in 2023 to protect the Company's rights in relation to these cases.

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

In the Company's assessment, the degree of risk related to fraud, burglary and misappropriation is low.

Risk related to lease agreements

The Company operates most of its branches on leased premises. The Company leases around 7.6 thousand square metres of branch premises in Latvia – around 4 thousand square meters in Riga and around 3.6 thousand square meters across the regions. DelfinGroup LT leases around 300 square meters of branch premises in Vilnius. As of the date of this Prospectus the Company has entered into around 93 lease agreements with various third parties, which may be renewed from time to time. Any delay or failure to renew the lease agreements on terms and conditions favourable to the Company may force the Company

to move some of its branches to new premises. The Company may incur expenses in relation to such relocation, which may affect the results of operations of the Company. All lease agreements are not due to expire at the same time.

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

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

Risks related to the Group's technical operations

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

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

2.4 Risk factors relating to IT and intellectual property

Cybersecurity and IT-related risks

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

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

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

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

Risks related to third-party cloud systems

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

cloud, including sensitive information about the Group, its services, and customers. Any breach of security in the cloud system could lead, inter alia, to significant claims from customers and negatively affect the Group's reputation as a trusted service provider with secure and reliable software solutions and platforms.

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

Risks related to third-party service providers

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

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

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

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

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

Brand-related risks

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

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

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

Risks related to infringing third-party intellectual property rights

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

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

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

2.5 Risk factors relating to laws, regulations and compliance

Risks related to statutory licencing requirements

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

Taking the nature, gravity, duration and potential effects of the violation into consideration, the CRPC can, instead of revoking the Company's and/or the Group's licence, suspend the Company's and/or the Group's licence for a period of up to 6 months. A suspension may be combined with the imposition of monetary fines. The CRPC can impose monetary fines without suspending the licence. The imposition by the CRPC of material fines, penalties or warnings upon the Company and/or the Group would cause significant and potentially irreparable harm to the Group's reputation and, as a result, the Group's business, financial position and results of operations could suffer. The Group's operations are contingent upon the operating licences granted by the CRPC. If the licences are revoked or suspended, the Group will have to cease its consumer credit operations which, in turn, will produce a material adverse effect on the Group's business, financial condition and results of operations.

In 2023, 2022 and 2021 CRPC didn't impose any fines nor warnings to the Group and the Group is continuing to strictly follow licensing requirements and relevant legislation. In the Company's assessment, the degree of risk related to the Group's failure to comply with the statutory licencing requirements is medium.

Risks of regulatory requirements and regulatory changes

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

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

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

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

The failure by the Group to effectively manage these legal and regulatory risks can have a material adverse effect on the Group's business, financial condition and the results of its operations.

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

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

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

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

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

In the Company's assessment, the degree of risk related to the misinterpretation by the Group of any law or regulation issued by the CRPC is medium.

Risks related to EU General Data Protection Regulation

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

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

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

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

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

The Group takes all the measures necessary to reduce the probability of conducting business with customers involved in or allegedly involved in money laundering and terrorism and proliferation financing by adhering to all the legal requirements and implementing the "Know Your Customer" principles in its business operations. The internal control system of the Group is based on the "Know Your Customer" principles. Policies and procedures are in place covering AML and Sanctions as well as control measures are developed and implemented on the basis of international legal acts and legal acts of Latvia that regulate AML and Sanctions. The international standards and the best practice guidelines as well as Policy and Guidelines of the Finance Latvia Association in the area of AML and Sanctions are also followed. The Group has a scoring system that assigns an AML risk score to every client of the Group.

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

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

The Group safeguards itself from the risk of international sanctions. An automatic client due diligence procedure has been set up to check whether a client has not been included in any international sanction lists. Nevertheless, a risk exists that the automated solution the Group has implemented could malfunction. In such a case, the Group may incur a loss, be subjected to legal sanctions or its reputation may be damaged. This may have an adverse effect on the financial position and reputation of the Group.

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

Information disclosure risk

Company's shares are listed on Baltic Main List of Nasdaq Riga and a part of the Company's debt securities (bonds) are listed on the Nasdaq First North Bond List (please see Section "Material Agreements"). Nasdaq Riga and Nasdaq First North as well as Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (as amended) which applies to companies which shares are listed and trading on regulated market applies a range of information disclosure requirements that the Company must comply with on an ongoing basis. These requirements stipulate when the information should be publicly disclosed and how. In circumstances where the Company fails to comply with information disclosure requirements stipulated in statutory acts and Nasdaq's Guidelines, the Bank of Latvia (in Latvian – *Latvijas Banka*) or Nasdaq Riga may impose penalties for a violation of the applicable disclosure requirements. In exceptional instances, the Company may be required to de-list its securities. This exposes the Company to reputational risks, and the resulting costs may negatively impact the Company's financial standing.

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

2.6 Risk factors relating to financial matters

Risk related to borrower credit risk

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

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

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

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

As of the end of 2023, the total Net Loan Portfolio of consumer loans including accrued interest of the Group amounted to EUR 81.6 million. The Group reported EUR 10.7 million of credit losses for the year 2023. The degree to which credit risk may affect the Company can potentially increase. The increase in

credit risk profile of the loan portfolio, in turn, may adversely affect the credit quality of the Company's assets.

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

Funding and liquidity risk

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

Moreover, companies belonging to the Group have entered into several financing agreements and issued bonds (see Section 8.9 "Material Agreements") and have substantial indebtedness under the respective agreements and terms of notes of issued bonds. As of the date of this Prospectus, the Group complies with all the conditions of these financing agreements and terms of notes and there has been no material breach of these conditions in the past. Nevertheless, these agreements and terms of notes include certain restrictive covenants and early repayment clauses. Furthermore, as the Group is dependent on external creditors for receiving financing for its operations and future investments, there is a risk that the Group may be unable to raise additional funds if and when necessary.

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

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

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

Risks related to the debt collection process

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

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

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

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

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

Risks associated with related party transactions

The Company has entered into transactions with related parties. Transactions such as these typically carry a risk of adverse tax consequences. Any future transactions by the Company with related parties can involve conflicts of interest. Moreover, transactions with related parties can be subject to the imposition of additional taxes and other adverse effects may apply.

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

2.7 Risks relating to the Notes

Liquidity risk

Neither the Company nor any other individual guarantees the minimum liquidity of the Notes. Thus, the potential Investors should consider the fact that 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.

In light of these considerations, potential Investors are encouraged to conduct a comprehensive market analysis and assess the prevailing economic conditions that may impact the liquidity of the Notes. Furthermore, potential Investors should factor in the potential influence of external market forces, regulatory changes, or unforeseen economic events that could affect the secondary market for the Notes.

The Company considers liquidity risk as medium.

Notes repayment risk

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

In the Company's assessment, the degree of risk related to note repayment risk is low.

Subordination risk

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

According to reported audited financial statements as of 31 December 2023, the Group has outstanding secured liabilities to Mintos Finance in the amount of EUR 29,410,334 (EUR 27,277,960 on 30 June 2024).

Moreover, according to reported audited financial statements as of 31 December 2023, the Company has outstanding secured liabilities to Signet Bank AS in the total amount of EUR 2,345,000 (EUR 2,345,000 on 30 June 2024).

Furthermore, according to reported audited financial statements as of 31 December 2023, the Company has outstanding secured liabilities to MULTITUDE BANK P.L.C. in the amount of EUR 5,000,000 (EUR 11,000,000 on 30 June 2024). To explain, Company has a debt (revolving credit line) to MULTITUDE BANK P.L.C. in the maximum total available credit line amount of EUR 11,000,000. As of the date of this Prospectus, Company's utilised credit line (revolving credit) is EUR 11,000,000.

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

First group, ViziaFinance debt to SIA Mintos Finance No.20 is secured by a first rank commercial pledges over ViziaFinance assets (pledge No. 100197716) and claims (pledge No. 100197717) in the maximum total amount of secured claims of EUR 1,800,000.

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

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

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

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

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

In the event of liquidation, bankruptcy, recovery and resolution proceedings of the Company, all the claims arising from the Notes shall be ranked pari passu with all other unsecured claims and shall be satisfied only after all above listed secured claims against the Company are fully satisfied. As a result, in case the funds of the Company are not sufficient to satisfy all its obligations, the claims of the Noteholders arising from the Notes may be not satisfied in full.

The Company considers the subordination risk as medium.

Offering cancellation and delisting risk

After registration of the Notes the Company will request admission to trading of the Notes on the Baltic Bond List of Nasdaq Riga. There is a risk that Nasdaq Riga will not accept the Notes to be admitted to trading on the Baltic Bond List or order the Notes are delisted from the Baltic Bond List before maturity after admission to trading has taken place due to changes in Applicable Laws, including Nasdaq Riga regulations.

In addition, the Company is entitled to change the dates of the opening and closing of a Subscription Period of the Notes according to this Prospectus. The Company will apply its best effort to ensure that the Offer of the Notes under the Programme occurs as originally planned, however, the Company cannot guarantee that the potential Investor who has subscribed for the Notes will obtain the Notes to which he/she has subscribed for. Such changes in the dates of the Subscription Period, postponement or cancellation of the Offering of Notes may negatively affect the investment plan of potential Investor.

The Company considers offering cancellation and delisting risk as low.

Price risk

The development of market prices of the Notes depends on various factors, such as changes of interest rates, central bank policies, overall economic development, or demand for the Notes. Neither the Company, 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 the potential Investor decides to hold the Notes until maturity, the Notes will be redeemed at their Nominal Value.

The Company considers price risk as low.

Early redemption risk

According to this Prospectus, the Notes may be redeemed prematurely at the initiative of the Company. If the early redemption right is exercised by the Company, 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 Company's redemption right may also adversely impact the potential Investor's ability to sell such Notes.

The Company considers early redemption risk as low.

Tax risk

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

The Company considers tax risk as low.

Resolutions of Noteholders risk

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

The Company considers resolutions of the Noteholders risk as low.

3 INTRODUCTORY INFORMATION

3.1 Applicable Law

This Prospectus has been drawn up in accordance with Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC, as may be amended from time to time (the "**Prospectus Regulation**") and Regulation (EU) 2019/980 of 14 March 2019 supplementing the Prospectus Regulation as regards the format, content, scrutiny and approval of the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Commission Regulation (EC) No 809/2004, as may be amended from time to time (the "**Delegated Regulation**"), in particular with Schedule 6 and 14 thereof. Latvian law shall apply to this Prospectus and any disputes arising from this Prospectus shall be settled in Latvian courts, except for when, according to the Applicable Law, the jurisdiction cannot be agreed on.

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

3.2 Responsible Persons and Limitation of Liability

AS "DelfinGroup" (the "**Company**") is the person responsible for the information provided in this Prospectus. The Company and its Management Board accepts responsibility for the correctness and accuracy of the information contained in this Prospectus. Having taken all reasonable care, the Company believes that the information in this Prospectus is, to the best of the Company's knowledge, in conformity with the facts and excludes no information likely to affect the meaning of this Prospectus.

signed with a safe electronic signature

Chairman of the Management Board
Didzis Ādmīdiņš

signed with a safe electronic signature

Member of the Management Board
Aldis Umblejs

signed with a safe electronic signature

Member of the Management Board
Nauris Bloks

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

3.3 Presentation of Information

Approximation of numbers

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

Currencies

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

Date of financial information

The financial information presented in this Prospectus has been derived or taken from the audited consolidated financial statements of the Group pertaining to the two financial years which ended on 31 December 2023 and 31 December 2022 (the "**Audited Financial Statements**") prepared in accordance

with the Accounting Principles. The Audited Financial Statements have been audited by "KPMG Baltics SIA" and have been incorporated by a reference.

The financial information in this Prospectus for the 6-month period which ended on 30 June 2024 and 6-month period which ended on 30 June 2023 has been derived or taken from the unreviewed consolidated interim financial statements of the Group for the 6-month period which ended on 30 June 2024 and for the 6-month period which ended on 30 June 2023 (the "**Interim Financial Reports**") which have been prepared in accordance with the International Accounting Standards (IAS) 34 but have not been reviewed by external auditors (the Interim Financial Reports together with the Audited Financial Statements also referred to as the "**Financial Statements**").

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

Third-party information and market information

Certain information contained in this Prospectus have been obtained from third parties. Such information is accurately reproduced and, as far as the Company is aware and is able to ascertain from the information published by the third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. Certain information regarding the markets in which the Group operates is based on the best assessment made by the Management Board. Reliable information pertaining to the markets in which the Group operates is not always available or conclusive. While all reasonable measures have been taken to provide the best possible assessment of information about the relevant area of activity, such information may not be relied upon as final and conclusive. Prospective investors are encouraged to conduct their own analysis of the relevant areas of activity or employ a professional consultant.

Updates

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

Definitions of terms

In this Prospectus, terms with capitalised first letters have the meaning given to them in Section 13 "Glossary", unless the context evidently requires the contrary, whereas the singular shall include plural and vice versa. Other terms may be defined elsewhere in the Prospectus.

References to the Company's Website

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

3.4 Accounting Principles

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

3.5 Forward-Looking Statements

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

These forward-looking statements can be identified in the Prospectus by the use of words including, but not limited to, "strategy", "anticipate", "expect", "believe", "estimate", "will", "continue", "project", "intend", "targets", "goals", "plans", "should", "would" and other words and expressions of similar meaning,

or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. Forward-looking statements can also be identified in the way they do not directly relate to historical and current facts. They appear in a number of places throughout this Prospectus and include, but are not limited to, statements regarding the Group's or the Company's intentions, beliefs or current expectations concerning, among other things, the Group's results of operations, financial condition, liquidity, prospects, growth, strategies and the industry in which the Group operates.

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

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

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

3.6 Distribution of the Prospectus and Selling Restrictions

This Prospectus is prepared solely for the purposes of the Offering of the Notes and as well as for the listing and admission to trading of the Notes on the Baltic Bond List of Nasdaq Riga. No public offering of the Notes is conducted in any jurisdiction other than Latvia, Estonia, and Lithuania and, consequently, the dissemination of this Prospectus in other countries may be restricted or prohibited by law. This Prospectus may not be used for any other purpose than deciding on participating in the Offering or investing in the Notes. Copying, reproduction (other than for private and non-commercial use) or dissemination of this Prospectus without the express written consent of the Company is prohibited. The Company expects persons into whose possession this Prospectus comes to inform themselves of and observe all such restrictions. The Company does not accept any legal responsibility for any violation by any person, whether or not a prospective purchaser of the Notes is aware of such restrictions. In particular, this Prospectus may not be sent to any person in the United States, Australia, Canada, Japan, Hong Kong, Singapore, Russia, Belarus or any other jurisdiction in which it would not be permissible to deliver the Notes, and the Notes may not be offered, sold, resold, transferred or delivered, directly or indirectly, in or into any of these countries.

Furthermore, this Prospectus may not be addressed to any person who are Russian or Belarusian nationals or natural persons residing in Russia or Belarus or any legal persons, entities or bodies established in Russia or Belarus. The latter shall not apply to nationals of a Member State, of a country member of the EEA or of Switzerland, or to natural persons having a temporary or permanent residence permit in a Member State, in a country member of the EEA or in Switzerland within the meaning of Council Regulation (EU) No 833/2014 of 31 July 2014 (as amended), and nationals of a Member State or natural persons having a temporary or permanent residence permit in a Member State within the meaning of Council Regulation (EC) No 765/2006 of 18 May 2006 (as amended).

The Notes have not been, and will not be, registered under the U.S. Securities Act 1933 (as amended) (the "**Securities Act**"), or with any securities regulatory authority of any state of the United States. This Prospectus is not to be distributed to the United States or in any other jurisdiction where it would be unlawful. The Notes may not be offered, sold, pledged or otherwise transferred, directly or indirectly, within the United States or to, for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act (the "**Regulation S**"), except to a person who is not a U.S. Person (as defined in Regulation S) in an offshore transaction pursuant to Regulation S.

The Bank of Latvia (in Latvian – *Latvijas Banka*), as competent authority under the Prospectus Regulation, has approved this Prospectus and has notified the approval of the Prospectus to the competent authority in Lithuania (the Bank of Lithuania (in Lithuanian – *Lietuvos Bankas*)) and Estonia (the Estonian Financial Supervision Authority (in Estonian – *Finantsinspeksioon*)). However, in relation to each member state of the European Economic Area (the “**EEA**”) (except Latvia, Lithuania and Estonia), the Company represents that it has not made and will not make any public offer of Notes prior to that EEA member state’s authority receiving a certificate of approval of the Bank of Latvia (in Latvian – *Latvijas Banka*) attesting that the Prospectus has been drawn up in accordance with the Prospectus Regulation together with a copy of the Prospectus.

Accordingly, any person making or intending to make an offer within the EEA of Notes which are the subject of an offering contemplated by this Prospectus (other than the offer of Notes in Latvia, Lithuania and Estonia) may only do so in circumstances in which no obligation arises for the Company to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation, in each case, in relation to such offer.

IMPORTANT – EEA RETAIL INVESTORS: The Notes have a fixed rate of interest, and the redemption amount is fixed as described in the Prospectus. Accordingly, no key information document pursuant to Regulation (EU) No 1286/2014, as may be amended from time to time, has been prepared by the Company.

3.7 Approval of this Prospectus

This Prospectus has been approved by the decision of the Bank of Latvia (in Latvian – *Latvijas Banka*), dated 23 August 2024. The Bank of Latvia (in Latvian – *Latvijas Banka*) only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. The approval of this Prospectus should not be considered as an endorsement of the Notes. The prospective investors should make their own assessment as to the suitability of investing in the Notes.

3.8 References incorporated into this Prospectus

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

- 1) the Group’s audited consolidated annual report for the financial year ended 31 December 2023: <https://delfingroup.lv/storage/files/delfingroup-annual-statements-2023-en-en.pdf>;
- 2) the Group’s audited consolidate annual report for the financial year ended on 31 December 2022: <https://delfingroup.lv/storage/files/delfingroup-annual-statements-31122022-eng-with-auditors-report-en-en.pdf>;
- 3) the Group’s unaudited consolidated interim financial statements for the 6-month period which ended on 30 June 2024: <https://delfingroup.lv/storage/files/delfingroup-interim-report-30062024-en-en.pdf>;
- 4) the Group’s unaudited consolidated interim financial statements for the 6-month period which ended on 30 June 2023: <https://delfingroup.lv/storage/files/delfingroup-interim-report-30062023-en-en.pdf>;
- 5) the Company’s Articles of Association: <https://delfingroup.lv/storage/files/statuti-202406.pdf>.

The Audited Financial Statements have been audited or reviewed by an independent auditor “KPMG Baltics SIA” (please see Section 11.5 “The external auditor”). The Financial Statements incorporate by reference the information requested in accordance with the Delegated Regulation.

3.9 Documents on Display

This Prospectus and its Summaries in Latvian, Estonian and Lithuanian will be available in electronic form on the website of the Bank of Latvia (in Latvian – *Latvijas Banka*) (<https://www.bank.lv/>) and Nasdaq Riga website (www.nasdaqbaltic.com). In addition, the following documents can be accessed through the Company’s website (<https://www.delfingroup.lv/>) during the validity period of this Prospectus - this Prospectus (including its Summaries in Latvian, Estonian and Lithuanian).

Any interested party may download the above documents from the Company’s website free of charge or request the delivery of electronic copies of the documents from the Company or the Arranger.

4 TERMS AND CONDITIONS OF THE NOTES

4.1 Type, class and currency of the Notes

The total issue size is EUR 15,000,000 by issuing in total 150,000 Notes. The Notes are freely transferable notes denominated in euro with the nominal value of EUR 100 of one Note. The Notes represent debt obligation of the Company towards the Noteholder. The Notes will be issued in euro (EUR).

4.2 Form and Registration

The Notes are dematerialized debt securities in a bearer form and registered with Nasdaq CSD in a book-entry form with the securities settlement system governed by Latvian law. Nasdaq CSD, upon request of the Company, has assigned the following ISIN (International Security Identification Number) to the Notes: LV0000803914 . Investors may hold the Notes through Nasdaq CSD participants participating the Latvian SSS.

The Arranger regarding the Notes is Signet Bank AS, registration number 40003043232, address Antonijas iela 3, Riga, LV-1010, Latvia. The Sales agent is AS LHV Pank, registration number 10539549, address, Tartu mnt 2, Kesklinna linnaosa, Harju maakond, Tallinn, 10145, Estonia.

4.3 Status of the Notes

The Notes rank *pari passu* with other unsecured obligations of the Company, including the Existing Notes. In case of the insolvency of the Company, the Noteholders will be entitled to recover their investment on the same terms as other unsecured creditors (including Existing Notes) in the respective claims' group according to the relevant Applicable Laws. Save for mandatory provisions of law, there are no contracts or other transaction documents that would subordinate the claims of the Noteholders to other unsecured liabilities of the Group.

4.4 Ratings

The Company or the Notes have not been rated by any credit rating agencies.

4.5 Applicable Law and Dispute Resolution

The Notes shall be governed by the laws of Latvia.

Any disputes relating to or arising from the Notes will be settled solely by the courts of Latvia of competent jurisdiction. Claims arising from the Notes shall expire in accordance with the statutory terms of Latvian law.

4.6 Delivery and Transferability

The Company organises the registration of the Notes in the Nasdaq CSD and their deletion from Nasdaq CSD upon their redemption. Only persons who have securities accounts (whether directly or via a nominee structure) with Nasdaq CSD can subscribe for or purchase the Notes.

There are no restrictions on the transfer of the Notes as they are described in the applicable Latvian law. However, any Noteholder wishing to transfer the Notes must ensure that any offering related to such transfer would not be qualified as an offering requiring the publication of a prospectus in the meaning of the Applicable Law. Ensuring that any offering of the Notes does not require publication of a prospectus under the Applicable Law is the obligation and liability of the Noteholder.

The Notes can be transferred from one securities account to another by the registrar of Nasdaq CSD by way of debiting the first securities account and crediting the other securities account in the amount of the corresponding number of securities. Ownership of a Note is deemed to have changed in respect of the Company as from the moment a relevant entry is made in Nasdaq CSD, i.e., when a Note is transferred to the securities account of the respective Noteholder.

4.7 Rights and restrictions connected with the Notes issue

Any Noteholder has the right to receive Interest and Nominal amount payments in accordance with the Section 4.8 "Interest" and Section 4.11 "Maturity", as well as exercise other rights fixed in this Prospectus and Applicable Laws of Latvia.

The Company has the right to purchase the Notes on the secondary market directly from the Noteholders. The Notes that are purchased by the Company are held in Company's financial instruments' custody account and the Company has the right to sell the purchased Notes to potential Investors and other Noteholders. The Company cannot cancel the purchased Notes held in the Company's financial instruments' custody account, therefore decreasing the size of the Notes issue, with the exception of 10 Business Day period prior to the Maturity Date.

The Notes owned by the Company and/or its Related Parties are not eligible to participate in the voting in accordance with this Prospectus.

4.8 Interest

The Notes shall bear interest at a fixed interest rate of 10% per annum (the "Interest").

The Interest shall be paid by the 25th day of the respective month (the "Interest Payment Date") until the Maturity Date. The first Interest Payment Date will be 25 October 2024 and the last Interest Payment Date and Maturity Date will be 25 September 2028.

Interest shall accrue for each interest period from and including the first day of the interest period to (but excluding) the last day of the interest period on the principal amount of Notes outstanding. The first interest period commences on the Issue Date and ends on the first Interest Payment Date. Each consecutive interest period begins on the previous Interest Payment Date and ends on the following Interest Payment Date. The last interest period ends on the Maturity Date.

The amount of Interest on the first Interest Payment Date (25 October 2024) is determined according to the following formula:

$CPN1 = F * C * 35/360$, where
CPN1 – the amount of Interest payment in EUR per Note on first Interest Payment Date (25 October 2024)

F – Nominal amount of one Note

C – Interest (10%)

The amount of Interest on for the Interest Payment Dates after the first Interest Payment Date is determined according to the following formula:

$CPN = F * C/12$, where

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

F – Nominal amount of one Note

C – Interest (10%)

The first Interest starts to accrue on the Issue Date. The accrued Interest is calculated presuming that there are 360 days in one year (day count convention – "European 30/360"). Accrued interest between Interest payment dates shall be calculated as follows:

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

AI – accrued interest of one Note;

F – Nominal amount of one Note;

C – Interest (10%);

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

Interest on the Notes shall be paid through the Nasdaq CSD in accordance with the applicable rules of the Nasdaq CSD. The Noteholders list eligible to receive the Interest on the Notes will be fixed at the end of the 5th (fifth) Business Day immediately preceding the Interest Payment Date.

Should any Interest Payment Date fall on a date which is not a Business Day, the payment date of the Interest due will be postponed to the next Business Day. The postponement of the payment date shall not have an impact on the amount payable.

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

4.9 Early redemption at the option of the Company (call option)

The Company shall be entitled to full early redemption (call option) starting:

- (a) one year after the Issue Date (20 September 2025) by paying 102% (one hundred and two per cent) of the Nominal amount plus accrued and unpaid Interest;
- (b) three years after the Issue Date (20 September 2026) by paying 101% (one hundred and one per cent) of the Nominal amount plus accrued and unpaid Interest;
- (c) from the last six months before the Maturity Date by paying 100% (one hundred per cent) of the Nominal amount plus accrued and unpaid Interest.

The Company can carry out call option only in full amount of total outstanding Notes. The Company can exercise the early redemption (call option) of the Notes only on the Interest Payment Date.

If the Company takes a decision on early redemption of the Notes, the Company shall notify the Noteholders at least 20 (twenty) Business Days prior to the redemption date of the Notes by publishing information on the website www.delfingroup.lv and Nasdaq Riga information system.

If the Company redeems the Notes, the Company will pay the redemption amount payment in accordance with Nasdaq CSD intermediary and applicable Nasdaq CSD regulations. The Nasdaq CSD regulations applicable on the day of preparation of this Prospectus 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.

4.10 Early redemption at the option of Investors (put option)

If a Change of Control (except if a change of control takes place between the Major Shareholders of the Issuer) event occurs (a "**Change of Control Put Event**"), each Investor will have the option (a "**Change of Control Put Option**") to require the Company to redeem or, at the Company's option, purchase (or procure the purchase of) all or part of its holding of Notes on the Change of Control Put Date (as defined below) at a price equal to 101% (one hundred and one per cent) of Nominal amount together with interest accrued to (but excluding) the Change of Control Put Date.

