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## IPAS INDEXO

Reg. No.: 40203042988, Riga, Roberta Hirša street 1, LV-1045, e-mail: info@indexo.lv

### Board Report

on the need to cancel the pre-emptive rights of the Company's shareholders and to set the selling price of the new issue shares

### To whom:

IPAS "Indexo" Extraordinary Meeting of shareholders

The Management Board of IPAS "Indexo" (*hereinafter - the Company*) prepared this report to provide the shareholders' meeting with:

- 1) the justification for the need to cancel the shareholders' pre-emptive rights;
- 2) to set the sale price of the newly issued shares, in accordance with Article 253, Part 2 of the Commercial Law, and
- 3) to provide clarifying information about the agenda items of the shareholders' meeting.

The Board of the Company has included in the agenda of the Extraordinary Meeting of shareholders the issue of making amendments to the Company's Articles of Association and approving the new version of the Company's Articles of Association.

The Board of the Company proposes to amend the Clause 3.6. of the Company's Articles of Association, expressing it in the following new wording:

*"3.6 The Board of the Company, for a period of up to 5 (five) years, is authorized to increase the share capital of the Company for the amount up to 700 000 (seven hundred thousand) shares, in accordance with the provisions of Article 249(4) of the Commercial Law."*

The mentioned amendments are necessary to provide the *Company* with the opportunity to increase the *Company's* capital, if necessary, by making a public offer of shares, or by making a closed (private) offer of shares, to attract capital investments. The Management Board has the right to determine whether the share capital increase will be paid in cash or by way of a non-monetary (in-kind) contribution, as specified in the terms of the share capital increase."

In order, to provide the Company's Board with the opportunity to promptly decide on a public or closed share offering, to reduce the Company's costs related to the capital increase, as well as to reduce the time required for the capital increase, the Company's Board proposes to the shareholders to cancel the Company's shareholders' pre-emptive rights regarding the Company's newly issued shares, which will be issued based on the authorisation to be given to the Company's Board under the new version of the Clause 3.6. of the Company's Articles of Association, and which will be sold at a price in the range from 5 EUR (five euros) to 30 EUR (thirty euros) per share.

In carrying out the new public share issue, the Company intends to ensure that shareholders who wish to participate in the new public offering are granted pre-emptive rights to acquire shares in proportion to their existing shareholding in the Company. Accordingly, in public offerings, shareholder priority will be ensured based on the share allocation rules applicable to the public offering. If the Company conducts private (closed) share issues, it will not be able to guarantee participation rights to all existing shareholders. However, in the Company's view, flexibility in determining the type of share issue is necessary to enable efficient capital raising and support the Company's business development

Sincerely yours,

Henrik Karmo  
Chairman of the Board

Artūrs Roze  
Member of the Board

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