Promptly upon the Company becoming aware a Change of Control Put Event has occurred, the Company shall publish a notice (a "**Change of Control Put Notice**") to the Investor via the Company's website and via the Nasdaq Riga website specifying the nature of the Change of Control Put Event and the procedure for exercising the Change of Control Put Option indicating the date of exercise of the Change of Control Put Option which is at least 40 (forty) Business Days after publication of Change of Control Put Notice (a "**Change of Control Put Date**"), and a period of at least 20 (twenty) Business Days after publication of Change of Control Put Notice for the Investors to submit their Change of Control Put Exercise Notice (as defined below).

To exercise the Change of Control Put Option, the Investor must submit to the Company a duly signed and completed notice of exercise in the form provided by the Company within the Change of Control Put Period (a "**Change of Control Put Exercise Notice**"). No option so exercised may be withdrawn without the prior consent of the Issuer.

The Company shall redeem or purchase (or procure the purchase of) the relevant Notes on the Change of Control Put Date unless previously redeemed (or purchased and cancelled) in accordance with the Nasdaq CSD intermediary and applicable Nasdaq CSD regulations.

A Change of Control Put Exercise Notice, once given, shall be irrevocable without the prior consent of the Company.

4.11 Maturity

The Notes shall be repaid in full at their Nominal amount on 25 September 2028 (the "**Maturity Date**"), or on the early redemption date.

The Company will pay the Nominal amount in accordance with Nasdaq CSD intermediary and applicable Nasdaq CSD regulations. The Nasdaq CSD regulations applicable on the day of preparation of the Prospectus are Nasdaq CSD Rulebook and Corporate Action Service Description. The Nominal amount will be paid on the Maturity Date. The list of the Noteholders eligible to receive the Nominal amount will be fixed at the end of the previous Business Day before Maturity Date.

If the Company has failed to make Nominal amount payment in accordance with the deadlines specified in the Prospectus, the Noteholders shall have the right to submit claims regarding the repayment of the Nominal amount not earlier than after 5 (ten) Business Days following the Maturity Date.

4.12 Representations and warranties of the Company

The Company represents and warrants to the Noteholders that at the Issue Date and for as long as any Notes are outstanding:

- (a) the Company is a duly registered joint stock company (in Latvian – *akciju sabiedrība*) operating in compliance with the laws of Latvia;
- (b) all the Company's obligations assumed under this Prospectus are valid and legally binding to the Company and performance of these obligations is not contrary to the Company's Articles of Association, laws or any agreement concluded by the Company;
- (c) the Company has all the rights and sufficient authorisations to issue the Notes, and fulfil obligations arising from issuing the Notes, and the Company has performed all the formalities required for issuing the Notes;
- (d) all information that is provided by the Company to the Noteholders is true, accurate, complete and correct as of the date of presenting the respective information and is not misleading in any material respect;
- (e) the Company is solvent, able to pay its debts as they fall due, there are no liquidation, compulsory execution, reorganization (except for any sale, disposal, merger, demerger, amalgamation, reorganization or restructuring between the Subsidiaries within the Group), or bankruptcy proceedings pending or initiated against the Company;
- (f) there are no court or arbitration proceedings pending or initiated against the Company where an unfavourable decision would, according to reasonable assessment of the Company, have a material adverse impact on the economic condition of the Company.

4.13 Financial covenants

From the Issue Date of the Notes as long as any Note is outstanding, the Company and its Subsidiaries shall undertake the following covenants:

- (a) to maintain a Capitalization Ratio of at least 20% (twenty per cent);
- (b) to maintain consolidated Interest Coverage Ratio (calculated on the trailing 12 (twelve) months (TTM) basis) of at least 1.5x (one point five times);
- (c) to maintain Net Loan Portfolio, plus Cash and Cash Equivalents, net of value of outstanding Mintos Debt Security and Bank Debt Security I, at least 1.2x (one point two times) the outstanding principal amount of all unsecured interest-bearing debts* excluding Subordinated Debt of the Company on consolidated basis (formula: $(\text{Net Loan Portfolio} + \text{Cash and Cash Equivalents} - \text{Mintos Debt Security} - \text{Bank Debt Security I}) / (\text{all unsecured interest-bearing debt}^* - \text{Subordinated Debt}) \geq 1.2x$).

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

4.14 General covenants

From the Issue Date of the Notes and as long as any Note is outstanding, the Company and its Subsidiaries shall undertake the following:

- (a) not to start any business activity that is outside the scope of the Permitted Business, except if revenue from such business activity shall not exceed 10% (ten per cent) of the total consolidated revenue of the Group;
- (b) not to commence reorganization or liquidation of the Company and/or reduce the share capital of the Company, except for reorganization within the existing Group structure;
- (c) not to commence reorganization or liquidation of Subsidiaries, except if reorganization or liquidation of the Subsidiary is necessary for the reasons of consolidated operations under the Company or any other Group entity and except for reorganization and establishment of a new subsidiary for the purpose of separation of the Group's business sectors;
- (d) to comply with all Applicable Laws, regulations and requirements that apply and/or may apply in the future in order to maintain and obtain the licenses and permits required for the operations of the Company and its Subsidiaries;

- (e) not to sell, present, change, rent, invest, or otherwise transfer into utilisation the right to use the trademarks of the Company and/or its Subsidiaries;
- (f) not to obtain participation in other companies by investing funds, except if over 51% (fifty-one per cent) participation in this company shall be acquired by making an investment and the Company and its Subsidiaries retains full control of a company;
- (g) not to sell or otherwise dispose of shares in any Material Subsidiary or any of the assets or operations of a Material Subsidiary to parties who are not Subsidiaries of the Group;
- (h) not to lend (in the form of loans or otherwise) to the Shareholders or Related Parties (other than loans within the Group), except for a Fair Market Value and in total amount up to 10% of the Consolidated Net Worth;
- (i) not to borrow (in form of loans or otherwise) from the Shareholders or Related Parties (other than borrowings within the Group), except for a Fair Market Value and such obligations shall be expressly subordinated in right of payment to the Notes and Existing Unsecured Notes;
- (j) not to create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable, contingently or otherwise, with respect to any Financial Indebtedness, however, if a Financial Indebtedness is to be incurred such Financial Indebtedness shall rank *pari passu* with the Notes or is unsecured or is subordinated to the Notes and the Existing Unsecured Notes. The foregoing shall not prohibit the incurrence of Permitted Debt;
- (k) any transactions with Related Parties shall be at Fair Market Value;
- (l) to prepare and publish consolidated unaudited quarterly reports within 2 (two) months after the reporting period;
- (m) to publish consolidated condensed unaudited semi-annual report as per Accounting Principles within 2 (two) months after the reporting period;
- (n) to publish audited consolidated annual report as per Accounting Principles within 4 (four) months after the reporting period.

4.15 Negative pledge

So long as any Note remains outstanding, the Company shall not, and shall procure that none of its Material Subsidiaries shall not create or allow to subsist, retain, provide, prolong or renew any security of any kind (including any mortgage, lien, pledge, charge, security interest or encumbrance) ("**Security**") over any of their assets (present or future) to secure any Financial Indebtedness, other than any Permitted Security.

4.16 Covenant cure

The Company and Shareholders may cure or prevent a breach of the financial covenants in Section 4.13(a) (and any Event of Default arising a result therefrom) if, prior to or within 90 (ninety) calendar days of the earlier of (i) the date on which the relevant Financial Report is to be published pursuant to this Prospectus; and (ii) the date that such Financial Report was in fact published pursuant to this Prospectus for any Relevant Period in which such failure to comply was (or would have been) first evidenced ("**Breach Period**"), the Group received the cash proceeds from new shareholder injections from the shareholders of the Group (the "**Equity Cure**"), in an amount at least sufficient to ensure the financial covenants set forth under Section 4.13 (a) would be complied with if tested again as at the last date of the Breach Period.

- (a) Any new equity and/or Subordinated Debt provided in respect of such Breach Period shall be deemed to have been provided during the Breach Period (without double counting) in all relevant covenant calculations until the date it was deemed provided falls outside any subsequent Relevant Period.
- (b) If after the adjustment the requirement of the relevant financial covenant is met, then the requirement thereof shall be deemed to have been satisfied as at the relevant original date of determination of any default, Event of Default, occasioned thereby shall be deemed the have been remedied for the purposes of the Prospectus.

4.17 Events of Default

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

If an event of default occurs and the Company is unable to redeem or purchase the Notes immediately, the Company is obliged to engage an authorized person ("**Agent**") to organise an Investor written notification

in accordance with this clause within a maximum of 20 (twenty) Business Days after the event of default has occurred. Each of the following events shall constitute an event of default (an "**Event of Default**"):

- (a) **Non-Payment:** The Company fails to pay out any amount payable by it under this Prospectus when such an amount is due for payment, unless its failure to pay is caused by an administrative or technical error in payment systems or the Nasdaq CSD and payment is made within 5 (five) Business Days following the original due date. The Investor shall have the right to submit claim regarding a failure to pay an amount due not earlier than 5 (five) Business Days following the date of the relevant payment.
- (b) **Breach of Covenants:** The Company has violated the conditions of Section 4.13 "Financial covenants" and fails to remedy such a violation according to Section 4.16 "Covenant cure", or the Company does not perform or comply with any one or more of its other obligations set out in Section 4.14 "General covenants", or Section 4.15 "Negative pledge", and the Company fails to remedy such a breach within 30 (thirty) calendar days from the date of the breach, unless such default is incapable of being remedied.
- (c) **Cross Default:** If for the Company or any Material Subsidiary:
 - i. any Financial Indebtedness is neither paid when due nor within any applicable grace period;
 - ii. any Financial Indebtedness is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default (however described); or
 - iii. any commitment for any Financial Indebtedness is cancelled or suspended by a creditor as a result of an event of default (however described); or
 - iv. any creditor becomes entitled to declare any Financial Indebtedness over any asset is enforced by secured creditor;
 - v. any security that is subject to public registration securing Financial Indebtedness over any asset is enforced by secured creditor;
 - vi. any tax debts to State Revenue Service of Latvia or a state fee for the issuance of permission or licence payment debt to supervising state authorities are neither paid due nor within any applicable grace period.

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

- (d) **Insolvency:** The Company or any Material Subsidiary is considered insolvent if:
 - i. The Company or its Material Subsidiary is declared insolvent or bankrupt by a court of competent jurisdictions or admits inability to pay its debts in case of lawful claims save for claims by Related Parties or claims within Group; or
 - ii. an application to initiate insolvency or legal protection proceedings or similar proceedings of the Company or any Material Subsidiary or any other proceedings for the settlement of the debt of the Company is submitted to the court by the Company or the Material Subsidiary, unless such application is challenged in court.

4.18 Force Majeure and Limitations of Liability

The Company shall be entitled to postpone the fulfilment of its obligations under this Prospectus in the event 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, blockade, revolution, coup, insurrection, mass unrest, introduction of curfews, quarantine established by the Cabinet of Ministers, 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 Company and that materially affect the operations of the Company;
- (c) any interruption of or delay in any functions of measures of the Company as a result of a fire, extreme weather or other similar disaster;
- (d) any industrial action, such as a strike, lockout, boycott or blockade affecting materially the activities of the Company; or
- (e) any other similar force majeure hindrance

In case of occurrence of a Force Majeure Event, the Company's fulfilment of the obligations may be postponed for the period of the existence of such respective circumstances and shall be resumed immediately after such circumstances cease to exist, provided the Company 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.

4.19 Notices

For so long as the Notes are not admitted to trading on Nasdaq Riga, all notices and reports to the Noteholders shall be published on the website of the Company (<https://delfingroup.lv/>). Any notice or report published in such manner shall be deemed to have been received on the same Business Day when it is published.

As of the day when the Notes are admitted to trading on Nasdaq Riga, all notices and reports to the Noteholders shall be published on Nasdaq Riga information system, as well as on the website of the Company (<https://delfingroup.lv/>). Any notice or report published in such manner shall be deemed to have been received on the same Business Day when it is published.

4.20 Representation of the Noteholders

Rights of the Noteholders to establish and/or authorize an organization/person to represent interests of all or part of the Noteholders are not set forth, but on the other hand these are not restricted. The Noteholders should cover all costs/fees of such representative(s) by themselves.

4.21 Noteholders' meetings and decisions

General provisions

- 4.21.1** The decisions of the Noteholders (including decisions on amendments of this Prospectus and these General Terms and Conditions) shall be passed at the Noteholders' Meeting or in Procedure in Writing at the choice of the Company. However, the Company 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.
- 4.21.2** The Company shall have a right to convene the Noteholders' Meeting or instigate a Procedure in Writing at any time and shall do so following a written request from Noteholders who, on the day of the request, represent not less than one-tenth of the principal amount of the Notes outstanding (excluding the Company and the Related Parties).
- 4.21.3** The Company may refrain from convening the Noteholders' Meeting or instigate the Procedure in Writing if (i) the suggested decision does not fall under the competence of the Noteholders, or (ii) the suggested decision is not in accordance with the Applicable Laws.
- 4.21.4** In case convening of the Noteholders' Meeting or instigation of the Procedure in Writing is requested to the Company by Noteholders, the Company shall be obliged to convene the Noteholders' Meeting or instigate the Procedure in Writing within 1 (one) month after receipt if the Noteholders' written request.
- 4.21.5** All expenses in relation to the convening and holding the Noteholders' Meeting or a Procedure in Writing shall be covered by the Company.
- 4.21.6** Only those investors who are appearing in Nasdaq CSD as the Noteholders by the end of the 5th (fifth) Business Day prior to convening the Noteholders' Meeting and only those who were appearing in Nasdaq CSD as Noteholders by the end of the 5th (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.
- 4.21.7** Without amending or varying this Prospectus, the Company may prescribe such further regulations regarding the convening and holding of the Noteholders' Meeting or the Procedure in Writing as the Company 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.
- 4.21.8** If the adopted decision of the Noteholders refers to specifications of the Notes and/or Interest calculation method, as well as the procedure of Interest payments and/or repayment of the Nominal amount, the Company shall inform Nasdaq CSD on these changes according to the regulation determined in the Nasdaq CSD rules.

Noteholders' Decisions

- 4.21.9** A Noteholders' Meeting or a Procedure in Writing may make decisions that are binding on the Noteholders on a matter relating to this Prospectus. Consent of the Majority Noteholders is required to adopt any decision, however, in a case where the Majority Noteholders have not participated in the decision-making or a Procedure in Writing consent of a simple majority of all Noteholders present shall be deemed as binding and the Company shall convene the second Noteholders' Meeting within next 10 (ten) Business Days after the initial Noteholders' Meeting has taken place.
- 4.21.10** Notes held by the Company, its direct or indirect shareholders and the Related Parties will not carry the right to vote at the Noteholders' Meetings and will not be considered in determining how many Notes are outstanding for the purposes of the present Section.
- 4.21.11** 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.
- 4.21.12** A matter decided at the Noteholders' Meeting or the Procedure in Writing is binding on all Noteholders of the outstanding Notes, 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 and Latvian on the Company's website <https://delfingroup.lv/> and the Nasdaq Riga information system (any such notice shall be deemed to have been received by the Noteholders when sent or published in the manner specified in this Section), 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.
- 4.21.13** Information about decisions taken at the Noteholders' Meeting or the Procedure in Writing shall be provided to the Noteholders in English and Latvian on the Company's website <https://delfingroup.lv/> and the Nasdaq Riga information system (any such notice shall be deemed to have been received by the Noteholders when sent or published in the manner specified in this Section).
- 4.21.14** Content of the Majority Noteholders of the aggregate principal amount of the Notes outstanding under this Prospectus is required to: (1) amend the Prospectus; and (2) decide on any other matter.

Procedure in Writing

- 4.21.15** The Company may apply for a consent itself or through the intermediary of an authorised person (the "**Agent**").
- 4.21.16** 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 Noteholders in English and Latvian on the Company's website <https://delfingroup.lv/> and the Nasdaq Riga information system (any such notice shall be deemed to have been received by Noteholders when sent or published in the manner specified in this Section). Communication to the Noteholders shall include:
- (i) each request for a decision by the Noteholders;
 - (ii) a description of the reasons for each request;
 - (iii) 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;
 - (iv) 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;
 - (v) instructions how to execute and submit a form for replying to the request;
 - (vi) 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 to this Section) and a manner of a reply.
- 4.21.17** 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.
- 4.21.18** If the Noteholder does not notify the Company or the Agent about its decision on the respective matter submitted for approval within the term specified in the application, a Noteholder shall be deemed as not having voted the respective decision.
- 4.21.19** The Company or the Agent shall count the received votes in Procedure in Writing and notify the Noteholders of the results of the voting within 1 (one) Business Day after the deadline for submitting

the voting forms by publishing a relevant announcement on the Company's webpage and on the Nasdaq Riga information system.

- 4.21.20** The Noteholders shall submit signed voting forms to the Company, the Agent or their respective custodian bank by a deadline set in the application of the consent (waiver). The consent (waiver) is deemed to be granted, if the Majority Noteholders (excluding the Notes owned by the Company, direct and indirect shareholders and Related Parties) have voted for granting the consent (waiver).

Noteholders' Meeting

- 4.21.21** 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 Noteholders in English and Latvian on the Company's website and the Nasdaq Riga information system (any such notice shall be deemed to have been received by Noteholders when sent or published in the manner specified in this Section) 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 Noteholders that will attend the meeting. No matters other than those referred to in the notice may be resolved at the Noteholders' Meeting.
- 4.21.22** The Noteholders' Meeting shall be held in Riga, Latvia, and its chairperson shall be appointed by the Noteholders' Meeting based on the proposal from the Company. The Noteholders' Meeting shall be organised by the chairperson of the Noteholders' Meeting.
- 4.21.23** The Noteholders' Meeting shall be held in English. Representatives of the Company and persons authorised to act for the Company may attend and speak at the Noteholders' Meeting.
- 4.21.24** 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 be sent to it by the Company.

5 TERMS AND CONDITIONS OF THE OFFERING

5.1 General Structure of the Offering of Notes

The Offering of Notes consists of (i) a public offering (the "**Retail Offering**") of the Notes to retail investors and institutional investors (each a "**Retail Investor**") in Latvia, Lithuania, Estonia; (ii) private placement ("**Private Placement**") of the Notes to institutional investors ("**Institutional Investor**") in certain member states of the EEA and to other selected Investors in each case pursuant to an exemption under Article 1 of the Prospectus Regulation; and (iii) a public exchange offer ("**Exchange Offering**") addressed to the holders of the Existing Notes ("**Existing Noteholder**") in relation to their exchange with the Notes as further described below. The Retail Offering, the Private Placement and the Exchange Offering together are referred to as the Offering. The Retail Investor, the Institutional Investor and the Existing Noteholder together are referred to as Investors or Noteholders.

The Noteholders shall be prohibited to resell, transfer or deliver the Notes to any person in a manner that would constitute a public offer of securities.

For the purposes of the Retail Offering, only such prospective investors will be eligible to participate in the offering who at or by the time of placing their orders have opened securities accounts with entities of their choice, which are licensed to provide such services within the territory of Latvia, of Lithuania or of Estonia and are members of Nasdaq Riga or have relevant arrangements with a member of Nasdaq Riga ("**Custodian**").

For the purposes of the Offering, the Company has appointed AS LHV Pank as sales agent ("**Sales Agent**") to act as a Sales Agent in relation to the Offering in Estonia. The Sales Agent will act as a distributor and offer the Notes, including assist the Company with the relevant investor and marketing materials and approach the investor base concerning the Notes in Estonia.

Table 5.1.1

The indicative timetable of the Offering

Start of the Subscription Period:	2 September 2024
End of the Subscription Period:	16 September 2024
Publication of the results of the Offering:	On or about 17 September 2024
Settlement of the Offering:	On or about 20 September 2024
Commencement of trading of the Notes on the Baltic Bond List of Nasdaq Riga:	On or about 27 September 2024

5.2 Subscription Period

The Subscription Period is the period during which the persons who have the right to participate in the Retail Offering, Private Placement and Exchange Offering may submit Subscription Orders for the Notes. The Subscription Period commences at 10:00 (Latvian time) on 2 September 2024 and terminates at 14:00 (Latvian time) on 16 September 2024.

5.3 Subscription for the Notes

The Investors wishing to subscribe for and purchase the Notes shall submit their orders to acquire the Notes (the "**Subscription Orders**") at any time during the Subscription Period.

At the time of placing a Subscription Order, each Investor shall make a binding instruction for depositing the Notes in a securities account maintained in its name and opened with a Custodian of their choice.

Upon submission of the Subscription Order the Investor shall authorise the Nasdaq CSD, Nasdaq Riga and the Company to process, forward and exchange information on the identity of the Investor and the contents of respective Investor's Subscription Order before, during and after the Subscription Period.

An Investor shall be allowed to submit a Subscription Order either personally or via a representative whom the Investor has authorised (in the form required by the Applicable Law) to submit the Subscription Order. An Investor shall ensure that all information contained in the Subscription Order is correct, complete and legible.

The Company reserves the right to reject any Subscription Order that is incomplete, incorrect, unclear or ineligible or that has not been completed and submitted and/or has not been supported by the necessary additional documents, requested by the Company, during the Subscription Period and in accordance with all requirements set out in the General Terms and Conditions of the Notes.

All expenses associated with the acquisition and custody of the Notes shall be the responsibility of the Noteholder, in accordance with the price list of the credit institution or investment service provider through which the Noteholder purchases and holds the Notes. The Company is not obligated to compensate for any such expenses incurred by the Noteholder.

Any consequences of form of a Subscription Order for the Notes being incorrectly filled out will be borne by the Investor.

All Subscription Orders shall be binding and irrevocable commitments to acquire the allotted Notes, with the exceptions stated below. The Subscription Orders shall not be considered valid and shall not be processed in case the purchase amount indicated in the Subscription Orders is less than the Minimum Investment Amount or the Subscription Orders were received after the Subscription Period. The Company has no obligation to inform the Investors about the fact that their Subscription Orders are invalid.

5.4 Retail Offering

In order to subscribe to the Notes, Retail Investor in Latvia, Estonia and Lithuania must have a securities account with a Custodian. A Retail Investor wishing to subscribe for Notes should contact its Custodian and submit the Subscription Order using the Subscription Order forms and methods (e.g., physically, over the internet or by other means) made available by the financial institution. Subscription Orders by the Custodians shall be filed through the Nasdaq Riga Auction System.

Retail Investors shall be entitled to place multiple Subscription Orders.

The total amount of the Notes to be acquired and indicated in each Subscription Order shall be for at least the Minimum Investment Amount.

5.5 Private Placement

In respect of the Private Placement of the Notes Institutional Investors wishing to purchase the Notes may submit their Subscription Orders to the Arranger, or their Custodian, which in turn shall submit the orders to the Arranger.

Institutional Investors shall submit their own Subscription Orders or Subscription Orders received from other Investors, if any, to the Arranger.

Institutional Investors shall be entitled to place multiple Subscription Orders.

Institutional Investors shall contact the Arranger for information on detailed rules governing the placement of Subscription Orders, in particular the documents required if an order is placed by a statutory representative, proxy or any other person acting on behalf of an Investor.

5.6 Exchange Offering

The exchange period (the "**Exchange Period**") for the Offering of the Notes shall be the same as for the Retail Offering and the Private Placement. The Company may decide on shortening or lengthening the Exchange Period. However, in any case, the Exchange Period cannot be longer than the Subscription Period.

By filling a respective corporate event notification to the Nasdaq CSD, within the Exchange Period the Company may offer to all Existing Noteholders to exchange the Existing Notes with the Notes.

The Exchange Period for exchange of the Existing Notes with the Notes shall not be shorter than 10 (ten) Business Days.

The exchange ratio shall be one-to-ten and any number of the Existing Notes may be used for the exchange.

Existing Noteholders wishing to exchange the Existing Notes can submit their instructions with their Custodian in writing using the offer form provided by the Custodian stating the number of the Existing Notes to be exchanged (the "**Exchange Instruction**").

The Custodian shall in turn inform the Nasdaq CSD on the total number of the Existing Notes to be exchanged with the Notes and the Existing Noteholders who requested the exchange by the end of the Exchange Period.

The deadlines set by the Custodian or the Nasdaq CSD might also be earlier than the end of the Exchange Period.

The Arranger assumes no warranty or liability regarding the receipt of Exchange Instructions placed before the end of the Exchange Period.

By submitting an Exchange Instruction for the exchange of the respective Existing Notes with the Notes, each Existing Noteholder shall authorise and instruct the Custodian to immediately block the total number of the respective Existing Notes to be exchanged with the Notes on the Investor's securities account until the settlement for the transaction is completed or until the respective Existing Notes are released.

The number of the Existing Notes on the Existing Noteholder's securities account to be blocked shall be ten times less, meaning that for one Existing Note the Existing Noteholder will receive ten Notes. An Existing Noteholder may submit an Exchange Instruction only when there is a sufficient number of the respective Existing Secured Notes on the Existing Noteholder's securities account. If the number of the respective Existing Secured Notes which are blocked is insufficient, the Exchange Instruction shall be deemed valid only in respect to the amount of a sufficient number of the respective Existing Secured Notes that are on the Existing Noteholder's securities account. For the sake of clarity, the Existing Noteholder will have the option to exchange one Existing Secured Note for 10 (ten) Notes. If the Existing Noteholder holds more than one Existing Note, it may exchange only a certain amount of Existing Notes and not exchange others. However, the Existing Noteholder will not be able to exchange one Existing Note for fewer than 10 Notes and receive the surplus as a cash payment.

5.7 Withdrawal of the Subscription Orders

An Investor may withdraw a Subscription Order for the Notes by submitting a written statement to the credit institution or investment brokerage firm where the subscription was made at any time until the end of the Subscription Period.

Additionally, as set forth in Article 23 of the Prospectus Regulation, an Investor may withdraw a Subscription Order for the Notes by submitting a written statement to the Custodian where the subscription was made at any time until the end of the Subscription Period if any supplement or amendment to the Prospectus is made public concerning an event or circumstances occurring before the allocation of the Notes, of which the Company became aware prior to allocation of the Notes, within 2 (two) Business Days as from the date of the publication of the supplement or amendment to the Prospectus.

An Investor shall be liable for payment of all fees and costs charged by a credit institution or an investment brokerage firm used by the Investor for the subscription of the Notes in connection with the withdrawal or amendment of the Subscription Order.

Following withdrawal of a Subscription Order, the repayments shall be made (or blocked funds shall be released) in accordance with the Subscription Order within 3 (three) Business Days following submission of a statement regarding withdrawal of the Subscription Order.

5.8 No Assignment or Transfer

The rights arising out of this Prospectus in relation to the subscription for the Notes (including, without limitation, pre-emption rights, rights arising from any Subscription Orders or any acceptance thereof) are not assignable, tradable or transferable in any way and any assigned or transferred rights will not be recognised by the Company and will not be binding on the Company.

There are no pre-emption rights associated with the Notes. Therefore, no procedure for the exercise of any right of pre-emption has been adopted or produced for the purposes of the Offering. In addition, subscription rights are non-negotiable and non-tradeable, thus no procedures have been adopted or specific treatment provided thereof.

5.9 Payment for the Notes

By submitting a Subscription Order, each Retail Investor shall authorise and instruct the Custodian operating the Retail Investor's cash account connected to the Retail Investor's securities account to immediately block the whole subscription amount on the Retail Investor's cash account until the payment for the allotted Notes is completed or until the funds are released in accordance with this Prospectus. The subscription amount to be blocked will be equal to the Nominal amount multiplied by the amount of the Notes, the respective Retail Investor wishes to subscribe for. A Retail Investor may submit a Subscription Order only when there are sufficient funds on the cash account connected to the securities account. If the blocked funds are insufficient, the Subscription Order will be deemed null and void to the extent funds are insufficient.

The Retail Investors who have not been allotted any Notes or whose subscriptions have been reduced will receive reimbursements of the payment made upon placing the Subscription Order (or the blocked funds

will be released) in accordance with instructions provided by each such Retail Investor, as required under the procedures applicable in the investment firm or credit institution with which the Subscription Order was placed. The reimbursement will take place (or the blocked funds will be released) within 10 (ten) Business Days as from the end of the Subscription Period or from the date of the publication of the supplement to this Prospectus on the cancellation of the Offering. The payments shall be returned (or the blocked funds will be released) without any reimbursement for costs incurred by the Retail Investors in the course of subscribing for the Notes and shall be net of all transfer expenses and without interest.

In respect of Private Placement of the Notes the Institutional Investor shall consent to the obligation to ensure the subscription amount on the settlement date on the "delivery versus payment" method pursuant to the applicable rules of Nasdaq CSD.

Payments for the Notes are interest free.

5.10 Allotment

On the next Business Day following the end of the Exchange Period and Subscription Period the Company will decide whether to proceed with the Offering of the Notes or cancel the Offering.

In case the Offering of the Notes is cancelled, the Company will publish an announcement on its website as well as submit this information to the Bank of Latvia (in Latvian – *Latvijas Banka*).

In case the Company decides to proceed with the Offering of the Notes the following actions shall be taken on the next 3 Business Days following the Subscription Period or about that date.

Allotment of the Notes to the Investors

The Company will establish the exact number of the Notes to be allotted to the Existing Noteholders who have participated in the Exchange Offering, by submitting their Exchange Instructions. All Existing Noteholders who have elected to participate in the Exchange Offering shall be allotted the Notes fully, observing the exchange ratio.

The Company will establish the exact amount of the Notes to be allotted with respect to each Subscription Order.

As a general principle, if the total number of the Notes subscribed for (including the Notes exchanged during the Exchange Offering) is equal to or less than the number of the Notes and the Company decides to proceed with the Offering, the Notes will be allotted based on the Subscription Orders placed.

In case the total number of the Notes subscribed for is higher than the number of the Notes and the Company decides to proceed with the Offering, the Notes may be allocated to them in an entirely discretionary manner of the Company.

The division of Notes between the retail and institutional investors has not been predetermined. The Company will determine the exact allocation at its sole discretion.

The allocation shall be aimed to create a solid and reliable Investor base for the Company.

The Company shall be entitled to prefer its Existing Noteholders to other Investors.

Possible multiple Subscription Orders submitted by an Investor shall be merged for the purpose of allocation.

Confirmations

After completion of the allotment, the Investor shall receive a notification about partial or full satisfaction or rejection of the Subscription Order submitted by the Investor and the number of Notes allotted to the investor if any. A confirmation shall be provided by the Custodian where an Investor has submitted his/her/its Subscription Order or the Arranger or Sales Agent.

Information about the Results of the Offering

Information about the results of the Offering (amount of the Notes issued and an aggregate principal amount) shall be published on the Company's website <https://delfingroup.lv/> as well as at www.nasdaqbaltic.com on or about 17 September 2024.

5.11 Cancellation, Suspension or Postponement of the Offering

The Company may cancel the Offering of the Notes at any time prior to the Settlement Date without disclosing any reason for doing so. The Company may also change the dates of opening and closing of the Subscription Period, or decide that the Offering will be postponed and that new dates of the Offering will be provided by the Company later.

In such an event, subscriptions for the Notes that have been made will be disregarded, and any subscription payments made will be returned (or the blocked funds will be released) without interest or any other compensation.

Any decision on cancellation, suspension, postponement or changes of the dates of the Offering will be published in a manner compliant with applicable regulations, as well as market practices in Latvia.

5.12 Settlement and Delivery

The settlement of the Offering will be carried out by Nasdaq CSD. The Notes allocated to Retail Investors and Institutional Investors will be transferred to their securities accounts through the "delivery versus payment" method pursuant to the applicable rules of Nasdaq CSD simultaneously with the transfer of payment for such Notes. The title to the Notes will pass to the relevant Retail Investors and Institutional Investors when the Notes are transferred to their securities accounts. If Retail Investor or Institutional Investor has submitted several Subscription Orders through several securities accounts, the Notes allocated to such Retail Investor or Institutional Investor will be transferred to all such securities accounts proportionally to the number of the Notes indicated in the Subscription Orders submitted for each account, rounded up or down as necessary. The settlement will take place on the Issue Date. All paid up Notes shall be treated as issued.

For all the Existing Notes to be exchanged with the Notes, the Nasdaq CSD will instruct the relevant Nasdaq CSD member to transfer the total number of the Notes to its clients, which in turn will transfer specific number of the Notes to each of the Investors.

On the Issue Date the Nasdaq CSD will delete a number of the Existing Notes that were exchanged for the Notes from each of its members accounts.

Dealing with the Notes may begin when the Notes allocated to Investors are transferred to their securities account.

5.13 Listing and Admission to Trading

The Company shall submit an application to list and admit to trading the Notes on Nasdaq Riga Baltic Bond List.

The decision as to the listing and admission of Notes to trading on Nasdaq Riga shall be adopted by the Board of Nasdaq Riga. The Company shall take all the measures, established in Nasdaq rules, needed that the Notes would be admitted to trading on Nasdaq Riga as soon as practicably possible.

The Company expects that the Notes shall be admitted to trading on Nasdaq Riga within 1 (one) week as from placement thereof to the Investors at the latest. Disregarding this, the Company will put its best endeavours so that these terms would be as short as practicable possible.

The Company shall also put its best efforts to ensure that the Notes remain listed on the Nasdaq Riga. The Company shall, following a listing or admission to trading, take all reasonable actions on its part required as a result of such listing or trading of the Notes.

The Company will cover all costs, which are related to the listing of the Notes on Nasdaq Riga.

5.14 Taxation

Tax legislation of the Investor's member state and of the Company's country of incorporation may have an impact on the income received from the Notes. The following is a general summary of certain tax consideration in Latvia in relation to the Notes. It is not exhaustive and does not purport to be a complete analysis of all tax consequences relating to the Notes, as well as does not take into account or discuss the tax implications of any country other than Latvia. The information provided in this Section shall not be treated as legal or tax advice; and prospective investors are advised to consult their own tax advisors as to the tax consequences of the subscription, ownership and disposal of the Notes applicable to their particular circumstances.

This summary is based on the laws of Latvia as in force on the date of this Prospectus and is subject to any change in law that may take effect after such date, provided that such changes could apply also retroactively.

Latvia has entered into a 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 prospective investor, it should be also examined. The procedures for application of tax conventions are provided in the 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 (as amended).

Taxation of the Noteholders individuals

Resident individuals

An individual will be considered as a resident of Latvia for taxation purposes:

- if the individual's declared place of residence is in Latvia; or
- if the individual stays in Latvia 183 days or more within any 12-month period, starting or ending in the taxation year; or
- if the individual is a citizen of Latvia employed abroad by the government of Latvia.

In accordance with the Latvian Law on Personal Income Tax the interest income and interest equivalent income from the Notes for resident individuals will be subject to 20 per-cent withholding tax, deductible by the Company before the payment. The capital gains from the sale of the Notes will be subject to 20 per-cent tax, but the tax would be payable by the individual him/herself. Special rules apply if the transactions with the Notes are made through an investment account within the meaning of the Latvian Law on Personal Income Tax. In such case taxation of income is deferred until the moment when the amount withdrawn from the investment account exceeds the contributed amount.

Non-resident individuals

In accordance with the Law on Personal Income Tax the interest income from the Notes being circulated publicly as well as income from the alienation of the publicly circulated Notes will not be subject to tax in Latvia.

Taxation of the Noteholders entities

Resident entities

An entity will be considered as a resident of Latvia for tax purposes if it is or should have been established and registered in Latvia in accordance with the legislative acts of Latvia. This also include permanent establishments of foreign entities in Latvia.

Interest (coupon) income and a capital gain from the Notes constitute a part of the beneficiary's – Latvian company's overall income. The Corporate Income Tax obligation is deferred to the moment of profit distribution (dividends, interim dividends) or deemed profit distribution (e.g., deemed dividends, no 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).

Non-resident entities

In accordance with the Corporate Income Tax Law of Latvia the interest income and income from the alienation of the Notes for non-resident entities will not be taxable in Latvia.

Taxation of low-tax non-residents

In general, payments (including interest payments) to non-residents located, registered or incorporated in a no-tax or low-tax country or territory specifiable in accordance with Regulations of the Cabinet of Ministers No. 333 "List of No-Tax or Low-Tax Countries and Territories" adopted on 27 June 2023 (as amended) ("**Low-Tax Non-Latvian Residents**") are subject to withholding tax of 20 per-cent if the payer is a Latvian legal entity or 23 per-cent if the payer is a Latvian individual resident having obligation to withhold tax. However, pursuant to Article 5(6) of the Corporate Income Tax Law of Latvia payments by Latvian legal entities to Low-Tax Non-Latvian Residents for securities publicly circulated in the EU or EEA are exempt from withholding tax if made at the market price. The State Revenue Service of Latvia in a legally non-binding explanation in the context of an issue of debt notes by another issuer has confirmed that, pursuant

to Article 5(6) of the Corporate Income Tax Law of Latvia, there is no withholding tax also on the interest payments made by the Company to the holders of the notes publicly circulated in the EU or EEA who are Low-Tax Non-Latvian Residents, provided that the payments are made at the market price.

6 REASONS FOR OFFERING AND USE OF PROCEEDS

In connection with the Offering, the Company expects to receive net proceeds (net of legal fees, financial consultancy fees, and any other agreed costs and expenses relating to the Offering and/or the admission to trading) of up to approximately EUR 14,640,000.

The main reasons for the Offering are to refinance existing liabilities. Proceeds shall be used for the following purposes:

- refinancing unsecured bond issue with ISIN LV0000850055 due on 25 September 2024 with an outstanding amount of EUR 10,000,000 (ten million) ("**Existing Notes**"); and
- refinancing of secured debt received from Mintos Finance in the amount up to EUR 5,000,000 (five million).

The total amount of costs related to the Offering (which mainly comprise of legal fees, financial consultancy fees, and any other agreed costs and expenses relating to the Offering and/or the admission to trading) is estimated to be up to approximately EUR 360,000, which will be deducted from the proceeds of the Offering before using the proceeds as described above.

7 PRINCIPAL MARKETS

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

Prospective investors should read this Section 7 "Principal markets" in conjunction with the more detailed information contained in this Prospectus including Section 2 "Risk Factors", Section 12 "Selected financial information and operating data".

7.1 Introduction

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

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

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

7.2 Overview of the consumer lending and pawn lending segment

The consumer lending and pawn lending segment is part of the financial services industry, also known as retail financial services, which focuses on the private sector of the economy – the consumer. The borrower receiving the loan (a consumer), and the purpose of the issued loan (personal use) are the main features setting the consumer lending and pawn lending segment apart from other lending segments.⁵

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

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

⁵ As defined in the Implementing technical standards on supervisory reporting, Schedule V, Part 2. 88 (a), credit for consumption includes loans granted mainly for the personal consumption of goods and services (European Central Bank (ECB) Balance Sheet Item (BSI) Regulation). The ECB BSI Regulation, Part 3.

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

Table 7.2.1

Total loan portfolio of Latvian specialised consumer lenders⁶

	Loan portfolio, MEUR	Percentage change compared to previous half-year
Dec-18	711	8.5%
Jun-19	732	2.9%
Dec-19	764	4.4%
Jun-20	733	(4.1)%
Dec-20	754	2.8%
Jun-21	768	1.9%
Dec-21	831	8.2%
Jun-22	888	6.9%
Dec-22	945	6.4%
Jun-23	1006	6.5%
Dec-23	1060	5.4%

Table 7.2.1. provides a general overview of the specialised consumer lending segment performance, and thus also includes, for example, mortgage and leasing loan portfolios.

Despite the decline in the number of consumer loans issued in the period from 2017 to 2021 (please see Table 7.3.3.), specialised consumer lenders have increased their total loan portfolio by 49.1% from the second half of 2018 to the second half of 2023 (please see Table 7.2.1.).

Function of consumer lending and pawn lending

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

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

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

Consumer lending and pawn lending services

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

⁶ Source: <https://www.ptac.gov.lv/lv/media/4356/download?attachment>.

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

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

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

Evolution of the segment

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

Table 7.3.1.

Market share of specialised consumer lenders by consumer loan portfolio⁷

Period	Banks, MEUR	Specialised consumer lenders, MEUR	Total, MEUR	Market share of specialised consumer lenders
Dec-19	493	307	800	38%
Jun-20	459	283	742	38%
Dec-20	503	297	800	37%
Jun-21	497	303	800	38%
Dec-21	588	345	933	37%
Jun-22	620	385	1004	38%
Dec-22	648	436	1084	40%
Jun-23	709	490	1199	41%
Dec-23	762	535	1297	41%

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

- access to online financial services, with technology-driven specialised consumer lenders seeking to improve the digital customer experience, including partial automation of loan underwriting and decision making;

⁷ Sources: <https://www.ptac.gov.lv/lv/media/4356/download?attachment> and <https://uzraudziba.bank.lv/statistika/kreditiestades/ceturksna-parskati/>.

- greater access to consumer credit data which provide specialised consumer lenders with enhanced information to assess a potential customer's credit capacity, thereby allowing them to improve the quality of their loan portfolios;
- increased regulation of banks, which has made bank consumer loan offerings less attractive to potential borrowers than was previously the case relative to specialised consumer lender.

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

Table 7.3.2.

Consumer loan portfolio of Latvian specialised consumer lenders⁸

Period	Consumer loan portfolio, MEUR	Percentage change from previous half-year	Percentage change from the base period
Jun-18 (base period)	255	4.9%	-
Dec-18	285	11.8%	11.8%
Jun-19	291	2.1%	14.1%
Dec-19	307	5.5%	20.4%
Jun-20	283	(7.8)%	11.0%
Dec-20	297	4.9%	16.5%
Jun-21	303	2.0%	18.8%
Dec-21	345	13.9%	35.3%
Jun-22	385	11.6%	51.0%
Dec-22	436	13.2%	71.0%
Jun-23	490	12.4%	92.2%
Dec-23	535	9.2%	109.4%

As per the data available, the consumer loan portfolio has increased by 109.4% from the first half of 2018 to the second half of 2023 (please see Table 7.3.2.). Moreover, it has quadrupled since second half of 2013, when the consumer loan portfolio was valued at just EUR 133.43 million.⁹

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

Table 7.3.3.

Total number and value of consumer loans newly issued by Latvian specialised consumer lenders and the average loan size¹⁰

Period	Number of new loans	Total value, MEUR	Year-on-year change in total value	Average loan size, EUR
2015	1,178,371	291.69	23.93%	247.54

⁸ Source: <https://www.ptac.gov.lv/lv/media/4356/download?attachment>.

⁹ Source: <https://www.ptac.gov.lv/lv/media/4356/download?attachment>.

¹⁰ Source: <https://www.ptac.gov.lv/lv/media/4356/download?attachment>.

2016	1,190,297	336.03	15.20%	282.31
2017	1,088,750	361.53	7.59%	332.06
2018	1,068,051	392.28	8.51%	367.29
2019	826,489	369.27	(5.87)%	446.79
2020	608,865	308.25	(16.52)%	506.27
2021	549,077	350.41	13.68%	638.05
2022	568,558	418.04	19.30%	735.27
2023	631,441	487.24	16.55%	771.64

Table 7.3.3. provides insight into a consistent trend of consumer lenders increasingly focusing on longer term instalment loans with relatively larger average loan amounts than previously. This is a result of numerous factors, inter alia, inflation and the rise in consumer incomes. The average loan sizes and tenures are increasing, the loan portfolio is growing (please see Tables 7.2.1. and 7.3.2.) and the number of new loans issued in 2023 has grown by more than 60 thousand compared to 2022 (please see Table 7.3.3.).

In 2020, the volume of new consumer loans underwent a decline of approximately 16.50% from pre-COVID-19 levels. The reduction can be attributed to consumer concerns regarding income and employment stability and the implementation of stringent restrictions on in-person consumer lending at branch offices. However, in 2021, the volume of new consumer loans rebounded and reached almost pre-COVID-19 levels. Furthermore, there was a significant increase of 13.68% as compared to 2020. This trend appears to be continuing in 2022 which showed an increase by 19.30% as compared to 2021 and also in 2023 which showed an increase by 16.55% as compared to 2022.

The total number and value of consumer loans newly issued by Latvian specialized consumer lenders for the year 2023 shows a similar growth trend in the consumer loan sector, indicating an increase in the volume of newly issued loans.¹¹ Similarly, there is also an increase in the average loan size issued, comparing data from the second half of 2023 with data from the second half of 2022.¹²

Table 7.3.4.

Quality of the loan portfolios of Latvian specialised consumer lenders¹³

Year	Percentage of in-person consumer loans without delays	Percentage of distance consumer loans without delays
2013	79.99%	63.83%
2014	82.95%	67.76%
2015	85.21%	72.32%
2016	82.30%	71.55%
2017	84.97%	77.58%
2018	86.50%	78.96%
2019	87.93%	77.63%
2020	88.86%	81.57%
2021	90.98%	85.02%
2022	88.92%	85.94%
2023	90.48%	85.71%

¹¹ Source: <https://www.ptac.gov.lv/lv/media/4356/download?attachment>.

¹² Source: <https://www.ptac.gov.lv/lv/media/4356/download?attachment>.

¹³ Source: <https://www.ptac.gov.lv/lv/media/4356/download?attachment>.

The data provided in Table 7.3.4. show that the quality attached to consumer loans issued by specialised consumer lenders has been slightly increasing. The proportion of loans that were repaid on schedule has been in overall growing over recent years, with 90.48% of in-person consumer loans and 85.71% of distance consumer loans repaid without delay in the second half of 2023, compared to only 79.99% and 63.83%, respectively, in 2013. This positive change may be the mark of a changing approach to lending on behalf of both the loan providers and the borrowers.

7.4 Key developments and trends in the provision of pawn lending services and pawn loans

Evolution of the segment

The Group is the largest pawn loan provider in Latvia. The pawn loan market has seen substantial consolidation in the past years. The number of licensed pawn loan providers have decreased by 4x, or from 16 to 4. The decrease can be attributed to the expensive licensing costs and the overall high costs for entering the pawn loan market. The dynamics of the pawn loan market have generally exhibited stability over the long term, except during the pandemic years.

Table 7.4.1.

Pawn loan portfolio of Latvian specialised consumer lenders¹⁴

Period	Pawn loan portfolio, MEUR	Percentage change from previous half-year	Percentage change from the base period
Jun-18 (base period)	6.54	(0.3)%	-
Dec-18	6.54	0%	0%
Jun-19	6.73	2.9%	2.9%
Dec-19	7.40	10.0%	13.1%
Jun-20	6.67	(9.9)%	2.0%
Dec-20	5.87	(12.0)%	(10.2)%
Jun-21	5.07	(13.6)%	(22.5)%
Dec-21	5.13	1.2%	(21.6)%
Jun-22	6.16	20.1%	(5.8)%
Dec-22	6.44	4.5%	(1.5)%
Jun-23	7.06	9.6%	8.0%
Dec-23	7.37	4.4%	12.7%

As per the data available, the pawn loan portfolio has increased by 12.7% from the first half of 2018 to the second half of 2023 (please see Table 7.4.1.).¹⁵ The growth over the years has not been so rapid considering that the COVID-19 pandemic was a significant burden for the industry since the pawn lending operations only occur on-site. Still, over the last two years, recovery has been seen after lifting the restrictions in Latvia.

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

¹⁴ Source: <https://www.ptac.gov.lv/lv/media/4356/download?attachment>.

¹⁵ Source: <https://www.ptac.gov.lv/lv/media/4356/download?attachment>.

Table 7.4.2.

Total number and value of pawn loans newly issued by Latvian specialised consumer lenders and the average loan size¹⁶

Period	Number of new loans	Total value, MEUR	Year-on-year change in total value	Average loan size, EUR
2015	691,212	40.68	5.93%	58.85
2016	646,525	41.05	0.90%	63.49
2017	631,843	41.34	0.73%	65.43
2018	606,026	40.91	(1.06)%	67.50
2019	597,863	43.79	7.04%	73.24
2020	475,849	37.54	(14.27)%	78.89
2021	358,729	29.91	(20.31)%	83.39
2022	362,918	35.92	20.07%	98.97
2023	375,518	40.97	14.08%	109.12

Table 7.4.2. provides insight into a consistent trend of lenders increasingly focusing on loans with relatively larger average loan amounts than previously. This is a result of numerous factors, inter alia, inflation and the rise in consumer incomes. The average loan sizes and tenures are increasing, the loan portfolio is growing and the number of new loans issued has increased over the last two years and in 2023 the number of new loans issued has grown by more than 12 thousand compared to 2022.

In 2020, the volume of new pawn loans underwent a decline of approximately 14.3% from pre-COVID-19 levels. The volume of new pawn loans underwent an even bigger decline in 2021 by 20.31%, comparing to 2020. The reduction can be attributed to consumer concerns regarding income and employment stability and the implementation of stringent restrictions on in-person consumer lending at branch offices which left a significant burden on pawn loan services, considering that the pawn lending operations only occur on-site. However, in 2022, the volume of new pawn loans rebounded. The number of new loans issued has not recovered to pre-COVID-19 levels, however, the volume of new pawn loans has almost reached pre-COVID-19 levels at the end of 2023.

The overall tendencies reflected in Table 7.2.1. – Table 7.4.2. can be explained with the following:

- the introduction of more rigid regulations and a cap on interest rates restricted the appetite of specialised consumer lenders for high-risk loans;
- the greater access to more reliable and qualitative consumer income and credit history data. In recent years, the lending companies have gained easy access to advanced databases (e.g., *Credit Information Bureau (KIB)*; *CREFO*);
- along with the market development, more and more relevant historical data is being accumulated, allowing one to make more accurate estimates about future behaviour;
- advances in the field of IT within the industry have also enabled FinTech loan providers to analyse the available data with more efficiency and depth by employing tools such as, for example, scoring or the analysis of account statements (please see "The emergence of FinTech consumer lenders"). These developments provide specialised consumer lenders with enhanced methods to assess a potential customer's credit capacity, thereby allowing them to improve the quality of their loan portfolios;
- as already explained above, the implications caused by the COVID-19 pandemic have left an impact on data of the consumer loan portfolios of Latvian specialised consumer lenders (Table 7.2.1. and Table 7.3.2.) and the total number and value of consumer loans newly issued by Latvian specialised consumer lenders, as well as the average loan size (Table 7.3.3.).

¹⁶ Source: <https://www.ptac.gov.lv/lv/media/4356/download?attachment>.

7.5 Developments of applicable regulations

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

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

The surcharge for corporate income tax in the taxation year is calculated based on the data indicated in the company's pre-tax year profit or loss calculation. The surcharge amount calculated in the taxation year can be reduced by the amount of tax calculated for-profit distribution in dividends in previous years until the submission of the surcharge calculation. Additionally, the surcharge amount for corporate income tax paid in the taxation year can be offset against subsequently calculated corporate income tax for profit distribution in dividends over an indefinite period, i.e., reduced by the tax calculated for dividends.

Consumer lenders, including the Company, are required to submit the tax surcharge calculation to the State Revenue Service of Latvia within 4 months after the deadline for submission of the pre-tax year company's annual report. The surcharge must be paid into a unified tax account by the 23rd day of the month following the month in which the tax surcharge calculation for the taxation year is submitted. Notably, this regulation applies uniformly to both banks and consumer lenders, underscoring its broad applicability across the financial sector.

2) Amendments to Latvian Consumer Rights Protection Law

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

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

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

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

Following the introduction of these legislative amendments, at the end of 2019, the CRPC received notifications from six licensed specialised consumer lenders regarding their intention to leave the market. As a result, the amendments to Latvian Consumer Rights Protection Law have affected the Latvian consumer lending segment, particularly in the field of specialised consumer lending.

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

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

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

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

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

The emergence of FinTech consumer lenders

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

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

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

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

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

The launch of a virtual payment card with a credit line

The Company in cooperation with the Estonian FinTech company Wallester AS, developed a new and technologically innovative service, started to offer a Visa virtual card.

The virtual card enables customers to access their Banknote credit line and make purchases or payments quickly, easily and at any time. The primary use of the card is the significantly updated Banknote mobile app, which allows customers to view the available credit line amount, transactions, change card settings, manage the credit line agreement and make monthly payments, making financial management more straightforward and more transparent. The virtual card integrates easily with mobile payment solutions such as Apple Pay and Google Wallet digital wallets.

The launch of a digital pawnshop

The Company is the first in Latvia to offer digital pawnshop services – the solutions enables all steps of the process to be carried out remotely. The new service allows people to obtain a secured loan by completing an application online. The contract also can be signed remotely, and the goods can be sent to the branch via parcel machines. The Company sees the possibility of introducing this solution in the future in other countries where it operates.

The digital pawnshop process involves Banknote experts assessing the goods, and if the customer agrees to the terms offered, the goods can be sent free of charge to Banknote via a DPD parcel machine. Upon receiving the goods, the Company’s experts will match the goods received to the description provided, resulting in an accurate final assessment. The payment for the goods will be transferred immediately after

the contract is confirmed. If the customer does not agree to the terms, the goods will be returned via parcel post, at the expense of Banknote.

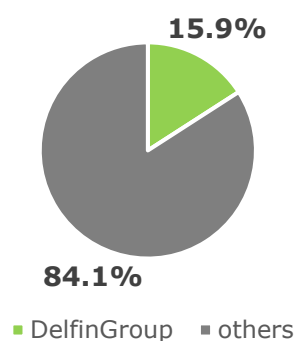
7.6 Competitive landscape of consumer lending and pawn lending services

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

Figure 7.6.1.

Portfolio market share 2023, Consumer loans¹⁷

Portfolio market share 2023, Consumer loans



Main competitors: consumer loans

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

Table 7.6.2.

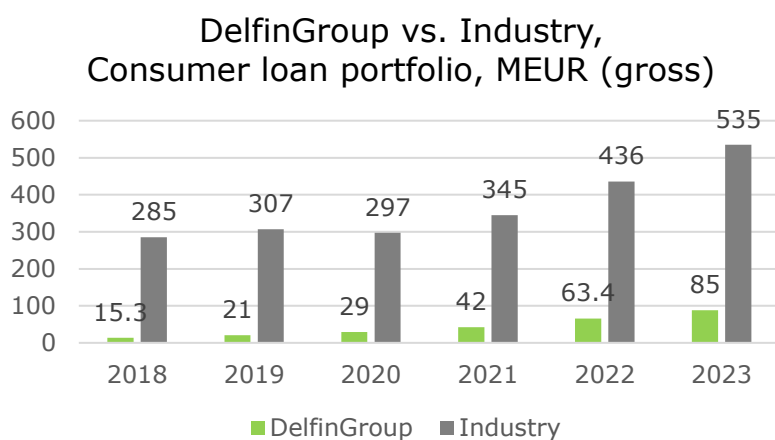
The Company's main competitors in consumer loan realm

	Offline	POS loans	Mobile app
Company	Yes	Yes	Yes
Aizdevums.lv	Yes	Yes	No
4Finance	No	No	Yes
IPF digital	No	Yes	Yes
InCredit	Yes	No	No
Extra credit	No	No	No
Inbank	Yes	Yes	Yes

¹⁷ Based on the information provided in the Overview on Consumer (non-bank) Credit Market Activities in 2023 by the Consumer Rights Protection Centre. Available at: <https://www.ptac.gov.lv/lv/media/4356/download?attachment>.

Figure 7.6.3.

Company vs. Industry, Consumer loan portfolio, MEUR¹⁸



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

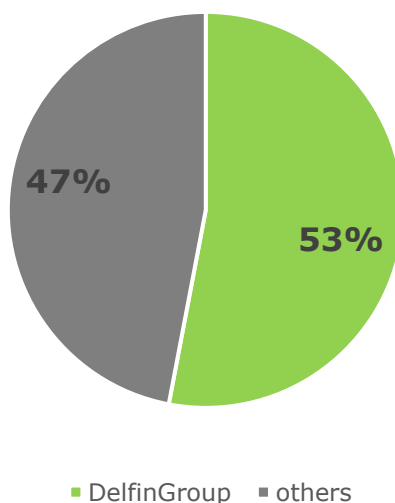
The main competitors: pawn loans

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

Figure 7.6.4.

Market share 2023, Pawn loans¹⁹

Market share 2023, Pawn loans

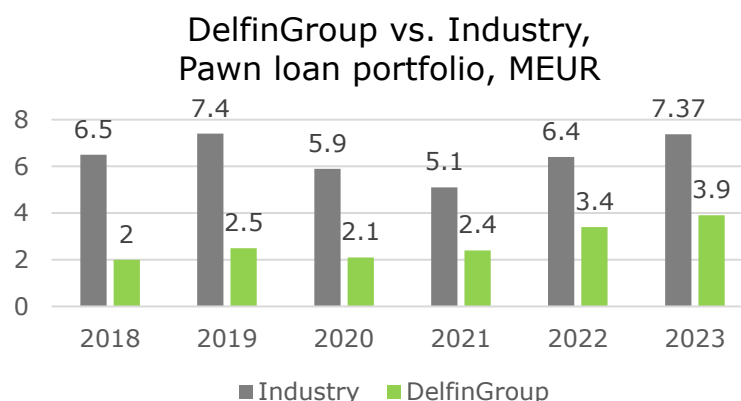


¹⁸ Source: <https://www.ptac.gov.lv/lv/media/4356/download?attachment>.

¹⁹ Source: <https://www.ptac.gov.lv/lv/media/4356/download?attachment>.

Figure 7.6.5.

Company vs. Industry, Pawn loan portfolio, MEUR (without the accrued interest)²⁰



The pawn loan portfolio of the Company is growing steadily over the last 6 years. This has allowed the Company to remain well positioned in this market segment, reaching more than 50% of market share.

Table 7.6.6.

Pawn loan network in Latvia

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

The Company continues to operate the largest network of pawn shops in Latvia. A part of its strategy is to continue adding pawnshops to the existing network, including Lithuania, as well as to effectively manage the number and location of pawnshops to maximise returns (see Section 8.8 "Strategy and objectives").

7.7 Overview of the retail business segment of pre-owned goods

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

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

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

²⁰ Source: <https://www.ptac.gov.lv/lv/media/4356/download?attachment>.

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

Evolution of the segment

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

Table 7.8.1.

The total revenue of the business segment of pre-owned goods in stores at current prices²¹

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

The revenue of pre-owned goods in stores experienced a decline in the year 2020 and 2021 compared to the year 2019. The decline is attributable to the adverse effects of the COVID-19 pandemic. However, by 2022, there was a remarkable rebound, with revenue soaring by 53.7% to reach levels surpassing those seen before the pandemic. The positive momentum continued into 2023, albeit at a slightly slower pace, with revenue increasing by 8.5% compared to the previous year. It shows that the overall trend in recent years is such that the demand for pre-owned goods is growing due to a shift in the preferences of customers. Digitalisation and the introduction of new trading formats enhances the tendency towards re-sale and leads to the progressive development of the second-hand goods market.

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

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

7.9 Competitive landscape on pre-owned goods retail

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

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

²¹ Source: Official statistics of Latvia:

https://data.stat.gov.lv/pxweb/en/OSP_PUB/START_TIR_TI_TIT/TIT030m/table/tableViewLayout1/.

8 COMPANY OVERVIEW

8.1 About the Company

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

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

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

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

Core values of the Company:

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

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

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

8.2 Historical timeline and milestone events

Table 8.2.1

Historical timeline and milestone events

2009	First pawnshop opened under the brand name Lombards24.lv; the pawnshop is still operational.
2010	50th pawnshop opened. On average, every pawnshop managed to reach break-even on an EBITDA basis by the sixth month of operation. The 50 pawnshops were spread across 15 cities and towns in Latvia.
2011	Consumer lending services introduced across the pawnshop network.
2012	First 100,000 customers registered.
2014	At the end of 2013 bonds in amount of EUR 8.5 million were issued: EUR 5 million in secured bonds and EUR 3.5 million in unsecured bonds. In 2014, bonds were listed on Nasdaq Riga First North.
2015	"Lombards24.lv" rebranded as "Banknote" – a customer-friendly brand emphasising the Company's aspiration to expand the offering of personalised finance solutions.
2016	Joined the global lending market place platform Mintos.

2017	<p>ISO certified. The Group became certified by Bureau Veritas ISO certification under ISO 9001:2015 and ISO 50001:2015, attesting to the quality of internal processes and controls.</p> <p>Online lending launched by "Banknote", thereby enabling customers to use the Company's services through its website.</p>
2018	<p>New brand "VIZIA" launched. A modern financial services provider specialising in the provision of online consumer loans.</p>
2019	<p>Corporate name "ExpressCredit" changed to "DelfinGroup" to introduce a brand-new vision, mission and several new values.</p>
2021	<p>First ESG report published. To showcase how the Company's business strategies and operations advance Environmental, Social and Governance (the "ESG") objectives and contribute to long-term value creation.</p> <p>Reorganisation into a Joint Stock Company. The Company changed its corporate structure to a Joint Stock Company. The reorganisation is aimed at further increasing the Company's transparency and ability to attract outside financing.</p> <p>Initial Public Offering. The initial public offering of The Company successfully closed on 14 October 2021. 5,927 investors participated in the initial public offering and the Company raised 8,09 million euros. On 19 October 2021 Nasdaq Riga decided to list the Company's shares on the Baltic Main List as of 20 October 2021.</p>
2022	<p>Renewal of Banknote online store. In 2022 Banknote online store underwent renewal and redesign. The new design features a modern and streamlined interface that is easy to navigate and provides a seamless shopping experience for customers. The renewed Banknote online store is now better equipped to serve its customers and compete in the highly competitive e-commerce market.</p> <p>Acquires pawn shop business of AS Moda Kapitāls. The Company completed the acquisition of the AS Moda Kapitāls pawn shop business, which was started in August 2021. AS Moda Kapitāls owned the fourth largest pawn shop network in Latvia and the acquisition of its business will strengthen the leading position of the Company in regions.</p>
2023	<p>Start of operations in Lithuania. The first five Banknote branches were opened in Vilnius, thus starting geographical expansion outside Latvia. Initially, pawn and retail services were available to Lithuanian clients, with consumer lending to come later in 2024.</p> <p>New service. In 2023, the Company began offering a new service - online purchasing. This service allows consumers to remotely sell pre-owned goods by submitting photos and information. The Company then provides a valuation, and if accepted, the pre-owned goods can be dispatched to the pawn shop.</p> <p>Credit line. In December 2023, the Company signed a credit line agreement with Multitude Bank p.l.c. for EUR 11 million to further finance business development. The agreement has a maturity of 2 years. In November, the Company successfully redeemed a EUR 10 million bond at maturity. To refinance the existing bonds, the Company issued new unsecured bonds.</p>
2024	<p>Launch of a virtual payment card with a credit line. The Company in cooperation with the Estonian FinTech company Wallester AS started to offer a Visa virtual card, which will enable customers to access their Banknote credit line and make purchases or payments quickly, easily and at any time.</p> <p>Launch of a digital pawnshop. The Company is the first in Latvia to offer digital pawnshop services – the solutions enable all process steps to be carried out remotely. The new service allows people to obtain a secured loan by completing an application online, signing a contract remotely and sending the goods to the branch via parcel machines. Upon receiving the goods, the Company's experts match the goods</p>

received to the description provided, resulting in an accurate final assessment. The payment for the goods is transferred immediately after the contract is confirmed.

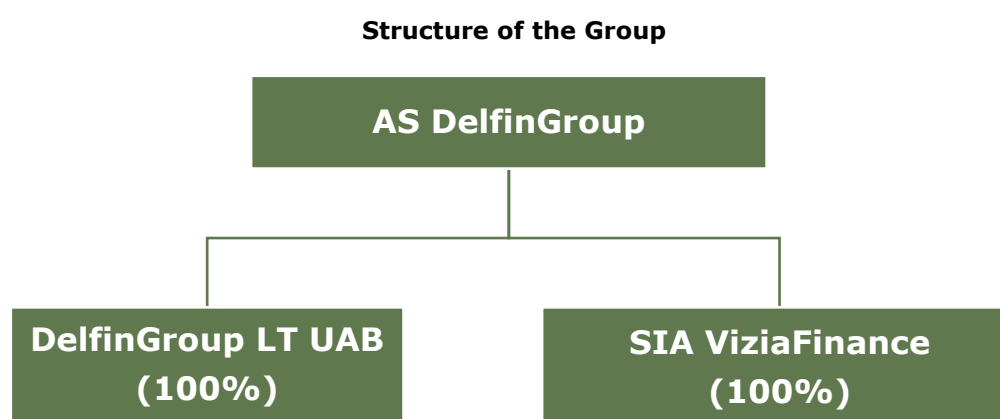
Opening of two more branches in Lithuania. In July 2024, the Group continued its development on the Lithuanian market in Vilnius and opened two more Banknote branches in Lithuania. These branches are of the circular economy concept store, thus providing pawn loan services and buying and selling of slightly pre-owned and pre-owned goods to a broader range of customers. With the launch of the two new branches, the Banknote network coverage in Lithuania reaches seven branches.

8.3 Organisational structure

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

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

Figure 8.3.1.



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

Table 8.3.2.

The Company

Company name	AS "DelfinGroup"
Legal form	Joint stock company (AS)
Country of registration	Latvia
Registration authority	Commercial Register of Latvia
Registration number	40103252854
Registration date	12 October 2009
Registered address	50A Skanstes Street, Riga, LV-1013, Latvia
Share capital	EUR 4,537,750.5
Shares	45,377,505 shares with a nominal value of EUR 0.1 each
Shareholders	Please see Section 10.3 "Shareholders"

Table 8.3.3.

DelfinGroup LT

Company name	DelfinGroup LT UAB
Legal form	Limited liability company (UAB)
Country of registration	Lithuania
Registration authority	Commercial Register of Lithuania
Registration number	306462155
Registration date	28 September 2023
Registered address	25-701 Lvivo street, Vilnius, LT-09320, Lithuania
Share capital	EUR 100,000
Shares	100,000 shares with a nominal value of EUR 1 each
Sole shareholder	"DelfinGroup" AS – 100,000 shares (100% of share capital)

Table 8.3.4.

ViziaFinance

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

8.4 Services

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

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

- (1) **Consumer loan segment:** handling consumer loans to customers, debt collection activities and loan debt sales to external debt collection companies.
- (2) **Pawn loan segment:** handling pawn loan issuance, appraising value of pawn shop items and the sale of pawn shop items.
- (3) **Other operations segment:** general administrative services to the companies of the Group (very minor activity, immaterial).

Table 8.4.1.

The Group's offered services

Brand	Offered Services
Banknote	Consumer loans Pawn loans Loans for seniors POS loans Retail of pre-owned goods Credit line with virtual card
VIZIA	Consumer loans Credit line

Table 8.4.2.

Key financial data divided into operating segments (MEUR)

	2022	2023
Revenue		
Total	35.77	50.42
Pawn loans	5.96	7.00
Retail business of pre-owned goods	6.47	9.22
Consumer loans	23.34	34.20
Other activities	-	-
Profit/(loss) before taxes		
Total	7.26	8.29
Pawn loans	1.44	1.73
Retail business of pre-owned goods	0.52	0.57
Consumer loans	5.27	5.95
Other activities	-	-
Assets		
Total	77.16	105.06
Pawn loans	8.39	9.80
Retail business of pre-owned goods	3.05	4.63
Consumer loans	65.72	90.62
Other activities	-	-

Consumer lending services

Consumer loans

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

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

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

Table 8.4.3.

The Group's provided consumer lending services

Loan products	Banknote Consumer Loans	VIZIA Consumer Loans
Share of gross loan portfolio	67%	25%
Loan amount	EUR 50 – EUR 10,000	EUR 100 – EUR 10,000
Loan maturity	Up to 60 months	Up to 60 months
Interest rate per month	Up to 3.7%	Up to 3.7%
Application and issuance	Via branches, online (website and mobile application)	Online

Banknote

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

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

In 2024, the Company introduced a new product called "Credit Line with Virtual Card", it is a brand-new credit line product, which also allows consumers to access a virtual card via the Banknote app and use it with Apple Pay and Google Pay.

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

VIZIA

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

Pawn loan services

Banknote



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

In 2023, DelfinGroup LT, Subsidiary of the Group, opened five Banknote branches in Vilnius, Lithuania. In July 2024, DelfinGroup LT opened two more Banknote branches in Vilnius, Lithuania.

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

Table 8.4.4.

The Group's provided consumer lending services

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

Retail business of pre-owned goods

Banknote

VEIKALS

The business of pre-owned goods retail is operated under the brand names Banknote and Rīgas pilsētas lombards (Riga City Pawnshop). It has a presence both on-site and online (websites: <https://veikals.banknote.lv/>; <https://shop.banknote.lt/>).

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

In 2022, the Company redesigned its online store and in 2023, the Company opened Banknote XL, largest store of pre-owned goods retail in the Baltics, thus stimulating circular economy. In summer of 2024, due to high demand, a second Banknote XL concept store was opened in Daugavpils, and a third Banknote XL store was opened in Rēzekne, adding to the rapid development of the Banknote network in the Latgale region. In 2024, DelfinGroup LT, Subsidiary of the Group, opened the Banknote online shop in Lithuania, providing Lithuanians with access to the circular economy online store, Banknote.

8.5 Customer experience

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

Customer base

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

Figure 8.4.5.

The Group's customer base (age), percentage

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

Relationships with customers

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

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

Distribution of the Group's services

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

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

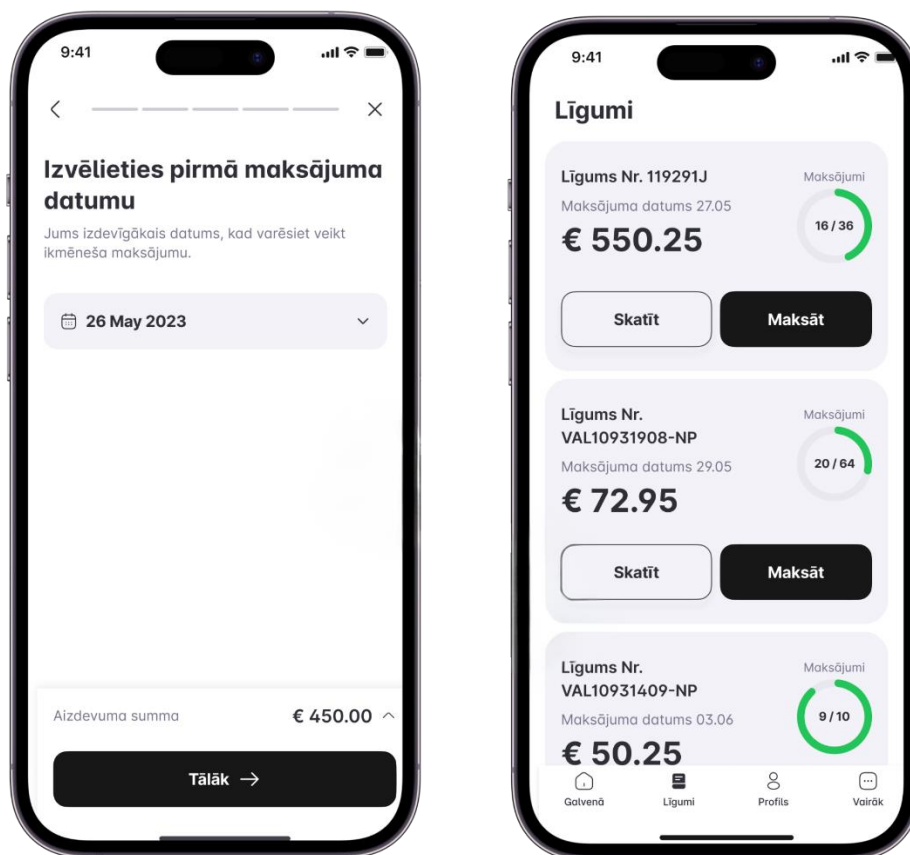
Online

Banknote App

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

Figure 8.4.6.

Banknote App





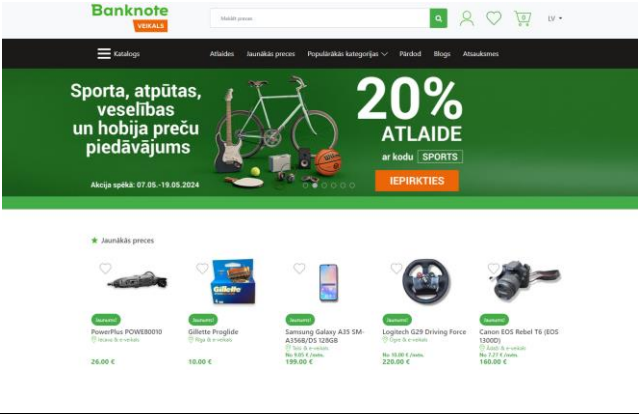
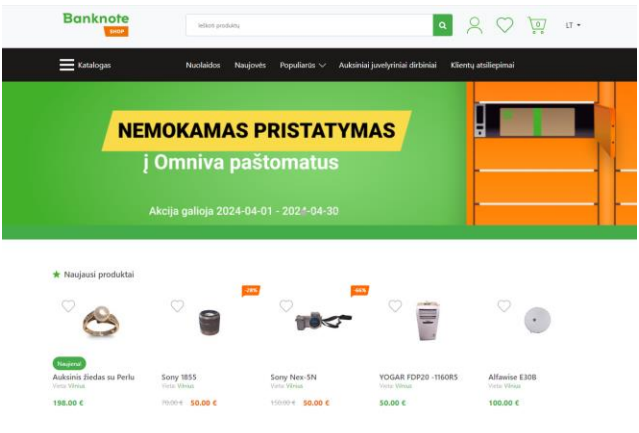
Banknote and VIZIA Website

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

Table 8.4.7.

The Group's offered service websites

Domain	Purpose of the website	Snapshot
--------	------------------------	----------

<p>https://www.banknote.lv/</p>	<p>Online platform enabling consumer loans and pawn loans.</p>	
<p>https://banknote.lt/</p>	<p>Online platform enabling pawn loans.</p>	
<p>https://veikals.banknote.lv/</p>	<p>Internet store for pre-owned goods.</p>	
<p>https://shop.banknote.lt/</p>	<p>Internet store for pre-owned goods.</p>	

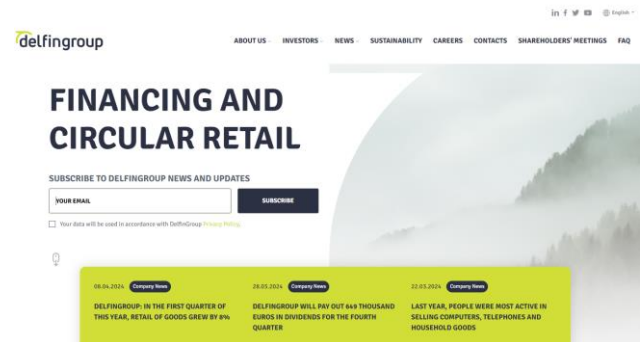
<https://www.vizia.lv/>

Online platform enabling consumer loans.



<https://delfingroup.lv/>

Corporate website of the Group.



WhatsApp, app, e-mail and phone

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

Offline – branches

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

As of the date of the Prospectus, the Group operates and generates revenue in Latvia by serving its customers via 89 branches. 39 of the branches are located in Riga, and 50 of the branches are located in other cities and towns across Latvia. In addition, DelfinGroup LT operates 7 branches in Lithuania which are located in Vilnius.

Figure 8.4.8.

Banknote pawnshop branch network in Latvia

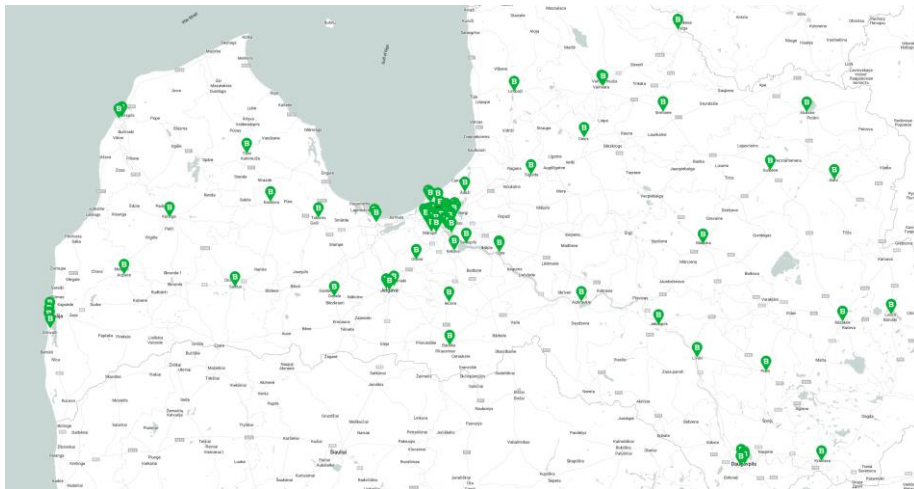


Figure 8.4.9.

Banknote pawnshop branch network in Riga

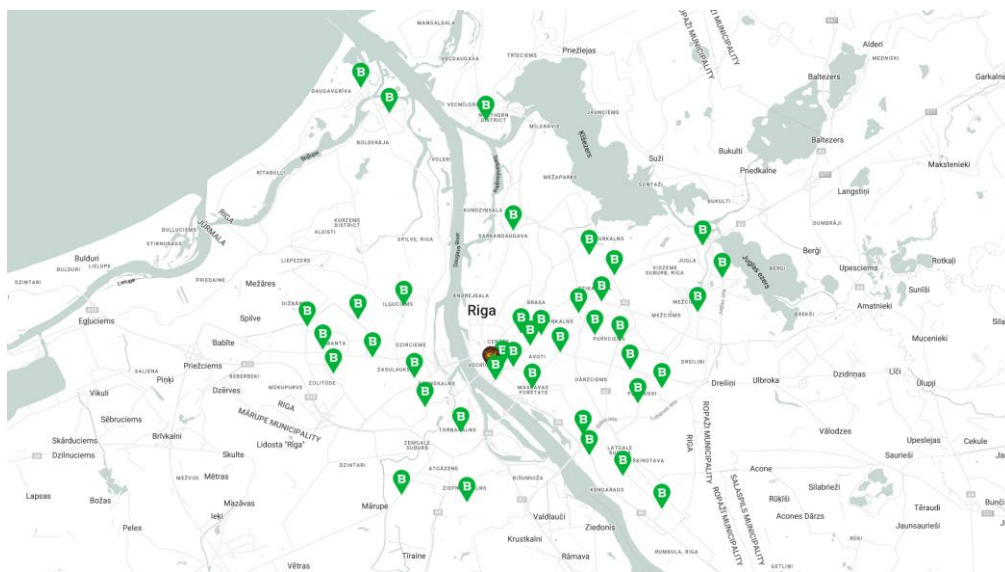


Table 8.4.10.

Banknote pawnshop branch network in Lithuania

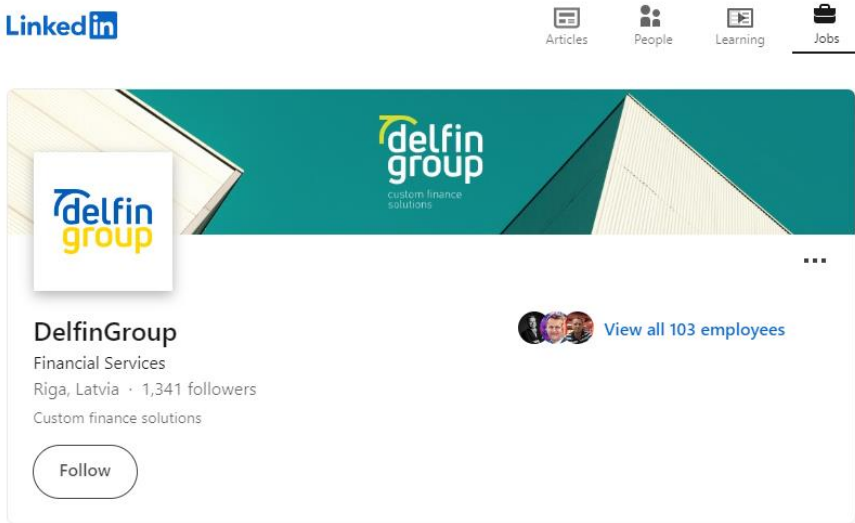
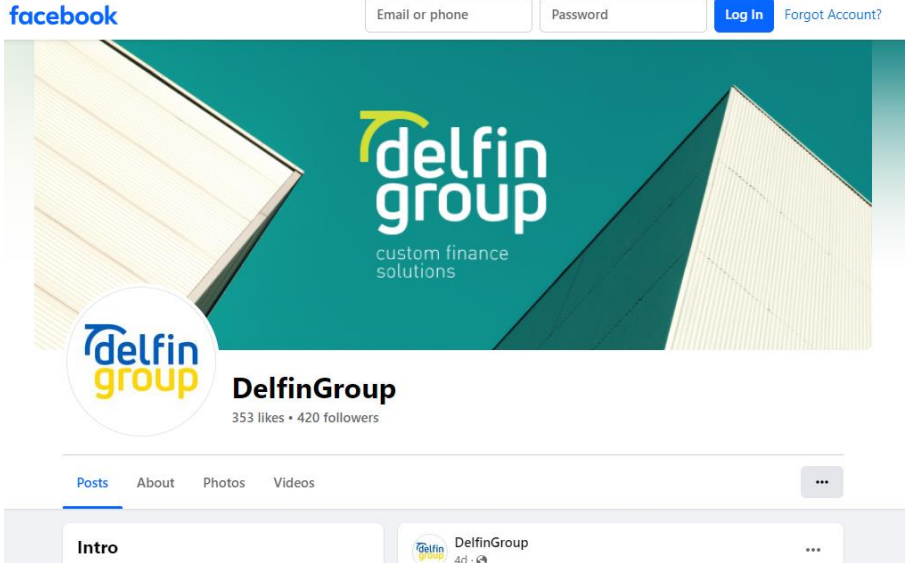
No.	Address
1.	Antakalnio gatvė 78, Vilnius
2.	Šeškinės gatvė 26, Vilnius
3.	Vyduño gatvė 7, Vilnius
4.	Ateities gatvė 91, Mandarinai, Vilnius
5.	Kalvarijų gatvė 59A, Vilnius
6.	Savanorių pr. 33, Vilnius
7.	Kalvarijų gatvė 98, Vilnius

Distribution of information

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

Table 8.4.11.

The Groups social media presence

Social media	Social media marketing snapshot
<p>LinkedIn</p>	
<p>Facebook</p>	

Instagram

Instagram

Log In Sign Up



banknote.lv Follow Message ...

131 posts 641 followers 2 following

Banknote
Shopping & retail
Meklē izdevīgus risinājumus finanšu jautājumos, vēlies iegādāties pārbaudītas preces vai dāvat mantām otro dzīvi? Viss iespējams!
👉 bit.ly/3gJUM2R + 2



Uzmini nu?



BUJ



Filiales

POSTS REELS TAGGED



TikTok

TikTok

Search

+ Upload Log In

- For You
- Following
- Friends
- Explore New
- LIVE
- Profile



banknote.lv
banknote.lv

Follow

1 Following 4460 Followers 32.7K Likes

Mantu ir daudz – ne vienmēr vajag jaunas, tāpēc pārdot ir gudri. #nekrājputeklus

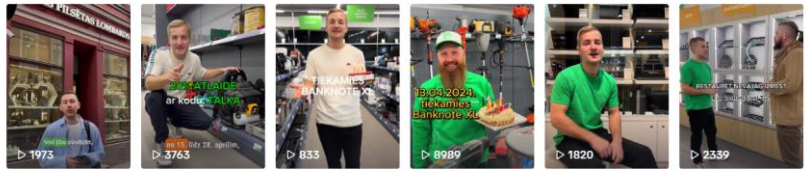
Videos Liked

Log in to follow creators, like videos, and view comments.

Log In

Create TikTok effects, get a reward

Company About Newsroom Contact Careers



Rīgas pilsētas lombard... 20% atlaide ar kodu: T... Jau rīt, 13. aprīlī tieka... Tiekamies? Tiekamies!... Banknote veikals pie... Restaurēt, nevajag iz...

Facebook Banknote LV

facebook

Email or phone

Password

Log In

Forgot Account?



Banknote

1.7K likes • 2.2K followers

Posts About Reels Photos Videos

Intro

Banknote ir finanšu pakalpojumu sniedzējs, pārbaudītu preču uzpircejs un pārdevējs ar vairāk nekā 12

Page · Shopping & retail

Banknote

July 4 at 11:35 PM · 🌐

Jau no rtdienas, 6. jūlija Banknote filiāle Balvos pārceļas uz jaunām, skaistām telpām t.c "Planēta", Brīvības ielā 55 📍 Esam sagatavojuši īpašu atklāšanas piedāvājumu - visām precēm filiāle spēkā -15% atlaide līdz 12.07. 🎉 Gaidām Jūs ciemos!

**Facebook
Banknote LT**



**Facebook
VIZIA**



Customer engagement

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

Consumer loans and credit line

Loan application process:

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

(1) Identification and verification

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

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

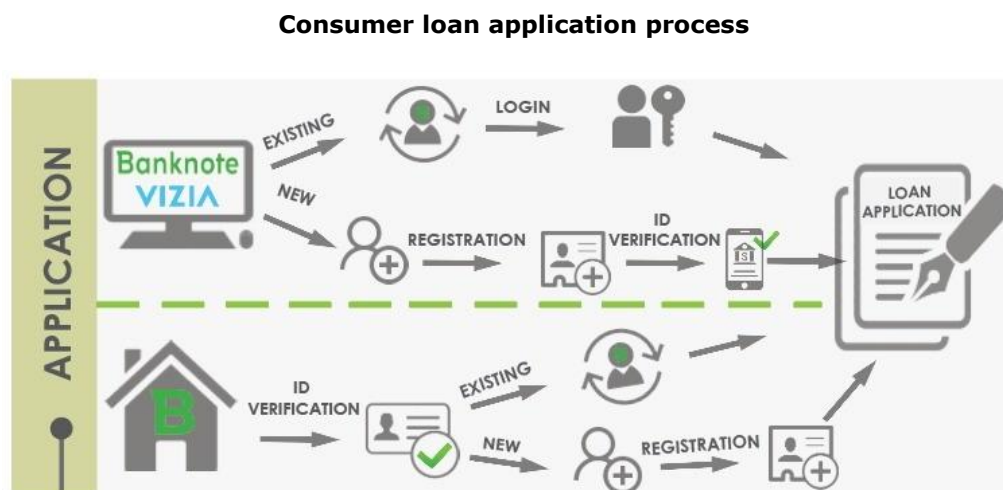
Returning customers are subject to re-identification and verification by means of presenting ID at the branch office. The users of the online platform must only complete the identification procedure once during the registration process. Any subsequent use of the Company’s services via online platform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

The process of bank account’s identification process is described below in sub-section “Loan approval and disbursement process”.

(2) Application

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

Figure 8.4.12.



Loan approval and disbursement process:

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

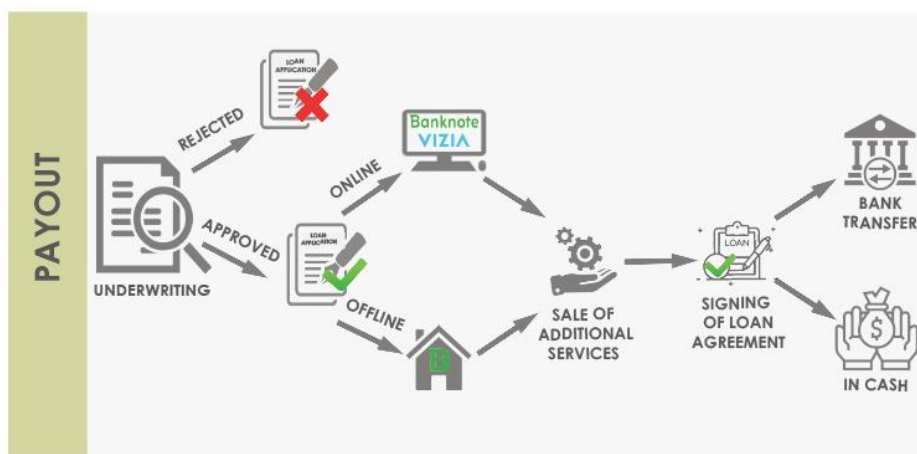
(1) Loan approval process

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

(2) Loan disbursement process

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

Consumer loan pay-out process



Loan repayment process:

(1) Ordinary course of loan repayment

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

(2) Delayed loan repayment

If a delay occurs in the repayment of the loan, a recovery process is initiated against the borrower. If the internal debt collection process is unsuccessful, and if the repayment is delayed for more than 60 days, then the loan is ceded to third parties in return for compensation. The third party may then exercise the rights of the creditor and take action with respect to the loan.

(2) Pawn loans

Loan application process:

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

(1) Identification and verification

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

(2) Application and provision of collateral

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

Loan approval and disbursement process:

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

(1) Loan approval and appraisal of the collateral process

The first step in the process is the appraisal or evaluation of the items used as security for the loan. Each of the Company's branches has designated personnel for carrying out appraisals who operate under a clear

policy regarding their function and responsibilities. The appraisal is performed by a trained employee who has experience in appraising a broad array of goods. Several steps are involved in the appraisal process, including a test of the authenticity of the specific good in accordance with standard guidelines that are applied across all of the Company's branches.

(2) Loan disbursement process

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

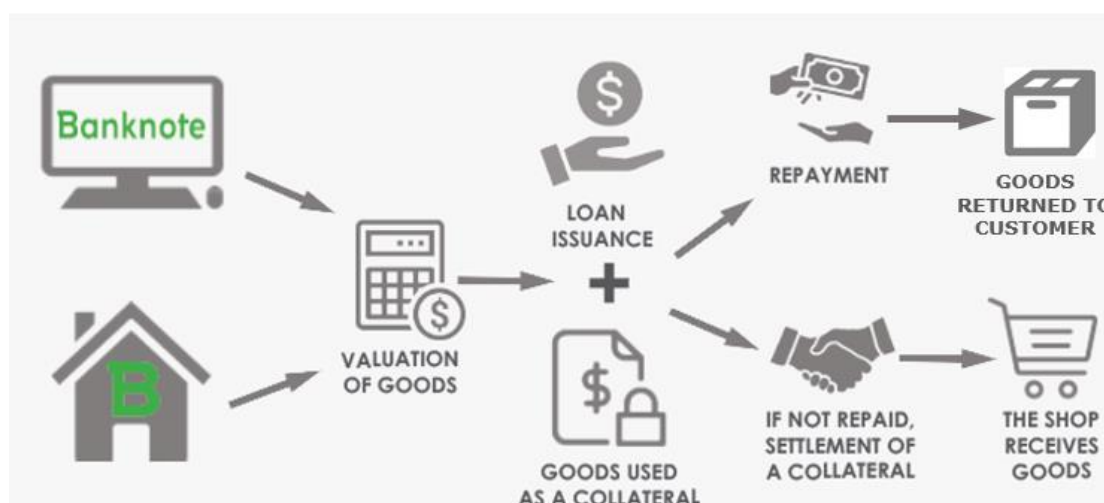
Once loan disbursement has occurred, the collateral is transferred into the possession of the lender.

Loan repayment and release of collateral process:

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

Figure 8.4.14.

Pawn loan life-cycle



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

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

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

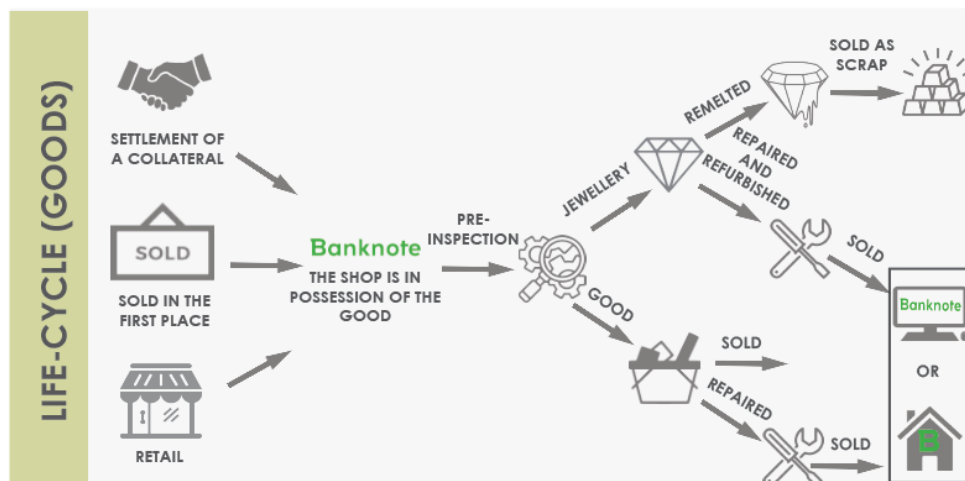
A preliminary examination is carried out with respect to all goods that are put up for sale at branch offices of the Company. The nature and scope of examination differs depending on whether the goods are jewellery or contain precious metals:

- jewellery: if jewellery is in fair condition, it is refurbished and put up for sale immediately; if jewellery is defective and capable of repair, it is repaired and then put up for sale; if jewellery is defective and not capable of repair, it is sold as scrap metal;

- other goods: if the goods are in fair condition, they are put up for sale immediately; otherwise, they are repaired and refurbished in the workshop and put up for sale after having been restored to optimum condition.

Figure 8.4.15.

Life cycle of goods



8.6 Data-driven Consumer Lending Process

The Group bases its consumer lending process on five pillars, all of which are data-driven. They are further described below.

(1) Marketing

Strong brand awareness in Latvia. Mix of digital and traditional marketing.

Digital marketing: SEO (search engine optimization); Pay-per-click, Affiliate marketing; Social media; Broker comparison platforms; Content marketing.

Traditional marketing: TV; Radio; Outdoor advertising; Printed advertising; Direct marketing.

(2) Application

Onboarding via: Website; mobile app; affiliates; branch network; broker comparison platforms.

Online process: 3-step process for new customers; simple authentication; one-click application for repeat customers.

Offline process: one-page registration form for new customers; paperless application for repeat customers; help from professional staff.

Identification methods: online via open banking solutions; in-person identification.

(3) Underwriting

- Automated credit history and income data collection from multiple sources.
- Compliant creditworthiness assessment.
- Use of open banking (account information) services for advanced user experience and data enrichment.
- In-house built predictive scoring models that utilize over 100,000 data points.
- Quick decision making (less than 1 minute for 75% of customers).

(4) Customer Service

- CRM-driven action for operators.
- Integrated third-party contact centre software.
- Fully automated transactional and call-status-based follow-up communication (e-mails, messages).
- Fast loan disbursement process, starting from 1 to 10 minutes.

(5) Debt Collection

- Automated reminders.
- Robo calls.
- Professional in-house debt collection team.
- Forward flow assignment.
- External collection.

8.7 Strengths

Market leadership

Throughout its history the Company has demonstrated consistent growth across the entire spectrum of core business operations. This is evidenced by its successful operation marked by a sizeable branch network together with online business component, significant number of highly skilled and specialized employees, substantial customer base, diversity of product range, diverse financing structure, as well as consistently impressive and increasing profitability for the past 14 years of operation.

The attainment of these performance results was possible because of the management team, which has accumulated significant expertise in the field of consumer lending and retail business. The Company's focus is on responsible lending. It has acquired the reputation of a trustworthy and highly professional business that possesses the ability to respond rapidly and effectively to the challenges of both regulatory changes and unprecedented adverse events.

Focus on sustainability

The Company believes that operating the business in a sustainable manner will help ensure the longevity of the Company and maximise long-term returns for the Shareholders. The Company has implemented robust corporate governance practices aligned to the best international practices, with the ultimate goal of operating the business in the best possible way.

Not only has the Company implemented robust corporate governance practices, it also promotes sustainable decision-making and management. In its retail business segment, it adheres to the principles of circular economy. Commencing in 2021, it has begun publishing the ESG report.

Digitally advanced

The Company takes pride in the advanced technology that it has implemented both throughout the range of its products and the provision of services to customers. The Group offers access to nearly all its products and services online and continues adding to the existing array of digital products and services with the ultimate goal of enhancing customer experience. Meanwhile, a robust brick-and-mortar offering of products and services is still there to maximise the benefits of inclusion of customers with no access, or limited access, to the personal finance products and services that are only accessible online.

8.8 Strategy and objectives

The Company aims to be a leader in the fast-growing, dynamic and changing FinTech industry by attracting the strongest talent, offering widely used and modern financial products, and maintaining efficient and transparent management processes.

By implementing and designing advanced technological solutions, the Company is able to develop and offer modern and relevant products and services with excellent user experience (UX), thus becoming a major player in the market. Through continued focused technology and product development, the Company aims to become the first choice for customers in the geographies and product lines represented by retail financial services, managing a loan portfolio of EUR 100 million by the end of 2025.

The Company has already fundamentally changed the pawn industry by introducing a modern approach to providing pawn services. The Groups wants to strengthen our leadership position and further transform the industry in Latvia by developing the pawn product in a digital environment, thus offering pawn loans in a way that is relevant, innovative and convenient for customers.

Also, taking into account the unique infrastructural advantages and global trends, the Company aims to become the main ambassador of the circular economy in the region by promoting the circulation of pre-owned and slightly pre-owned goods, introducing time-appropriate solutions in its online shop and branches, as well as promoting the rational use of resources and raising public awareness of environmentally friendly lifestyle.

To achieve goals, the Group has set the following key priorities:

- To develop the retail and goods circulation segment while ensuring its sustainability, increase in turnover, and profitability growth.
- To develop convenient and innovative digital solutions, offering customers a personalized user experience (UX). To create new digital products and channels that provide customers with even broader online opportunities.
- To ensure the necessary volume and diversification of funding to implement the company's strategy and growth.
- To expand business beyond Latvia to boost business scale and company value. We have gained a significant market share in Latvia, so exploring new markets will foster company development.
- To develop the pawn lending segment by increasing loan portfolio and maintaining a convincing market leader position.
- To develop the consumer lending segment by introducing cutting-edge digital and BNPL (Buy now, pay later) products, promoting financial inclusion, providing portfolio growth, and increasing market share.

Financial targets

On 28 February 2023 the Company renewed the previously set financial guidance for 2023 and 2024 and set forecasts for 2025²².

After evaluating the Company's growth in all of its main business segments, it is expected that there will continue to be strong demand for the Company's products and services in the coming years, which will contribute to the growth of its loan portfolio. As a result, it was planned that by the end of 2025, the Company's loan portfolio will reach 100 million euros. The Company has already reached this target by the end of six-month period ended 30 June 2024.

Table 8.4.16.

Planned financial targets for 2024, and 2025 for the Company as of 28 February 2023

Indicator*	2023 audited results	2023 target	2024 target	2025 target
Net Loan Portfolio	MEUR 89	MEUR 77	MEUR 90	MEUR 100
Cost-to-income ratio	47%	<45%	<45%	<45%
Return on Equity (ROE)	33.6%	>30%	>30%	>30%
Equity ratio	20.3%	>20%	>20%	>20%
EBITDA**	MEUR 18.2	MEUR 17	MEUR 23	MEUR 26
Profit before tax	MEUR 8.3	MEUR 8	MEUR 12	MEUR 15
Dividend pay-out ratio	53%	>50%	>50%	>50%

²²Source: <https://view.news.eu.nasdaq.com/view?id=b6b6be0196be07aea2f546c8c0dd02645&lang=en&src=listed>

For calculation of the alternative performance measures please refer to Section 12.4 "Alternative Performance Measures".

***EBITDA source: Indicator for the year 2023 according to the Management report of the audited AS DelfinGroup Consolidated Annual accounts for the year ended 31 December 2023.*

The table above on long-term financial targets of the Company (to be attained by the end of 2025) has been compiled and prepared on a basis which is both comparable with the historical financial information and consistent with the Company's accounting policies.

The Company's strategy in terms of financial governance

- Increasing return on investment.
- Diversification of the sources of funding to support growth of the Company's loan portfolio.
- Regular (quarterly) dividend payments to the Shareholders.

Strategy with respect to consumer loan and pawn loan services

- *Increasing market share in terms of the volume of loan issuance and Net Loan Portfolio.* The long-term objective is to become a leading consumer and pawn loan provider in Latvia and expanding its services also in Lithuania. The Company has set the goal to achieve the economies of scale by efficiently selling existing and new financial services to a larger customer base. As a result, material improvement of the key performance indicators of the Group can be achieved. By achieving this goal, the Company will increase the long-term shareholder value.
- *Ensuring high profitability of the loan portfolio.* The Group is directing its resources to further develop its data driven decision-making capabilities, issue loans in a trustworthy and secured manner and enhance the overall profitability of the Net Loan Portfolio. Furthermore, the Group plans to persistently work on improving the knowledge and expertise of its employees in order to provide an excellent service to its customers and make sound business decisions.
- *Developing the Group's services, expanding online presence, as well as improving the efficiency of branch operations and internal procedures.* The Company will continue to focus on developing the business of consumer lending and pawn loans, thus ensuring the longevity of these market segments while also increasing its market share. The Company's goal is to provide services of exceptional quality, all while employing modern business practices, where the decision-making is predominantly data-based. Moreover, the Company is developing new lending products if the available data suggest profitability of such products.

Company's strategy for the retail business of pre-owned goods and jewellery

- *Pawnshops as a part of circular economy.* The Company provides a second life for goods via its network of pawnshops. One of its goals is to raise awareness of the role played by pawnshops in the circular economy. The Company aims to shift consumer preferences towards pawnshops and gain wider recognition of the Company's pawnshops by the general public.
- *Establishing a leadership position in the flow of pre-owned goods and jewellery in the economy.* The Company plans to continue raising recognition of its brand "Banknote" as a leader in the field of retail business of pre-owned goods, thereby increasing the volume of pre-owned goods circulating in the economy.
- *Developing the use of online distribution channels in the retail business.* The Company will continue to promote access by consumers to its retail business of pre-owned goods and jewellery via online distribution channels.

8.9 Material agreements

All commercial agreements entered into by the Company are within the scope of its stated business objectives.

In the opinion of the Management Board, the below specified agreements are material and require an elevated level of analysis, prior scrutiny and specific corporate governance approvals in view of the volumes, complexity and importance for the Company.

Several of the agreements are subject to confidentiality undertakings. Because of this, the information below may not confer the sufficient level of detail and is limited, primarily due to the considerations of

confidentiality. However, in the opinion of the Management Board, the information provided below is sufficient to enable an understanding of the nature and substantive provisions of the relevant agreements.

Financing Agreements

Mintos

The Company and ViziaFinance have entered into a Cooperation Agreement with Mintos Finance on Issuance of Loans (as amended from time to time). Additionally on 6 May 2022 a Cooperation agreement with AS Mintos Marketplace and SIA Mintos Finance No.20 was signed on issuance of Notes. The parties have agreed for the potential provision of loans for the Company's advantage, on the condition that Mintos is provided with security. This security ensures that all loans placed on the Mintos platform are backed by 120% collateral. As of 31 December 2023, the weighted average annual interest rate of the issued loans is 10.7%. The term of maturity of each loan is agreed separately for each loan and is aligned to the term of the corresponding loan provided by the Company to its customers.

Multitude Bank p.l.c.

In December 2023, the Company signed a credit line agreement with Multitude Bank p.l.c. for EUR 11 million with a two-year maturity. On 29 November 2023, the Company registered a commercial pledge by pledging its assets for a maximum amount of EUR 15 million as collateral with Multitude Bank p.l.c.

This financing will help finance business expansion in the upcoming years, including loan portfolio growth, product development, and branch network expansion. Additionally, it will improve diversification, representing the largest bank funding in the Group's history.

Financial instruments – corporate bonds

As of the date of the Prospectus, the Company has four bond issues outstanding:

- 1) Unsecured bond issue ISIN LV0000850055 in the amount of EUR 10,000,000, registered with Nasdaq CSD and traded on Nasdaq Riga First North as of 3 July 2023 and issued by means of a private placement on 7 July 2022 and subject to the following terms: (i) number of bonds issued is 10,000; (ii) bond face (nominal) value is EUR 1,000 each; (iii) coupon rate is 3M EURIBOR + 8.75%; (iv) monthly coupon payments to occur on the 25th day of each month; (v) maturity is reached on 25 September 2024, when the bond principal (EUR 1,000 for each bond) is to be repaid. The bonds are unsecured.
- 2) Unsecured bond issue ISIN LV0000802718 in the amount of EUR 15,000,000, registered with Nasdaq CSD and traded on Nasdaq Riga First North as of 3 October 2023 and issued by means of a private placement on 1 August 2023 and subject to the following terms: (i) number of bonds issued is 15,000; (ii) bond face (nominal) value is EUR 1,000 each; (iii) coupon rate is 3M EURIBOR + 9.00%; (iv) monthly coupon payments to occur on the 25th day of each month; (v) maturity is reached on 25 February 2026, when the bond principal (EUR 1,000 for each bond) is to be repaid. The bonds are unsecured.
- 3) Unsecured subordinated bond issue ISIN LV0000802700 in the amount of EUR 5,000,000, registered with Nasdaq CSD and issued by means of a private placement on 24 July 2023 and subject to the following terms: (i) number of bonds issued is 5,000; (ii) bond face (nominal) value is EUR 1,000 each; (iii) coupon rate is 3M EURIBOR + 11.50%; (iv) monthly coupon payments to occur on the 25th day of each month; (v) maturity is reached on 25 July 2028, when the bond principal (EUR 1,000 for each bond) is to be repaid. The bonds are unsecured.
- 4) Unsecured bond issue ISIN LV0000860146 in the amount of EUR 15,000,000, registered with Nasdaq CSD and issued by means of a private placement on 3 October 2023 and subject to the following terms: (i) number of bonds issued is 15,000; (ii) bond face (nominal) value is EUR 1,000 each; (iii) coupon rate is 3M EURIBOR + 9.00%; (iv) monthly coupon payments to occur on the 25th day of each month; (v) maturity is reached on 25 July 2028, when the bond principal (EUR 1,000 for each bond) is to be repaid. The bonds are unsecured.
- 5) Unsecured subordinated bond issue ISIN LV0000870145 in the amount of EUR 5,000,000, registered with Nasdaq CSD and issued by means of a private placement on 29 May 2024 and subject to the following terms: (i) number of bonds issued is 5,000,000; (ii) bond face (nominal) value is EUR 1,000 each; (iii) coupon rate is 3M EURIBOR + 11.00%; (iv) monthly coupon payments to occur on the 25th day of each month; (v) maturity is reached on 25 May 2029, when the bond principal (EUR 1,000 for each bond) is to be repaid. The bonds are unsecured.

Security

The Group has registered commercial pledges by pledging its assets and claim rights for a maximum claim amount of EUR 34.8 million as collateral registered to SIA Mintos Finance No.20 and AS Mintos Marketplace to provide collateral for loans placed on the Mintos platform.

On 25 May 2023, the Company registered a 2nd rank commercial pledge by pledging its assets for a maximum amount of EUR 1.4 million as collateral registered to Signet Bank AS.

On 25 September 2023, the Company registered a 2nd rank commercial pledge by pledging its assets for a maximum amount of EUR 1.883 million as collateral registered to Signet Bank AS.

On 29 November 2023, the Company registered a commercial pledge by pledging its assets for a maximum amount of EUR 15 million as collateral registered to Multitude Bank p.l.c.

On 14 December 2023, on 20 February 2024, 14 May 2024, 26 June 2024 and 17 July 2024, the Company signed an agreement for the pledge of bank accounts and balances in the amount of EUR 0.9999 million as part of the collateral with MULTITUDE BANK P.L.C.

As of 31 December 2023, the amount of secured liabilities constitutes EUR 36.704 million (as of 31 December 2022 EUR 34.861 million). As of 30 June 2024, the amount of secured liabilities of the Company is EUR 40.577 million.

8.10 Legal proceedings

Related to the business of lending to multiple borrowers, the Company regularly brings lawsuits before Latvian courts for the collection of unpaid debts. Whenever such lawsuits arise, the Company typically acts as a plaintiff or joint plaintiff.

The following legal proceeding should be taken into account, as it can have a material effect on the financial condition or profitability of the Group:

On 19 June 2024 a decision to initiate proceeding was adopted by the Constitutional Court of the Republic of Latvia. The case regards the obligation of non-bank lenders to pay a surcharge of 20% of the previous year's profit on top of the Corporate Income Tax (CIT) from 1 January 2024. DelfinGroup and ViziaFinance argue that consumer creditors are subject to an unjustified tax burden by being erroneously assimilated to the banking sector, even though the two segments have different and incomparable business structures. Currently, the institution which has issued the contested act – the Saeima – has to submit to the Constitutional Court, by 19 August 2024, a written reply setting out the facts of the case and legal substantiation. After that, the Constitutional Court will judge the case. The Group companies, as plaintiffs, are parties to several other legal proceedings that are pending before Latvian courts. The majority of these legal proceedings concern debt recovery claims.

The following legal proceedings that are significant and are materially different from the regular court proceedings should be noted:

On 28 January 2021, the Department of Administrative Cases of the Senate of Latvia issued judgment SKA-68/2021 in the administrative case, following filing by AS "DelfinGroup" (formerly SIA "ExpressCredit") of an application for the partial cancellation of certain decisions adopted by the CRPC of Latvia in the years 2016 and 2017. The legal issues examined in the judgment included the lawfulness of fees charged by the Company for the extension of the term of consumer loans and the assignment of claims arising from consumer loan agreements on the investment platform www.mintos.com and other similar platforms. The case focused on the interpretation of legal issues, and not failure by the Company to satisfy the requirements of the CRPC. Since the Company has already ensured compliance with the year 2016 and year 2017 decisions by the CRPC prior to the commencement of the legal proceedings, no additional action by the Company is required. No violations of consumer rights occurred during the intermittent period, while the essence of the case turned on the hypothetical questions as to whether harm to consumers might arise from the assignment of creditor claims to other creditors and whether the total cost to consumers includes the cost of extending the loan.

Moreover, the Company has already paid the EUR 6,000 fine charged under the decision of the CRPC. It is, therefore, safe to say that that the judgment does not affect the financial condition or prospects of the Company or the Group.

9 GENERAL INFORMATION AND ARTICLES OF ASSOCIATION

9.1 General information on the Company

The business name of the Company is AS "DelfinGroup". The Company was registered in the Commercial Register of Latvia on 12 October 2009 under the registration number 40103252854 and legal entity identifier number 2138002PKHUJIMVMB13. The Company is organised and existing under Latvian law. The Company was initially set up as a limited liability company (the former business names of the Company were SIA "Lombards24.lv" and SIA "ExpressCredit"). On 19 January 2021, the Company was re-organised into a joint stock company. After the re-organisation, the Company maintains the same registration number.

The Company has been established for an indefinite term. The Company is the parent entity of the Group. The registered areas of business activity of the Company are "Other credit granting" (64.92, NACE Rev.2), "Retail sale via mail order houses or via Internet" (47.91, NACE Rev. 2), "Retail sale of second-hand goods in stores" (47.79, NACE Rev. 2), "Retail sale of watches and jewellery in specialised stores" (47.77, NACE Rev. 2).

Contact details of the Company are:

- address: Skanstes iela 50A, Riga, LV-1013, Latvia;
- e-mail: info@delfingroup.lv;
- telephone number: +371 26189988;
- corporate website: www.delfingroup.lv.

9.2 The Articles of Association

Corporate governance of the Company is carried out in accordance with the statutory provisions of Latvian law including, primarily, the Latvian Commercial Law and the Latvian Financial Instrument Market Law, the Company's Articles of Association and the internal policies, rules and procedures of the Company.

The current version of the Articles of Association was approved with the decision of the General Meeting dated 6 June 2024. The consolidated version of the text of the Articles of Association currently in force can be found on the Company's corporate website www.delfingroup.lv/governance.

Summary of the Articles of Association

The following is a summary and explanation of the main provisions of the Articles of Association:

1. The authorised share capital of the Company is EUR 4,537,750,50 (four million five hundred thirty-seven thousand seven hundred fifty euros and fifty cents).
2. The Company has only one type of shares - dematerialised shares with a nominal value of EUR 0.10. The share capital of the Company is comprised of 45,377,505 (forty-five million three hundred seventy-seven thousand five hundred and five) shares. No other categories of shares have been issued by the Company or are outstanding as of the date of the Prospectus. Each share entitles the holder to receive dividends, to receive liquidation quota in the event of liquidation of the Company and to vote at General Meetings.
3. Each Shareholder has the right to participate in and vote at General Meetings by electronic means. The authority to establish requirements for the identification of Shareholders and the procedure for the exercise of voting rights is vested in the Management Board.
4. The General Meeting is quorate and has the authority to adopt resolutions if Shareholders jointly representing more than half of the share capital of the Company with voting rights are present at the meeting.
5. The General Meetings may also be convened at locations that are outside the administrative territory of the Company's registered address.
6. The Supervisory Board of the Company consists of five Supervisory Board members. The Supervisory Board members are elected for a term in office not to exceed five years.
7. Decisions of the Supervisory Board are adopted by a simple majority of the votes cast. In the case of a split vote, the Chairman of the Supervisory Board has a casting vote.

8. The Articles of Association do not specify the number of members of the Management Board and this is consistent with Latvian law. According to Latvian Commercial Law, the Management Board of a company shall comprise at least three members if the company's shares are listed on a stock exchange.
9. The Company shall be represented by two members of the Management Board acting jointly.
10. The Management Board adopts decisions by a simple majority of the votes cast. In the case of a split vote, the Chairman of the Management Board has a casting vote. The Articles of Association also specify important matters in which the Management Board is required the prior approval of the Supervisory Board.

10 SHARE CAPITAL, SHARES AND OWNERSHIP STRUCTURE

10.1 Share capital and shares

All of the Company's Shares have been issued in accordance with Latvian law and, in particular, the Latvian Commercial Law. The nature and scope of rights attaching to the Company's shares, including the rights stated in the Articles of Association, can only be amended according to the procedure set forth in the Latvian Commercial Law.

The Company is a joint stock company (*akciju sabiedrība*). The current registered share capital of the Company is EUR 4,537,750.50 divided into 45,377,505 dematerialised shares (the "**Share/Shares**"). The Shares are registered with the Nasdaq CSD under the ISIN code LV0000101806 and are kept in book-entry form. No share certificates have or may be issued. All existing Shares are of the same category. The nominal (face) value of each outstanding Share is EUR 0.10. All of the Shares have been issued and fully paid up. The Shares have not been subject to any public takeover bid during the current or last financial year. Each Share entitles the holder to receive dividends, to receive liquidation quota in the event of liquidation of the Company and to vote at General Meetings.

Table 10.1.1.

The Company's shares

Type of share	Number of shares	Nominal value, EUR	Total nominal value, EUR
Dematerialised shares	45,377,505	0.10	4,537,750.50

10.2 Conditional equity capital

Changes were registered in the share capital of the Company on 20 September 2021 to implement the personnel share options programme.

The share capital was conditionally increased by EUR 45,000 of conditional equity capital, divided into 450,000 shares with the nominal value of EUR 0.10.

As of the date of this Prospectus, 57,911 of the options have converted into 57,911 Shares with nominal value of EUR 0.10 and therefore on 20 December 2023 by resolution of the Supervisory Board the Share capital was increased by EUR 5,791.10. Therefore, the conditional equity capital of the Company as of the date of this Prospectus is EUR 39,208.9.

10.3 Shareholders

As of 30 June 2024, the following Shareholders hold over 5% of all Shares of the Company and the Company considers them its Major Shareholders:

Table 10.3.1.

The Company's Major Shareholders

Name of Shareholder	Percentage of the total share capital held	Number of Shares held	The ultimate beneficial owner and sole shareholder of the Shareholder
AS ALPPES Capital	18.35%	8,325,594	Aigars Kesenfelds
SIA Curiosity Capital	4.86%	2,205,076	Linda Kesenfelde
SIA LK Investments	4.85%	2,200,000	Linda Kesenfelde
Linda Kesenfelde	0.37%	170,000	-
SIA EC finance	14.93%	6,775,560	Agris Evertovskis
SIA "AE Consulting"	8.21%	3,724,229	Agris Evertovskis
Agris Evertovskis	0.003%	1,250	-

In accordance with Article 5(2)(1) of the Latvian Share Buy-back Law, shareholders shall be regarded as acting in concert if they are spouses. Therefore, Mrs Linda Kesenfelde and her spouse Mr Aigars Kesenfelds, are presumed to be acting in concert under the Latvian Share Buy-back Law. The Company is not aware of any other shareholders who are acting in concert.

As of the date of this Prospectus, the Company is not aware that it is directly or indirectly owned or controlled by someone.

As of the date of this Prospectus, the Company is not aware of any facts or arrangements that might give rise to a change in control over the Company.

11 MANAGEMENT AND SUPERVISORY BODIES

11.1 Governance Structure

The governance structure of the Company is designed to ensure the optimal management and control of the business of the Company as a whole in a manner aligned to the business objectives of the Company and the Group.

The Management Board carries out general management of the Company, except for the issues attributed to the competence of the General Meeting.

The function of the Supervisory Board is in supervising the Management Board and representing the interests of Shareholders in-between of General Meetings.

The General Meeting is the supreme management and decision-making body of the Company.

In addition, the Supervisory Board has formed the Remuneration and Nomination Committee and the Business Development Committee, both of which are functioning at the Supervisory Board level, while the General Meeting has formed the Audit and Risk Committee.

The seat of the Management Board and the Supervisory Board is the registered address of the Company at Skanstes iela 50A, Riga, LV-1013, Latvia.

11.2 Management Board

The role and responsibilities of the Management Board. The Management Board is responsible for the day-to-day management of the Company's operations and decision-making (with the exception of decisions falling within the exclusive competence of the General Meeting and decisions requiring approval by the Supervisory Board).

The Management Board also participates in the development and execution of the Company's strategy and material policies. The primary objectives of the Management Board include managing the Company's assets to maximise their value and returns, improving the efficiency of internal control and risk management systems, and ensuring the protection of Shareholder rights and interests. The Management Board represents the Company in relation to third parties and the public at large.

The Management Board reports to the Supervisory Board and must abide by its valid instructions. The Management Board requires approval by the Supervisory Board in order to adopt decisions on matters of major importance for the Company. In addition to issues set forth by law, approval by the Supervisory Board is required with respect to decisions on any of the following matters:

- 1) commencement of new types of activity and termination of current activities;
- 2) determinations concerning the general principles of operation;
- 3) acquisitions, increases or decreases of shareholdings in other companies;
- 4) acquisitions or disposals of other undertakings;
- 5) acquisitions, alienations of the real property or creation of encumbrances over real property with rights *in rem*;
- 6) issuance of procuration;
- 7) consents to entry into, amendment or renewal of related party transactions;
- 8) grants by the Company of sureties or guarantees related to the performance of obligations of third parties, as well as amendments to or termination of such sureties or guarantees;
- 9) off-balance sheet commitments by the Company;
- 10) entry into one or more transactions with the same person, or if the purpose of the transaction falls outside the scope of the ordinary business of the Company, provided that the total value of the transaction(s) during one financial year exceeds EUR 100,000;
- 11) debt incurrence if the debt, in any single instance, causes the Company to be liable in excess of EUR 100,000, to the extent that the issue is not within the competence of the General Meeting;
- 12) grant of loans for any purpose that is not related to the ordinary business activities of the Company;
- 13) transfer or modification of intellectual property, grant of exclusive licenses or other similar rights for the benefit of third parties, with the exception of affiliates of the Company, or other significant transactions involving the intellectual property of the Company;
- 14) commencement, termination or settlement of any legal proceedings, arbitration or mediation proceedings, with the exception of recovery of debt incurred in the ordinary course of business, or

- any motion for the grant of injunctive relief (including temporary restraining order or protective order) that may be necessary for the protection of legitimate interests of the Company in the circumstances where approval by the Supervisory Board is impossible or impracticable;
- 15) filing of an application for a voluntary insolvency of the Company or filing of a motion for the commencement of legal protection proceedings with respect to the Company; or
 - 16) in respect of any of the above matters, in as far as the matter concerns a Subsidiary.

Appointment of members of the Management Board. In selecting and appointing the members of the Management Board, the Supervisory Board with help of the Remuneration and Nomination Committee seek to ensure adherence to the principle of diversity, including with respect to work experience, nationality, age and gender of the candidates. To this end, a set of specific selection criteria, including with respect to the skills and competence of each candidate, have been established by the Supervisory Board.

Organisation and functioning of the Management Board. According to the Articles of Association, the Company shall be represented by two Management Board members acting jointly. The Articles of Association establish no minimum requisite number of members of the Management Board.

As of the date of this Prospectus, the Management Board consists of four members appointed by the Supervisory Board for the term in office of five years.

The Supervisory Board appoints one member of the Management Board to act as the Chairman of the Management Board. The Chairman of the Management Board shall make sure, among other duties, that the members of the Management Board receive sufficient information and materials enabling the proper execution of their duties.

Decisions of the Management Board are adopted by a simple majority of the votes cast. In the event of a split vote, the Chairman of the Management Board has a casting vote.

The details on the members of the Management Board of the Company, as of the date of this Prospectus, are provided below.

Didzis Ādmīdiņš



Mr Didzis Ādmīdiņš has been the CEO of the Company since 2018 and a member of the Management Board since 2014. Mr Didzis Ādmīdiņš is also Chairman of the Management Board of ViziaFinance and DelfinGroup LT.

Mr Didzis Ādmīdiņš graduated from Riga Technical University and holds a Master's degree in Economics and Business Administration.

As of the date of this Prospectus, the positions and activities of Mr Didzis Ādmīdiņš outside the Company are not significant with respect to the Company.

Aldis Umblejs



Mr Aldis Umblejs joined the Company in 2021, first taking the position of CFO and later being appointed as a Member of the Management Board. In addition, Mr Aldis Umblejs is Member of the Management Board at ViziaFinance and DelfinGroup LT.

Mr Aldis Umblejs holds a Bachelor of Science in Business Administration from BA School of Business and Finance, as well as the qualification of a Chartered Certified Accountant (FCCA) and Chartered Financial Analyst (CFA).

As of the date of this Prospectus, the positions and activities of Mr Aldis Umblejs outside the Company are not significant with respect to the Company.

Nauris Bloks



Mr Nauris Bloks has been the CINO of the Company and a member of the Management Board since 2023.

Mr Nauris Bloks holds a Bachelor's degree from the University in Latvia in e-business management. In addition, he has completed professional board member courses in Baltic Institute of Corporate Governance and is Certified Business Analysis professional (CBAP).

As of the date of this Prospectus, the positions and activities of Mr Nauris Bloks outside the Company are not significant with respect to the Company.

11.3 Supervisory Board

The role and responsibilities of the Supervisory Board. The Supervisory Board oversees performance by the Management Board of its managerial duties, taking into account the interests of the Shareholders, in accordance with the provisions of statutory law and the Articles of Association.

Rules of Procedure of the Supervisory Board. On 20 March 2024, the Supervisory Board adopted the second version of the Regulations of the Supervisory Board. The Rules of Procedure determine the work organization of the Supervisory Board, the manner of convening meetings of the Supervisory Board, the information flow, procedural aspects and the manner of decision-making at the meetings of the Supervisory Board.

The organisation and functioning of the Supervisory Board. According to the Articles of Association, the Supervisory Board shall consist of five members who are appointed for the term in office of five years. The Supervisory Board adopts resolutions by a simple majority of the votes cast and, in the event of a split vote, the Chairman of the Supervisory Board has a casting vote. Currently the Supervisory Board consists of one member that has been nominated by SIA "AE Consulting" and SIA EC finance jointly (while a Shareholders Agreement was in place) and three members that have been selected and nominated through an open selection process organised by the Company.

Tasks of the Supervisory Board. In addition to the provisions of the law and Articles of Association, the Supervisory Board has the following tasks: approve the strategy and monitor its implementation; approve the annual financial plan (which also includes the budget) and monitor its implementation; elect and recall members of the Management Board; approve the Rules of procedure of the Management Board; determine the remuneration of the members of the Management Board; set annual financial and non-financial targets for the Management Board and monitor their achievement; monitor the operation of internal control and

risk management systems, as well as internal audit, review their adequacy and effectiveness; set general operating principles, including the approval of key policies; approve the strategic and annual risk-based internal audit plan; consider all issues that are within the competence of the General Meeting and prepare an appropriate opinion on them; approve the conclusion of an agreement with third parties in accordance with the transaction amount specified in the Articles of Association; conclude any partnership, joint venture, association or similar association or agreement on behalf of the Company; consider issues related to the acquisition of participation in other companies, its increase or decrease, issuance of a power of attorney, awarding of loans that are not related to the normal business activities of the Company; represent the Company before Shareholders and other key audiences by reporting on the Company's activities; perform annual self-evaluation of the work of the Supervisory Board; perform other tasks in accordance with the provisions of the Articles of Association.

The details on the members of the Supervisory Board of the Company, as of the date of this Prospectus, are provided below.

Agris Evertovskis



Mr Agris Evertovskis is a founder of the Company, and has served as the Chairman of the Supervisory Board since 2021. Mr Agris Evertovskis is a member of the Supervisory Board's Remuneration and Nomination Committee and Business Development Committee.

Mr Agris Evertovskis graduated from the Stockholm School of Economics in Riga and holds Bachelor's degree in Economics and Business.

In addition to his role with the Company, Mr Agris Evertovskis is currently a member of the management boards of SIA "EC finance", SIA "Five nines company" and SIA "AE Consulting". As of the date of this Prospectus, the positions as a member of the management board of SIA "EC finance" and SIA "AE Consulting" are significant with respect to the Company, both of which companies are the direct shareholders of the Company.

Gatis Kokins



Mr Gatis Kokins has been the Deputy Chairman of the Supervisory Board of the Company since 2021. Mr Gatis Kokins was appointed to serve as an independent member of the Supervisory Board. He is a member of the Supervisory Board's Audit and Risk Committee, the Remuneration and Nomination Committee, as well as a member of the Business Development Committee.

Mr Gatis Kokins graduated from the University of Latvia and holds Master of Science degree in Physics. He received an MBA from the Stockholm School of Economics in Riga and participated in number of executive education programs, including INSEAD and Harvard Business School.

As of the date of this Prospectus, Mr Gatis Kokins does not hold any positions or perform any duties outside the Company that are significant with respect to the Company.

Mārtiņš Bičevskis

Mr Mārtiņš Bičevskis is a member of the Supervisory Board of the Company since 2021. He was appointed as an independent member of the Supervisory Board. Mr Mārtiņš Bičevskis is the Head of the Remuneration and Nomination Committee.

Mr Mārtiņš Bičevskis graduated from the University of Latvia with Law degree. Martins has held high level positions in various ministries of Latvia. In turn, he is a start-up Ecosystem Enthusiast & an activator for the Latvian sports ecosystem.



As of the date of this Prospectus, the positions and activities of Mr Mārtiņš Bičevskis outside the Company are not significant with respect to the Company.

Jānis Pizičs



Mr Jānis Pizičs has been a member of the Supervisory Board since 2021. Mr Jānis Pizičs is Head of the Business Development Committee and a member of the Audit and Risk Committee.

Mr Jānis Pizičs holds a BSc in Economics and Business from the Stockholm School of Economics in Riga and an MBA from Riga Business School.

As of the date of this Prospectus, the positions and activities of Mr Jānis Pizičs outside the Company are not significant with respect to the Company.

11.4 Conflicts of interest

To the knowledge of the Company as of the date of this Prospectus, there exist no actual or potential conflicts of interest between the duties of any member of the Company's Management Board or Supervisory Board, or any of the Subsidiaries, and their private or commercial interests.

11.5 The external auditor

The Audited Financial Statements have been prepared and reviewed by audit firm "KPMG Baltics SIA", registration number: 40003235171, legal address: Roberta Hirša iela 1, Riga, LV-1045 for financial years which ended on 31 December 2023 and 31 December 2022. "KPMG Baltics SIA" are certified auditors and members of the Latvian Association of Certified Auditors.

12 SELECTED FINANCIAL INFORMATION AND OPERATING DATA

The financial information contained in this Section is extracted from the consolidated audited financial statements of the Group pertaining to the two financial years ending on 31 December 2023 and 31 December 2022 (the “**Audited Financial Statements**”) prepared in accordance with the Accounting Principles.

The financial information in this Prospectus for the 6-month period which ended on 30 June 2024 and 6-month period which ended on 30 June 2023 has been derived or taken from the unreviewed consolidated interim financial statements of the Group for the 6-month period which ended on 30 June 2024 and for the 6-month period which ended on 30 June 2023 (the “**Interim Financial Reports**”) which have been prepared in accordance with the International Accounting Standards (IAS) 34 but have not been reviewed by external auditors (the Interim Financial Reports together with the Audited Financial Statements also referred to as the “**Financial Statements**”).

12.1 Consolidated Financial Information of the Group

Consolidated Statement of Comprehensive Income (EUR'000)

The table below sets out selected financial information from the Group’s consolidated statement of income for years ended 31 December 2023, 2022 and the six-month periods ended 30 June 2024, 2023.

Table 12.1.1.

Item	Year ended 31 December (audited)		Six-month period ended 30 June (unreviewed)	
	2022	2023	2023	2024
Net sales	6,473	9,216	3,913	4,287
Cost of sales	(4,204)	(6,086)	(2,468)	(2,670)
Interest income and similar income	29,303	41,207	19,390	24,811
Interest expenses and similar expenses	(4,669)	(8,579)	(3,844)	(5,222)
Credit loss expenses	(6,161)	(10,687)	(5,236)	(6,971)
Gross profit	20,742	25,071	11,754	14,233
Selling expenses	(7,500)	(8,747)	(4,116)	(5,163)
Administrative expenses	(5,773)	(7,727)	(3,723)	(4,550)
Other operating income	104	75	27	62
Other operating expenses	(315)	(383)	(146)	(219)
Profit before corporate income tax	7,258	8,290	3,797	4,363
Income tax expenses*	(1,296)	(1,662)	(414)	(902)
Net profit for the reporting period	5,961	6,628	3,382	3,461
Earnings per share, EUR	0.132	0.146	0.075	0.076
Adjusted earnings per share, EUR	0.132	0.146	0.075	0.076

*In relation to the changes in Income tax applied at the end of 2023 for banks and non-bank lenders, an advance of 20% of the whole 2023 profit was recognised in Q4 2023. As a result, Income tax expenses for the first six months of 2023 were recognised only for the distributed dividends.

Consolidated Statement of Financial Position (EUR'000)

The table below sets out selected financial information from the Group’s consolidated statement of financial position for years ended 31 December 2023, 2022, and the six-month periods ended 30 June 2024, 2023.

Table 12.1.2.

Item	Year ended 31 December (audited)		Six-month period ended 30 June (unreviewed)	
	2022	2023	2023	2024
ASSETS				
Non-current assets				
Intangible assets				
Concessions, patents, licences, trademarks and similar rights	27	14	16	12
Internally developed software	575	799	509	896
Other intangible assets	121	770	218	1,051
Goodwill	128	128	128	128
Work in progress internally developed software	-	32	-	27
Advances on intangible assets	44	125	332	36
Total intangible assets	895	1,867	1,203	2,150
Property, plant and equipment				
Right-of-use assets	2,636	2,887	2,712	2,804
Land, buildings, structures and perennials	182	175	178	177
Investments in property, plant and equipment, leasehold improvements	189	315	206	336
Other fixtures and fittings, tools and equipment	203	322	236	369
Total property, plant and equipment	3,211	3,699	3,332	3,687
Non-current financial assets				
Loans and receivables	46,150	66,686	57,078	78,974
Long-term investments	46,150	66,686	57,078	78,974
Total non-current assets	50,256	72,253	61,613	84,810
Current assets				
Inventories				
Finished goods and goods for sale	2,290	3,391	4,662	3,782
Total inventories	2,290	3,391	4,662	3,782
Receivables				
Loans and receivables	21,368	22,340	21,021	22,575
Other debtors	575	914	763	1,315
Total receivables	21,942	23,253	21,784	23,890
Deferred expenses*	301	235	362	544
Cash and cash equivalents	2,369	5,929	3,013	4,354
Total current assets	26,902	32,808	29,801	32,571

TOTAL ASSETS	77,158	105,061	91,415	117,381
EQUITY AND LIABILITIES				
Equity:				
Share capital	4,532	4,538	4,532	4,538
Share premium	6,891	6,891	6,891	6,891
Other capital reserves	93	170	163	215
Retained earnings	6,590	9,724	8,331	11,329
Total equity	18,106	21,322	19,917	22,972
Creditors				
Long-term creditors				
Bonds issued	4,331	26,862	8,601	31,699
Loans from credit institutions	-	6,407	876	11,684
Other borrowings	15,005	14,904	19,023	15,220
Lease liabilities	2,353	2,337	2,189	2,295
Total long-term creditors	21,688	50,510	30,690	60,898
Short-term creditors				
Bonds issued	14,783	13,405	15,961	14,022
Loans from credit institutions	-	887	124	1,615
Other borrowings	19,856	14,506	21,287	12,058
Lease liabilities	565	831	808	801
Trade payables	856	1,011	781	911
Taxes and social insurance	350	393	568	2,423
Income tax liabilities**	211	997	-	-
Unpaid dividends	-	-	-	399
Accrued liabilities	742	1,198	1,280	1,282
Total short-term creditors	37,364	33,228	40,807	33,510
Total creditors	59,052	83,739	71,497	94,409
TOTAL EQUITY AND LIABILITIES	77,158	105,061	91,415	117,381

* On the Balance sheet statement of the Group for the years ended 31 December 2022 and 31 December 2023 (in the Audited Financial Statements for the year ended 31 December 2023) and for the six-month period ended 30 June 2024 section "Deferred expenses" does not form part of receivables and is disclosed separately from section "Receivables". The Management makes appropriate changes also on the Balance sheet statement of the Group for the 6-month period ended on 30 June 2023 considering that deferred expenses shall not constitute part of receivables.

** On the Balance sheet statement of the Group for the years ended 31 December 2022 and 31 December 2023 (in the Audited Financial Statements for the year ended 31 December 2023) section "Income tax liabilities" is disclosed separately from section "Taxes and social insurance". Interim Financial Reports for the six-month period ended 30 June 2023 and for the six-month period ended 30 June 2024 do not contain separately allocated information on income tax liabilities.

Statements of changes in equity of the Group (EUR'000)

The table below sets out selected financial information from the Group's consolidated statement of changes in equity for years ended 31 December 2023, 2022, and the six-month periods ended 30 June 2024.

Table 12.1.3.

	Share capital	Share premium	Other capital reserves	Retained earnings	Total
As at 31 December 2021	4,532	6,891	-	6,053	17,476
Dividends paid	-	-	-	(5,425)	(5,425)
Share-based payments	-	-	93	-	93
Profit for the reporting period	-	-	-	5,961	5,961
As at 31 December 2022	4,532	6,891	93	6,590	18,106
Dividends paid	-	-	-	(3,494)	(3,494)
Share-based payments	-	-	77	-	77
Profit for the reporting period	-	-	-	6,628	6,628
Exercise of share options	6	-	-	-	6
As at 31 December 2023	4,538	6,891	170	9,724	21,322
Dividends paid	-	-	-	(1,856)	(1,856)
Share-based payments	-	-	45	-	45
Profit for the reporting period	-	-	-	3,461	3,461
As at 30 June 2024	4,538	6,891	215	11,329	22,972

Consolidated Statement of Cash Flows (EUR'000)

The table below sets out selected financial information from the Group's consolidated statement of cash flows for years ended 31 December 2023, 2022 and the six-month periods ended 30 June 2024, 2023.

Table 12.1.4.

Item	Year ended 31 December (audited)		Six-month period ended 30 June (unreviewed)	
	2022	2023	2023	2024
Cash flows from/(to) operating activities				
Profit before corporate income tax	7,258	8,290	3,797	4,363
<u>Adjustments for:</u>				
fixed assets and intangible assets depreciation	433	515	230	428
right-of-use assets depreciation	751	807	350	437
credit loss expenses	6,161	10,687	5,236	6,971
employee share option	93	-	-	-
interest income	(29,303)	(41,207)	(19,390)	(24,811)

interest and similar expenses	4,669	8,579	3,844	5,222
Profit or loss before adjustments of working capital and short-term liabilities	(9,938)	(12,254)	(5,863)	(7,344)
<u>Adjustments for:</u>				
change in loans and receivables and other debtors	(29,872)	(31,044)	(14,967)	(20,600)
change in inventories	(1,035)	(1,101)	(2,373)	(391)
change in trade and other payables	1	1,164	1,473	788
Gross cash flow from/(to) operating activities	(40,844)	(43,234)	(21,730)	(27,547)
Interest received	28,898	39,784	18,310	25,205
Interest paid	(5,041)	(9,751)	(4,218)	(5,971)
Corporate income tax payments	(979)	(778)	(1,296)	(612)
Net cash flow from/(to) operating activities	(17,966)	(13,978)	(8,934)	(8,925)
Cash flow from/(to) investing activities				
Acquisition of fixed assets, intangibles	(704)	(1,726)	(584)	(780)
Net cash flow from/(to) investing activities	(704)	(1,726)	(584)	(780)
Cash flow from/(to) financing activities				
Proceeds of exercise of share options	-	6	-	-
Term deposits	-	(455)	-	-
Loans received	35,566	26,079	10,610	16,235
Loans repaid	(18,783)	(23,922)	(3,805)	(11,150)
Bonds issued	8,651	36,954	5,466	5,991
Redemption of bonds	(500)	(14,943)	-	(1,000)
Repayment of lease liabilities	(930)	(961)	(469)	(488)
Dividends paid	(5,425)	(3,494)	(1,641)	(1,457)
Net cash flow from/(to) financing activities	18,579	19,264	10,162	8,131
Net cash flow of the reporting period	(90)	3,560	644	(1,574)
Cash and cash equivalents at the beginning of the period	2,460	2,369	2,369	5,929
Cash and cash equivalents at the end of the period	2,369	5,929	3,013	4,354

Standards issued by not yet effective

A number of new standards or amendments to standards are effective (some of which are not yet been endorsed by EU) for annual periods beginning after 1 January 2023 and earlier application is permitted; however, the Group has not early adopted the new standards or amended standards in preparing these consolidated financial statements.

The following new and amended standards are not expected to have a significant impact on the Group's consolidated financial statements:

- Classification of Liabilities as Current or Non-current (amendments to IAS 1);

- Non-current Liabilities with Covenants (amendments to IAS 1);
- Lease liability in a Sale and Leaseback (amendments to IFRS 16);
- Supplier Finance Arrangements (amendments to IAS 7 and IFRS 7);
- Lack of Exchangeability (amendments to IAS 21).

The Audited Financial Statements have been audited and reviewed by "KPMG Baltics SIA" and incorporated by a reference.

Emphasis of matter included in the report of the Statutory Auditor of the Group pertaining to the consolidated financial statement for the financial year ending on 31 December 2022

Within the audit report for the Audited Financial Statement for year which ended on 31 December 2022 the Statutory Auditor has provided an emphasis of matter – comparative information which is fully reproduced below.

We draw attention to Note 1 section Restatement in comparative figures due to correction of errors on page 21 of the separate and consolidated financial statements, which describes that the Company and the Group identified errors in the previous years relating to expected credit loss calculation, classification and resulting measurement error for pawn loans, application of effective interest rate method to interest income calculation, classification error for accounting of e-shop sales, as a result of which the comparative information presented as at and for the year ended 31 December 2021 and the statement of financial position as at 1 January 2021 have been restated. Our opinion is not modified in respect of this matter.

12.2 Insight in the Group's Financial Standing

The Company has demonstrated a robust financial performance in recent years, marked by significant growth in both revenue and profit. In the year ended 31 December 2023, the Group's total revenue reached EUR 50,423 thousand, reflecting a notable 40.94% increase from the previous year's EUR 35,776 thousand. This upward trajectory continued into the first half of 2024, with a revenue of EUR 29,098 thousand, up 24.87% from the same period in 2023. The consistent revenue growth underscores the Group's expanding footprint in the consumer lending and pre-owned goods retail sectors across Latvia. The Group's operations in Lithuania as of the date of the Prospectus do not contribute significantly to revenue growth of the Group considering further investments in technology and development of convenient solutions for customers.

Profitability has also seen an upward trend. The Group's profit before corporate income tax for the year ended 31 December 2023 was EUR 8,290 thousand, marking a 14.22% increase compared to EUR 7,258 thousand in 2022. This growth builds on a substantial 45.25% rise in profit before tax from EUR 4,997 thousand in 2021 to EUR 7,258 in 2022. For the six-month period ended 30 June 2024, the profit before corporate income tax was EUR 4,363 thousand, an 14.92% increase from the same period in 2023. These figures illustrate the Group's effective cost management and strategic initiatives aimed at enhancing profitability.

The Group's financial stability is further reflected in its capital structure and debt management. As of 30 June 2024, the Group's total long-term debt stood at EUR 60,898 thousand, constituting 64.51% of the total gross debt. This includes significant bond financing, with two bond issues listed on Nasdaq Baltic First North and three unlisted private bond issues, totalling EUR 45,721 thousand. The Group has maintained compliance with all financial covenants associated with these bond issues, highlighting its strong financial governance and ability to meet its debt obligations.

Overall, the Group's financial performance and strategic debt management position it as a robust player in the consumer finance market. Its consistent revenue growth, rising profitability, and prudent financial management practices reflect a well-executed business strategy and a strong foundation for future growth.

Long-term objectives

On 28 February 2023 the Company renewed the previously set financial guidance for 2023 and 2024 and set forecasts for 2025. The Group's long-term objectives are to continue expanding its market share and to increase its profitability. Please refer to Section 8.8 "Strategy and objectives" for further information on planned financial targets for 2024, and 2025 for the Company.

Recent trends and developments

One of most recent milestone reached was the start of operations in Lithuania, which is the first step of the Group outside the Latvian market. During the first internationalisation development phase, the company

opened five branches of the circular economy concept shop Banknote in Vilnius and an online store. The Group offers convenient and customer-oriented pawn services in Lithuania and strengthens the integration of circular economy principles into Lithuanian society by providing a complete cycle of services for the sale and purchase of pre-owned and slightly pre-owned goods. The Group plans to expand the branch network in Lithuania and offer even more services. In July 2024 the Group opened two more branches of the circular economy concept shop Banknote in Vilnius. However, as at the date of the Prospectus, Lithuania is not yet considered principal market for the Group.

Material Changes

There were no material changes in the Group's financial position and operations, including production, sales, inventory, costs and selling prices in the period after the audited financial statements as at 31 December 2023 and up to the date of this Prospectus.

In accordance with the Company's Dividend Policy approved on 28 March 2024, the Company plans (and previously has paid out) to pay out extraordinary dividends once per quarter based on the recommendation of the Management Board after the quarterly financial statements have been prepared.

On 7 August 2024 the unaudited 6-month interim report has been published and therefore, the Company plans to convene an Extraordinary Meeting of Shareholders where the agenda will be with respect of the approval of the payout of the subsequent extraordinary dividends. The Company intends to announce the convention of the Shareholders Meeting before the start of the Offering Period, whereas the Shareholders Meeting will be held after the Offering Period. The payout of the extraordinary dividends is subject to the approval of the Shareholders Meeting.

Furthermore, there are no known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Company's prospects for the least the current financial year.

12.3 Financial Indebtedness

The Group's liquidity requirements are primarily driven by the Group's need for working capital. The Group's capital requirements may fluctuate during the year and would increase, for instance, when a particular bond issue of the Group would be refinanced. The short term-liquidity requirements are managed by the flexibility provided by the Cooperation Agreements on Issuance of Loans established with Mintos Finance. The agreement allows for an increase of financing by supplying loans issued by the Group to Mintos Finance, which are subsequently financed by the investors accessed over the investment platform marketplace.

The Group's actual financing requirements depend on a number of factors, many of which are beyond its control. The ability of the Group to generate cash from operations depends on its future operating performance, general economic and financial conditions, competition and changes in laws and regulations (please see Section 2 "Risk Factors" of this Prospectus). The Management Board, in cooperation and consultation with the Supervisory Board, identifies, evaluates, and manages the Group's financial risks by defining and implementing the appropriate policies regarding liquidity and credit risks.

The Group's goal is to achieve a balanced funding structure to provide the Group flexibility and support its growth plans.

Table 12.2.1.

Capital structure of the Group (EUR'000)

<i>Item</i>	<i>Year ended 31 December (audited)</i>		<i>Six-month period ended 30 June (unreviewed)</i>	
	2022	2023	2023	2024
Bonds issued, (EUR'000)	19,114	40,267	24,561	45,721
Loans from credit institutions, (EUR'000)	-	7,294	1,000	13,299
Other borrowings, (EUR'000)	34,861	29,410	40,310	27,278
Lease liabilities, (EUR'000)	2,918	3,168	2,997	3,096
Trade payables and accrued liabilities, (EUR'000)	1,599	2,209	2,061	2,193

Taxes and social insurance, (EUR'000)	560	1,390	568	2,423
Unpaid dividends, (EUR'000)	-	-	-	399
Gross debt, (EUR'000)	59,052	83,739	71,497	94,409
Cash and cash equivalents, (EUR'000)	2,369	5,929	3,013	4,354
Net debt, (EUR'000)	56,683	77,810	68,485	90,055
Equity, (EUR'000)	18,106	21,322	19,917	22,972
Liabilities / equity ratio (x)	3.26	3.93	3.59	4.11
Net liabilities / equity ratio (x)	3.13	3.65	3.44	3.92

Table 12.2.2.

Borrowing structure of the Group (EUR'000)

Item	Year ended 31 December (audited)		Six-month period ended 30 June (unreviewed)	
	2022	2023	2023	2024
Mintos Finance	34,861	29,410	40,310	27,278
Loans from credit institutions	-	7,294	1,000	13,299
Lease liabilities	2,918	3,168	2,997	3,096
Bonds	19,089	40,192	24,529	45,638
Accrued interest	25	74	32	83
Total borrowings	56,893	80,138	68,868	89,394

Total borrowings per Table 12.2.2. "Borrowing structure of the Group" as at 30 June 2024 were EUR 89,394 thousand, representing 94.69% of the total amount of the Group's gross debt. Most of the borrowings are comprised of Mintos Finance financing constituting EUR 27,278 thousand and bond financing of EUR 45,638 thousand.

Total short-term borrowings as of 30 June 2024 were EUR 28,495 thousand, representing 30.18% of the total amount of the Group's gross debt. Most of the short-term borrowings are comprised of EUR 14,022 thousand of Bonds financing.

Total long-term debt as at 30 June 2024 was EUR 60,898 thousand, representing 64.50% of the total amount of the Group's gross debt. Most of the long-term borrowings are comprised of Bonds financing constituting EUR 31,699 thousand.

Loans from credit institutions

As of 30 June 2024 the Company of the Group have loans from credit institutions with floating interest rates (the base interest rate of 3M EURIBOR plus fixed rate) and maturities in 2025 and 2026.

To ensure fulfilment of liabilities the Group has registered commercial pledge. As at 30 June 2024 the Group is in compliance with covenants.

Notes issued

As of 30 June 2024, the Company has two outstanding note issues that are listed on Nasdaq Baltic First North and three outstanding privately issued unlisted note issues. The total nominal value of the notes outstanding is EUR 50,000,000.

The key financial covenants of the terms of the notes issue ISIN LV0000850055, ISIN LV0000802700, ISIN LV0000802718, ISIN LV0000860146, ISIN LV0000870145 are provided in the Management Report of the Interim Financial Statement for the 6-month period ended 30 June 2024.

As of the date of this Prospectus, the Company has the following note issues outstanding:

- Unsecured notes (ISIN LV0000850055) in the amount of EUR 10,000,000, registered with the Nasdaq CSD and issued in a private placement on 7 July 2022 on the following terms – number of notes 10 000, nominal value EUR 1,000, coupon rate – 3M EURIBOR + 8.75%. The principal amount is to be repaid by 25 September 2024. The notes in full amount are admitted to trading on Nasdaq First North as of 3 July 2023;
- Unsecured notes (ISIN LV0000802718) in the amount of EUR 15,000,000, registered with the Nasdaq CSD and issued in a private placement on 1 August 2023 on the following terms – number of notes 15 000, nominal value EUR 1,000, coupon rate – 3M EURIBOR + 9.00%. The principal amount is to be repaid by 25 February 2026. The notes in full amount are admitted to trading on Nasdaq First North as of 3 October 2023;
- Subordinated and unsecured notes (ISIN LV0000802700) in the amount of EUR 5,000,000, registered with the Nasdaq CSD and issued in a private placement on 24 July 2023 on the following terms – number of notes 5 000, nominal value EUR 1,000, coupon rate – 3M EURIBOR + 11.50%. The principal amount is to be repaid by 25 July 2028;
- Unsecured notes (ISIN LV0000860146) in the amount of EUR 15,000,000, registered with the Nasdaq CSD and issued in a private placement on 3 October 2023 on the following terms – number of notes 5 000, nominal value EUR 1,000, coupon rate – 3M EURIBOR + 9.00%. The principal amount is to be repaid by 25 July 2028;
- Subordinated and unsecured notes (ISIN LV0000870145) in the amount of EUR 5,000 000, registered with the Nasdaq CSD and issued in a private placement on 31 May 2024 on the following terms – number of notes 5 000, nominal value EUR 1,000, coupon rate – 11.00% + 3M EURIBOR. The principal amount is to be repaid by 25 May 2029.

The key financial covenants of the Terms of the Notes Issue ISIN LV0000802700 are published at https://delfingroup.lv/storage/files/as-delfingroup-issue-terms-24-jul-2023-1_1.pdf in Section 4.4 “Financial covenants”. The key financial covenants of the Terms of the Notes Issue ISIN LV0000860146 are published at <https://delfingroup.lv/storage/files/as-delfingroup-issue-terms-31102023-2.pdf> in Section 4.4 “Financial covenants”.

As of the date of this Prospectus, the Group has been in compliance with all covenants under the above-mentioned Terms of the Notes Issue.

Borrowings from Mintos Finance and other borrowings

The Company and ViziaFinance have entered into a Cooperation Agreement with Mintos Finance. The parties have agreed to mutually cooperate by offering users of the investment platform under the domain name www.mintos.com, operated by Mintos Marketplace, an opportunity to invest in the notes of Mintos Finance secured against the Company.

Further to the above-mentioned Cooperation Agreement, which was signed on 18 October 2016, the Company and ViziaFinance entered into Cooperation Agreements on Issuance of Loans (as amended from time to time) with Mintos Finance and additionally on 6 May 2022 Cooperation agreement with Mintos Marketplace and Mintos Finance No.20 was signed on issuance of Notes. The parties have agreed for the potential provision of loans for the Company's advantage, on the condition that Mintos is provided with security. This security ensures that all loans placed on the Mintos platform are backed by 120% collateral. As of 30 June 2024, the weighted average annual interest rate of the issued loans is 8.1%. The term of maturity of each loan is agreed separately for each loan and is aligned to the term of the corresponding loan provided by the Company to its customers.

As of the date of this Prospectus, the Company and ViziaFinance have been in compliance with all covenants under the above-mentioned agreements.

In December 2023, the Company signed a credit line agreement with Multitude Bank p.l.c. for MEUR 11 with a two-year maturity. On 29 November 2023, the Company registered a commercial pledge by pledging its assets for a maximum amount of MEUR 15 as collateral with Multitude Bank p.l.c. This financing will help finance business expansion in the upcoming years, including loan portfolio growth, product development, and branch network expansion. Additionally, it improves diversification, representing the largest bank funding in the Group's history.

All covenants under the mentioned Terms of the Notes Issue for the issued bonds, under the Cooperation Agreement with Mintos Finance and under the credit line agreement with Multitude Bank p.l.c. are considered by the Company to be in line with common market practice, and the Company is not aware of any terms that deviate from market practice.

Provided security

The Group has registered commercial pledges by pledging its assets and claim rights for a maximum claim amount of MEUR 34.8 as collateral registered to SIA Mintos Finance No.20 and AS Mintos Marketplace to provide collateral for loans placed on the Mintos platform. On 25 May 2023, the Company registered a 2nd rank commercial pledge by pledging its assets for a maximum amount of MEUR 1.4 as collateral registered to Signet Bank AS. On 25 September 2023, the Company registered a 2nd rank commercial pledge by pledging its assets for a maximum amount of MEUR 1.883 as collateral registered to Signet Bank AS. On 29 November 2023, the Company registered a commercial pledge by pledging its assets for a maximum amount of MEUR 15 as collateral registered to Multitude Bank p.l.c. On 14 December 2023, on 20 February 2024, 14 May 2024, 26 June 2024 and 17 July 2024, the Company signed an agreement for the pledge of bank accounts and balances in the amount of EUR 999 900 as part of the collateral with MULTITUDE BANK P.L.C.

As of 30 June 2024, the amount of secured liabilities of the Company is EUR 40,577 thousand (as of 31 December 2023 – EUR 36,704 thousand).

12.4 Alternative Performance Measures (APM)

This Prospectus contains certain financial and operating performance measures that are not defined or recognised under the IFRS and which are considered to be “alternative performance measures” as defined in the “ESMA Guidelines on Alternative Performance Measures” issued by the European Securities and Markets Authority on 5 October 2015 (the “APMs” or “**Alternative Performance Measures**”). This Prospectus presents the following Alternative Performance Measures: total revenue, EBITDA, EBITDA margin, EBIT, EBIT margin, net profit margin, ROE, equity ratio and current ratio, gross profit from net sales, gross margin from net sales, total costs of services provided, gross profit from financial services, gross margin from financial services, adjusted gross profit, adjusted gross profit margin.

The following table present the selected APMs of the Group for the indicated periods or as of the indicated dates:

Table 12.4.1.

Key ratios and indicators (EUR'000)

<i>Item</i>	<i>Year ended 31 December</i>		<i>Six-month period ended 30 June</i>	
	2022	2023	2023	2024
Total revenue*, EUR'000	35,776	50,423	23,303	29,098
EBITDA*, EUR'000	13,111	18,191	8,221	10,450
EBITDA margin*, %	36.6	36.1	35.3	35.9
EBIT*, EUR'000	11,927	16,869	7,641	9,586
EBIT margin*, %	33.3	33.5	32.8	32.9
Profit before corporate income tax, EUR'000	7,258	8,290	3,797	4,363
Net profit, EUR'000	5,961	6,628	3,382	3,461
Net profit margin*, %	16.7	13.1	14.5	11.9
Return on equity (ROE)*, annualised, %	33.5	33.6	35.6	31.3
Equity ratio*, %	23.5	20.3	21.8	19.6
Current ratio*, x	0.7	1.0	0.7	1.0

*Total revenue = net sales + interest income and similar income.

EBITDA (earnings before interest, taxes, depreciation and amortisation) = profit before tax + interest expenses and similar expenses + right-of-use assets depreciation + depreciation of fixed assets + amortisation.

EBITDA margin = EBITDA / Total revenue * 100, where Total revenue = net sales + interest income and similar income.

EBIT (earnings before interest and taxes) = profit before tax + interest expenses and similar expenses.

EBIT margin = EBIT / Total revenue * 100, where Total revenue = net sales + interest income and similar income.

Net profit margin = net profit / Total revenue, where Total revenue = net sales + interest income and similar income.

Return on equity (ROE) = net profit / (total equity as at start of the period + total equity as at period end) / 2 * 100. As per six-month results the ROE provided is annualised = (net profit / 6 * 12) / (total equity as at start of the period + total equity as at period end) / 2 * 100..

Equity ratio = total equity / total assets * 100.

Current ratio = total current assets / total short-term current * 100.

Net Loan Portfolio = non-current loans and receivables + current loans and receivables.

Cost-to-income ratio = (selling expenses + administrative expenses + other operating expenses – debt sale results) / (net sales – cost of sales + interest income and similar income – interest expenses and similar expenses + other operating income) * 100.

Dividend pay-out ratio = dividends paid / net profit * 100.

Table 12.4.2.

EBIT and EBITDA calculation (EUR'000)

Item	Year ended 31 December		Six-month period ended 30 June	
	2022	2023	2023	2024
Profit before corporate income tax	7,258	8,290	3,797	4,363
Interest expenses and similar expenses	4,669	8,579	3,844	5,222
EBIT*	11,927	16,869	7,641	9,586
Right-of-use assets depreciation	751	807	350	437
Depreciation and amortisation of fixed and intangible assets	433	515	230	428
EBITDA*	13,111	18,191	8,221	10,450

The Company has included the APMs in this Prospectus because they represent key measures used by the Management Board towards the evaluation of operating performance of the Group. Moreover, the Management Board believes that the presentation of the APMs may be helpful to prospective investors because these measures and related ratios are customarily monitored and relied on by investors, securities analysts and other interested parties as supplemental indicators used to gauge performance and liquidity to evaluate the efficiency of a company's operations and future prospects. The Management Board also believes that the presentation of the APMs facilitates operating performance comparisons on a period-to-period basis to exclude the impact of items, which the Management Board does not consider to be indicative of the Group's core financial and operating performance.

The APMs are not sourced directly from the Financial Statements but are derived from the financial information contained therein. These measures have not been audited or reviewed by an independent auditor. The APMs are not defined in the IFRS, nor should they be treated as metrics of financial

performance, operating cash flows, or deemed an alternative to profit. They should only be read in addition to, and not as a substitute for or to supersede the financial information prepared in accordance with the IFRS. The APMs should not be given more prominence than measures sourced directly from the Financial Statements. The Alternative Performance Measures should be read in conjunction with the Financial Statements. There are no generally accepted principles governing the calculation of the APMs and the criteria upon which the APMs are based can vary from company to company, limiting the usefulness of such measures as comparative measures. Even though the APMs are used by the Management Board to assess the Group's financial results and these types of measures are commonly used by investors, they have important limitations as analytical tools and, by themselves, do not provide a sufficient basis for comparing the Company's performance with that of other companies and should not be considered in isolation or as a substitute to the revenue, profit before tax or cash flows from operations calculated in accordance with the IFRS to analyse the financial condition or operating results of the Group.

13 GLOSSARY

The following definitions apply throughout this Prospectus unless the context requires otherwise. They are not intended as technical definitions and are provided purely for assistance in understating certain terms used in this Prospectus.

Accounting Principles	The international financial reporting standards (“IFRS”) within the meaning of Regulation 1606/2002/EC (or as otherwise adopted or amended from time to time).
Agent	A person authorized to represent the Company and to perform certain tasks.
AML	Anti-money laundering and counter terrorism and proliferation financing.
APMs or Alternative Performance Measures	“Alternative performance measures” as defined in the “ESMA Guidelines on Alternative Performance Measures” issued by the European Securities and Markets Authority on 5 October 2015.
Applicable Law	Any applicable law, including without limitation: (a) the regulations of the Bank of Latvia (in Latvian – <i>Latvijas Banka</i>), 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 Latvia and any legal acts in each other country in which the Company operates.
Arranger or Signet Bank AS	Signet Bank AS (registration number: 40003043232, legal address: Antonijas iela 3, Riga, LV-1010, Latvia).
Articles of Association	Articles of Association of the Company effective as of the date of this Prospectus.
Audited Financial Statements	Audited consolidated financial statements of the Group pertaining to the two financial years which ended on 31 December 2023 and 31 December 2022.
Baltic Bond List	The official bond list of Nasdaq Riga, which is a regulated market for the purposes of the MiFID II.
Baltic Main List	The share and other capital securities list of Nasdaq Riga, which is a regulated market for the purposes of the MiFID II.
Baltics or the Baltic states	The Republic of Latvia, the Republic of Estonia, and the Republic of Lithuania as a whole.
Bank Debt	A debt incurred by the Company or its Subsidiaries provided by the banks or other financial institutions to: (i) finance loan portfolio and secured with a pledge over assets, property, shares or receivables of the Company and/or its Subsidiaries; or (ii) finance repair, restructuring, development or improvement of property owned or leased by the Company or its Subsidiaries.
Bank Debt Security I	A security over receivables not exceeding 140% of outstanding principal amount provided in relation to Bank Debt.
Bank Debt Security II	A security over assets (except receivables), property and/or shares of outstanding principal amount provided in relation to Bank Debt.
Bank of Latvia	The Bank of Latvia (in Latvian – <i>Latvijas Banka</i>). An autonomous public institution of the Republic of Latvia, which inter alia carries out the supervision of Latvian banks, credit unions, insurance companies and insurance brokerage companies, participants of financial instruments market, as well as private pension funds, payment institutions and electronic money institutions.

Bank of Lithuania	The Bank of Lithuania (in Lithuanian – <i>Lietuvos bankas</i>) with its registered office in Vilnius, Lithuania. The Lithuanian financial supervision authority.
Breach Period	Has the meaning set forth in Section 4.16 “Covenant Cure”.
Business Day	Business Day is a day when the Nasdaq CSD system is open and operational to effectuate T2S-eligible securities settlement transactions.
Cabinet of Ministers	Government of Latvia or the highest executive power of Latvia.
Capitalization Ratio	The result (expressed as a percentage) obtained by dividing Consolidated Net Worth of the Company (calculated as of the end of the Relevant Period covered by the most recent consolidated Financial Report) by consolidated Net Loan Portfolio as of such date of determination.
Cash and Cash Equivalents	Cash and cash equivalents of the Group calculated according with the Accounting Principles.
CEO	Chief Executive Officer.
CFO	Chief Financial Officer.
CFT	Countering the financing of terrorism.
Change of Control	<p>The 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:</p> <ul style="list-style-type: none"> a) cast or control the casting of more than 50% (fifty per cent) of the maximum number of votes that might be cast at a General Meeting (including Subsidiaries); 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 Company (including Subsidiaries). <p>For the sake of clarity, Change of Control does not take place if:</p> <ul style="list-style-type: none"> a) change of control takes place between existing Shareholders (including where any changes to the Management Board or Supervisory Board members or other equivalent officers of the Company takes place); or b) existing Shareholders each individually lose control over the Company and no other person gains power to cast or control casting of more than 50% (fifty per cent) of the maximum number of votes that might be cast at a General Meeting (including where any changes in the Management Board or Supervisory Board members or other equivalent officers of the Company takes place).
CINO	Chief Innovation Officer.
Company	DelfinGroup AS (registration number: 40103252854, legal entity identifier: 2138002PKHUJIMVMB13, legal address: Skanstes 50A, Riga, Latvia, LV-1013) and its current website address is www.delfingroup.lv .
Consolidated Net Worth	The sum of paid in capital, retained earnings, reserves and Subordinated Debt of the Company as set forth in the consolidated balance sheet as of the Relevant Period covered by the most recent Financial Report, less (without duplication) amounts attributable to disqualified stock of the Company.

COO	Chief Operating Officer.
Corporate Income Tax Law of Latvia	Corporate Income Tax Law of Latvia (in Latvian – <i>Uzņēmumu ienākuma nodokļa likums</i>), adopted on 28 July 2017, as may be amended from time to time.
COVID-19	The respiratory disease caused by the SARS-CoV-2 virus.
CPF	Countering proliferation of weapons of mass destruction.
CRPC	Latvian Consumer Rights Protection Centre.
Custodian	A Nasdaq CSD participant directly or licensed credit institution or investment brokerage company that has a financial securities' custody account with Nasdaq CSD participant.
Delegated Regulation	Regulation (EU) 2019/980 of 14 March 2019 supplementing Prospectus Regulation as regards the format, content, scrutiny and approval of the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Commission Regulation (EC) No 809/2004, OJ L 166, 21.6.2019, at pp 26-176, as may be amended from time to time.
DelfinGroup LT	DelfinGroup LT UAB (registration number: 306462155, legal address: 25-701 Lvivo street, Vilnius, LT-09320, Lithuania).
EBITDA	<p>Consolidated net profit of the Group from ordinary activities for the Relevant Period covered by the most recent Financial Report:</p> <ul style="list-style-type: none"> a) before deducting any amount of tax on profits, gains or income paid or payable by any Group company; b) before deducting any Net Finance Charges; c) before taking into account any exceptional items which are not in line with the ordinary course of business; a) before taking into account any gains or losses on any foreign exchange gains or losses; b) after adding back any amount attributable to the amortization, depreciation or depletion of assets. <p>The measurement period of EBITDA is the period of trailing 12 (twelve) months, calculated from the most recent Financial Reports of four consecutive calendar quarters.</p>
EEA	European Economic Area.
Equity Cure	Has the meaning set forth in condition under Section 4.16 "Covenant Cure".
ESG	Environmental, Social and Governance.
Estonia	The Republic of Estonia.
Estonian Financial Supervision Authority	The Estonian Financial Supervision Authority (in Estonian – <i>Finantsinspeksioon</i>), a financial supervision institution with autonomous competence and a separate budget which conducts supervision over credit institutions, insurance companies, insurance intermediaries, investment firms, management companies, investment and pension funds as well as the payment service providers, e-money institutions and the securities markets that have been authorised by the Estonian Financial Supervision Authority in the name of the state and which is independent in its activities and decisions.
EU	The European Union.

EUR	Euro, the official currency of Eurozone countries, including Estonia, Latvia and Lithuania.
EURIBOR	Means, in respect of any specified currency and any specified period, the interest rate benchmark known as the Euro zone interbank offered rate which is calculated and published by a designated distributor (currently Bloomberg) in accordance with the requirements from time to time of the European Banking Federation based on estimated interbank borrowing rates for a number of designated currencies and maturities which are provided, in respect of each such currency, by a panel of contributor banks (details of historic EURIBOR rates can be obtained from the designated distributor) and in case of negative rates, interest rate shall be zero.
Eurozone	The economic and monetary union of the Member States, which have adopted euro as their single official currency.
Event of Default	Has the meaning set forth in Section 4.17 "Events of Default".
Exchange Instruction	Instructions of Existing Noteholders wishing to exchange the Existing Notes within the Exchange Offering to be submitted with their Custodian using the offer form provided by the Custodian stating the number of the Existing Notes to be exchanged.
Exchange Offer Settlement Date	The settlement date for the Notes exchanged during the Exchange Period.
Exchange Offering	The Company's offer to exchange the Existing Notes for the Notes, as described under Section 5.6 "Exchange Offering".
Exchange Period	The period for exchange of the Existing Notes with the Notes.
Existing Noteholder	Noteholders of the Existing Notes.
Existing Notes	Means the existing unsecured notes with ISIN LV0000850055 and maturity on 25 September 2024, with an outstanding amount of EUR 10,000,000.
Existing Subordinated Notes	Means the following subordinated unsecured debt securities: ISIN LV0000802700 due on 25 July 2028.
Existing Unsecured Notes	Means the following unsecured debt securities: <ul style="list-style-type: none"> (i) ISIN LV0000850055 due to 25 September 2024 and an outstanding amount of EUR 10,000,000; (ii) ISIN LV0000802718 due to 25 February 2026 and an outstanding amount of EUR 15,000,000; (iii) ISIN LV0000802700 due to 25 July 2028 and an outstanding amount of EUR 5,000,000; (iv) ISIN LV0000860146 due to 25 November 2026 and an outstanding amount of EUR 15,000,000; (v) ISIN LV0000870145 due to 25 May 2029 and an outstanding amount of EUR 5,000,000.
Existing Security	All Security provided by the Company or its Subsidiaries in existence on the Issue Date.
Fair Market Value	With respect to any asset, the value that would be paid by a willing buyer to an unaffiliated willing seller in a transaction not involving distress of either party, determined in good faith by the Management Board.
Finance Charges	For the Relevant Period, the aggregate amount of the accrued interest, commission, fees, discounts, payment fees, premiums or charges and other finance payments in respect of Financial Indebtedness whether

	paid, payable or capitalized by any Group entity according to the latest Financial Report (calculated on a consolidated basis) without taking into account any: (a) costs related to the Notes issue; (b) unrealized gains or losses on any derivative instruments other than any derivative instruments which are accounted for on a hedge accounting basis; (c) losses arising on foreign currency revaluations of intercompany balances.
Financial Indebtedness	Any interest-bearing financial indebtedness of the Group, including: <ul style="list-style-type: none"> a) monies borrowed and debt balances at banks or other financial institutions; b) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument, including these Notes, and Existing Unsecured Notes; c) the amount of any liability in respect of any finance lease; d) any monies borrowed from any Shareholder; e) any amount under any transaction having the commercial effect of a borrowing, including forward sale, purchase, assignment agreements with peer-to-peer marketplace lending platforms, including any obligations of the Company and its Subsidiary under SIA Mintos Finance No.20 (reg. No. 40203392233) Base Prospectus dated 26.04.2022 (under the referred Base Prospectus the Company in accordance with the guarantee agreement signed with SIA Mintos Finance No.20 guarantees Company's Subsidiary's obligations towards the SIA Mintos Finance No.20); f) any counter-indemnity obligation issued by a guarantor, bank or a financial institution.
Financial Report	The annual audited consolidated financial statements of the Company and the quarterly interim unaudited consolidated reports of the Company prepared in accordance with the Accounting Principles.
Financial Statements	Audited Financial Statements together with the Interim Financial Reports.
FinTech	Financial technology.
First North	Multilateral Trading Facility (MTF) First North operated by Nasdaq Riga.
Force Majeure Event	Has the meaning set forth in Section 4.18 "Force Majeure and Limitations of Liability".
General Meeting	Meeting of the Company's Shareholders, the highest governing body of the Company.
Group	The group of the legal entities comprising of the Company and its direct or indirect Subsidiaries.
IAS	International Accounting Standards.
IFRS	International Financial Reporting Standards.
Institutional Investor	Qualified investor within the meaning of Article 2(e) of the Prospectus Regulation.
Interest	Interest on Notes calculated in accordance with the Section 4.8 "Interest".
Interest Coverage Ratio	The ratio of EBITDA to Net Finance Charges.

Interest Payment Date	Payout date of the Interest, which is the 25th day of the respective month starting from 25 October 2024 and until the Maturity Date.
Interim Financial Reports	Unreviewed consolidated interim financial statements of the Group for the 6-month period which ended on 30 June 2024 and for the 6-month period which ended on 30 June 2023.
Investor or Noteholder	Retail Investor, Institutional Investor and Existing Noteholder.
ISIN	International Securities Identification Number.
ISO	The International Organization for Standardization.
Issue Date	The issue date of Notes and date when Interest on the Notes start to accrue and is 20 September 2024.
IT	Information technology.
Sales agent or AS LHV Pank	AS LHV Pank (registration number 10539549, address, Tartu mnt 2, Kesklinna linnaosa, Harju maakond, Tallinn, 10145, Estonia), working as sales agent in relation to the Offering in Estonia.
Latvia	The Republic of Latvia.
Latvian Association of Certified Auditors	Association of Certified Auditors of the Republic of Latvia.
Latvian Commercial Law	Commercial Law of Latvia (in Latvian – <i>Komerclikums</i>), adopted on 13 April 2000, as may be amended from time to time.
Latvian Competition Law	Competition Law of Latvia (in Latvian – <i>Konkurences likums</i>), adopted on 4 October 2001, as may be amended from time to time.
Latvian Consumer Rights Protection Law	Consumer Rights Protection Law of Latvia (in Latvian – <i>Patērētāju tiesību aizsardzības likums</i>), adopted on 18 March 1999, as may be amended from time to time.
Latvian Financial Instrument Market Law	Financial Instrument Market Law of Latvia (in Latvian – <i>Finanšu instrumentu tirgus likums</i>), adopted on 20 November 2003, as may be amended from time to time.
Latvian Law on International Sanctions and National Sanctions	Law on International Sanctions and National Sanctions of Latvia (in Latvian – <i>Starptautisko un Latvijas Republikas nacionālo sankciju likums</i>), adopted on 4 February 2016, as may be amended from time to time.
Latvian Law on Personal Income Tax	Law on Personal Income Tax of Latvia (in Latvian: <i>likums "Par iedzīvotāju ienākuma nodokli"</i>), adopted on 11 May 1993, as may be amended from time to time.
Latvian Law on the Prevention of Money Laundering and Terrorism and Proliferation Financing	Law on the Prevention of Money Laundering and Terrorism and Proliferation Financing of Latvia (in Latvian – <i>Noziedzīgi iegūtu līdzekļu legalizācijas un terorisma un proliferācijas finansēšanas novēršanas likums</i>), adopted on 17 July 2008, as may be amended from time to time.
Latvian Law on the Release of Private Indebtedness for Natural Persons	Law on the Release of Private Indebtedness for Natural Persons of Latvia (in Latvian – <i>Fiziskās personas atbrīvošanas no parādsaistībām likums</i>), adopted on 15 June 2021, as may be amended from time to time.
Latvian Share Buy-back Law	Share Buy-back Law of Latvia (in Latvian – <i>Akciju atpirkšanas likums</i>), adopted on 31 March 2022, as may be amended from time to time.
Latvian SSS	Latvian securities settlement system.
Lithuania	The Republic of Lithuania.

Low-Tax Non-Latvian Residents	Non-residents of Latvia located, registered or incorporated in a no-tax or low-tax country or territory specifiable in accordance with Regulations of the Cabinet of Ministers No. 333 "List of No-Tax or Low-Tax Countries and Territories" adopted on 27 June 2023 (as amended).
Majority Noteholders	<p>Noteholders who collectively (excluding the Company, its direct and/or indirect Shareholders and the Related Parties holding any Notes) hold in aggregate the Notes with the Nominal representing at least 1/2 (one half) of the aggregate nominal of all outstanding Notes plus at least one additional Note (excluding the Company, its direct and/or indirect Shareholders and the Related Parties holding any Notes (if such Notes exist)).</p> <p>For the avoidance of doubt, Notes held by the Company, its direct and/or indirect Shareholders and the Related Parties shall not give them rights provided to the Majority Noteholders in accordance with this Prospectus.</p>
Major Shareholders	The Shareholders which hold over 5% of all Shares of the Company as set forth in Section 10.3 "Shareholders" (including direct and/or indirect shareholders of those Shareholders, ultimate beneficial owners or legal entities of their control, successors who become shareholders because of an inheritance, a divorce, a trust agreement or similar arrangement).
Management Board	The Management Board of the Company.
Material Subsidiary	Any current and future Subsidiary of the Company, which constitutes (total assets) more than 20% of total Net Loan Portfolio of the Company and/or which constitutes (by revenue) 10% of the total consolidated revenue of the Company.
Maturity date	The date when the Notes shall be repaid in full at their Nominal amount by the Company, which is 25 September 2028.
Member State	The Member State(s) of the EU.
MEUR	Million euros.
MiFID II	Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU, OJ L 173, 12.6.2014, at pp 349-496.
Minimum Investment Amount	The Nominal amount of one Note.
Mintos Finance	Mintos Finance SIA (registration number: 40203022549, legal address: Skanstes iela 50, Riga LV-1013, Latvia) or any other Mintos group entity, or similar peer-to-peer or marketplace lending online platform, as the case may be including AS Mintos Marketplace, reg. No. 40103903643, and SIA Mintos Finance No.20, reg. No. 40203392233.
Mintos Debt	A debt incurred by the Company or its Subsidiaries provided by Mintos Finance.
Mintos Debt Security	A security over assets, property, shares or receivables not exceeding 120% of the outstanding principal amount provided in relation to the Mintos Debt.
Nasdaq CSD	Nasdaq CSD SE (Societas Europaea), the regional Baltic central securities depository (CSD), registration No. 40003242879, registered address Valņu iela 1, Riga LV-1050, Latvia.
Nasdaq or Nasdaq Riga	Nasdaq Riga AS, registration No. 40003167049, registered address at Valņu iela 1, Riga, LV-1050.

Negative Pledge	The Notes will have the benefit of a negative pledge as described in Section 4.15 "Negative pledge".
Net Finance Charges	For the Relevant Period, the Finance Charges according to the latest consolidated Financial Report, after deducting any interest income relating to the Cash and Cash Equivalents of the Group which is generated outside Permitted Business.
Net Loan Portfolio	The sum of loans, securities, investments, receivables, inventories and reserves, minus allowances for losses of the Group as set forth in the consolidated balance sheet as of the Relevant Period ending on the last day of the period covered by the most recent Financial Report, prepared in accordance with the Accounting Principles.
Nominal	Face value of a single Note, which is EUR 100 (one hundred euro and 00 cents).
Note	A debt security issued by the Company according to the Prospectus with ISIN LV0000803914.
Noteholders' Meeting	A form of making decisions by the Noteholders as set forth in Section 4.21 "Noteholders' meetings and decisions".
OFAC	The Office of Foreign Assets Control of the United States Department of the Treasury.
Offering	The Retail Offering, the Private Placement and the Exchange Offering jointly.
Permitted Business	Any businesses, services or activities that are the same as, or reasonably related, ancillary or complementary to, any of the businesses, services or activities in which the Group is engaged on the Issue Date, and reasonable extensions, developments or expansions of such businesses, services or activities.
Permitted Debt	<p>Any Financial Indebtedness:</p> <ul style="list-style-type: none"> a) incurred by the Company under the Prospectus and including pursuant to any subsequent unsecured notes issue; b) incurred by the Company pursuant to any subsequent secured notes issues, provided that the outstanding amount of Notes issues and subsequent unsecured notes issues at the issue date of secured notes issues is below 25% of the outstanding volume of Notes and each future unsecured notes issue (if any). c) incurred by the Company or its Subsidiaries under any unsecured Financial Indebtedness; d) incurred for the purpose of financing or refinancing all or any part of the purchase price or cost of design, development, construction, lease, installation or improvement of property, plant or equipment used in the business of the Company or any of the Subsidiaries and including any reasonable related fees or expenses incurred in connection with such acquisition or development, in an aggregate principal amount not to exceed EUR 1,000,000 (one million euro); e) incurred by the Company or its Subsidiaries as intercompany Financial Indebtedness provided by the Company or a Subsidiary; f) arising under a derivative transaction entered into by the Company or a Subsidiary in connection with protection against or benefit from fluctuation in any rate or price where such exposure arises in the ordinary course of business or in respect of payments to be made under this Prospectus (excluding the

	<p>avoidance of doubt any derivative transaction which in itself is entered into for investment or speculative purposes);</p> <p>g) the guarantee by the Company or its Subsidiaries in an aggregate principal amount not exceeding EUR 100,000, excluding the principal amount of the guarantee provided in relation to Mintos Debt;</p> <p>h) incurred as a result of the Company or a Subsidiary acquiring or merging with another entity and which is due to the fact that such entity holds Financial Indebtedness;</p> <p>i) incurred by the Company or its Subsidiaries under a Shareholder Loan;</p> <p>j) incurred by the Company under Existing Unsecured Notes;</p> <p>k) incurred by the Company or its Subsidiaries under Mintos Debt;</p> <p>l) incurred by the Company or its Subsidiaries under Bank Debt including any guarantees (in Latvian – <i>galvojums</i>) provided by the Company or its Subsidiaries under the Bank Debt.</p>
Permitted Security	<p>Any Security:</p> <p>a) which is an Existing Security;</p> <p>b) provided in relation to any agreement under which the Company or a Subsidiary leases office space or other premises;</p> <p>c) arising by operation according to the existing law or in the ordinary course of business (including, collateral or retention of title arrangements in connection with but, for the avoidance of doubt, excluding guarantees or security in respect of any monies borrowed or raised);</p> <p>d) provided in relation to a derivative transaction;</p> <p>e) incurred as a result of the Company or a Subsidiary acquiring another entity with existing encumbrances;</p> <p>f) over assets or property of the Company or any Subsidiary securing Financial Indebtedness or other obligations of the Company or such Subsidiary owing to the Company or another Subsidiary, or Security in favour of the Company or any Subsidiary;</p> <p>g) Mintos Debt Security, provided the Company shall not novate the Mintos Debt Security and shall reduce and/or amend the Mintos Debt Security so it meets the requirements described under the term "Mintos Debt Security" of this Prospectus;</p> <p>h) Bank Debt Security I;</p> <p>i) Bank Debt Security II;</p> <p>j) arising by operation of law or in the ordinary course of business;</p> <p>k) any other security approved by the Majority Noteholders.</p>
POS	Point of sale.
Private Placement	The non-public offering of the Notes in selected member states of the EEA to Institutional Investors and other types of Investors in reliance on certain exemptions available under Article 1 of the Prospectus Regulation.
Procedure in Writing	A form of making decisions by the Noteholders as set forth in Section 4.21 "Noteholders' meetings and decisions".

Prospectus	This document, which entitles the Issuer to execute the issue of the Notes and the Offering.
Prospectus Regulation	Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC, OJ L 168, 30.6.2017, at pp 12-82, as may be amended from time to time.
Related Parties	Any person (natural person or legal entity) in relation to the Company or the Group defined as a "reporting entity" by the International Accounting Standards (IAS 24 - Related Party Disclosures).
Relevant Period	Each period of 12 (twelve) consecutive calendar months.
Retail Investor	Retail investors and Institutional Investors participating in the Retail Offering.
Retail Offering	The public offering of the Notes in Latvia, Lithuania and Estonia to Retail Investors.
Sanctions	Restrictive measures, namely, restrictions or prohibitions imposed pursuant to international public law, including restrictive measures adopted by the UN Security Council, the EU, OFAC and by the Republic of Latvia.
Section	A section of this Prospectus.
Security	Has the meaning set forth in Section 4.15 "Negative pledge".
Share	The shares of the Company with the nominal value of EUR 0.10, that are registered in the Nasdaq CSD under the ISIN code LV0000101806.
Shareholder	Natural or legal person(s) holding the Share(s) of the Company at any relevant point in time.
Shareholder Loan	Any loan raised by the Company or its Subsidiaries from its current or previous direct or indirect shareholder (including Major Shareholders).
Subordinated Debt	The debt of the Group in form of subordinated loans including Existing Subordinated Notes, or any other subordinated form (i.e., repayable only after settling all obligations under the Notes or any other unsecured notes of the Group) on the Issue Date and after the Issue Date.
Subscription Order	Order to acquire the Notes submitted by the Investor to its Custodian or the Arranger at any time during the Subscription Period.
Subscription Period	The period during which the persons who have the right to participate in the Retail Offering, Private Placement and Exchange Offering may submit Subscription Orders.
Subsidiary(ies)	Both direct and indirect subsidiaries of the Company defined in accordance with the IFRS.
Summary	The summary of this Prospectus.
Supervisory Board	The Supervisory Board of the Company.
Taxes	Any present or future taxes, duties, assessments or governmental charges of whatever nature.
UN	The United Nations.
ViziaFinance	SIA ViziaFinance (registration number: 40003040217, legal address: Skanstes 50A, Riga, Latvia, LV-1013).

COMPANY

AS "DelfinGroup"

(registration No. 40103252854, registered address Skanstes iela 50A, Riga, LV-1013, Latvia)



ARRANGER

Signet Bank AS

(registration No. 40003043232, registered address Antonijas iela 3, Rīga, LV-1010, Latvia)



SALES AGENT

AS LHV Pank

(registration No. 10539549, registered address Tartu mnt 2, Tallinn, 10145, Estonia)



LEGAL COUNSEL TO THE COMPANY

ZAB Eversheds Sutherland Bitāns SIA

(registration No. 40203329751, registered address Marijas iela 2A, Rīga, LV-1050, Latvia)

EVERSHEDS
SUTHERLAND
BITĀNS

THIS DOCUMENT IS ELECTRONICALLY SIGNED WITH A SECURE ELECTRONIC SIGNATURE AND CONTAINS A TIME STAMP