

BOARD REPORT

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

To:

IPAS "Indexo" extraordinary shareholders' meeting

IPAS "Indexo" (hereinafter – *the Company*) the board has prepared this report in order, in accordance with Article 253, Part 2 of the Commercial Law, to provide the shareholders' meeting with the following justification:

- 1) the necessity to abolish shareholders' pre-emptive rights,
- 2) to determine the sale price of the new issue shares.

I. Share issuance in accordance with the authorization granted to the board in clause 3.6 of the Statutes

The Company's Board has included in the agenda of the extraordinary shareholders' meeting the issue of making amendments to the Company's Articles of Association and approving the Articles of Association in the new version. The Company's board proposes to amend point 3.6 of the Company's Articles of Association, expressing it in the following new wording:

“3.6. The Management Board of the Company is authorized, for a period of up to five (5) years, to increase the share capital of the Company by issuing up to 12 721 836 (twelve million seven hundred twenty-one thousand eight hundred thirty-six) new shares, in accordance with the provisions of Article 249 Part 4 of the Commercial Law”.

These amendments are necessary to enable the Company, if needed, to increase its capital by making a public offering of shares or by making a closed (private) offer of shares to attract capital investments. The amendments to the articles of association also change the nominal value of one share, which is set at EUR 0.25 per share.

To enable the Company's board to promptly decide on making public or restricted share offers, reduce the Company's costs related to capital increases, and shorten the time required for capital increase, the Board proposes to shareholders to cancel the shareholders' pre-emptive rights regarding the Company's new issue shares, which will be issued based on the authorization granted to the Board in clause 3.6 of the new version of the Company's articles of association, and which will be disposed of at a price ranging from 1 EUR (one euro) to 30 EUR (thirty euros) per share.

The sale price range for new share issues is set between 1 EUR (one euro) and 30 EUR (thirty euros) per share, which, in the Company's board's view, provides sufficient flexibility for raising capital depending on market conditions at the time of the capital increase. When determining the share sale price for the respective share issue, the Company's board will take into account the market price and available information on demand from potential share buyers.

II. Share issue related to the voluntary share buyback offer for the acquisition of shares of AS "DelfinGroup", with the aim of executing a share exchange transaction

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The Company's board has included in the agenda of the extraordinary shareholders' meeting the issue of increasing the Company's share capital in connection with the voluntary share buyback offer for the acquisition of shares in AS "DelfinGroup", with the aim of carrying out a share exchange transaction.

The Company plans to make a voluntary share buyback offer for the exchange of 8,164,808 (eight million one hundred sixty-four thousand eight hundred eight) shares of AS "DelfinGroup" for IPAS "INDEXO" shares, preparing a prospectus for the voluntary buyback offer, which, after its approval by the Bank of Latvia, will be published on the INDEXO website (www.indexo.lv/investoriem) and the Nasdaq Riga website.

To ensure the execution of the share exchange transaction, the Company plans to issue new shares with a nominal value of EUR 0.25 (twenty-five cents) per share, which will be paid with DelfinGroup shares as a contribution in kind. The Company's new share price will be determined according to the following formula:

The weighted average price per share of AS "DelfinGroup" on the regulated market over the six-month period prior to the valuation date of the in-kind contribution x the share exchange coefficient specified in the voluntary share buyback offer prospectus.

Considering that the planned issuance of the Company's shares will be carried out within the framework of a share buyback offer and the new shares are intended for an exchange transaction, exchanging them for DelfinGroup shares owned by DelfinGroup shareholders, the exercise of the existing shareholders' pre-emptive rights in this transaction is not possible; such rights would be incompatible with the structure of the transaction.

Thus, the cancellation of shareholders' pre-emptive rights in all the aforementioned cases is legally justified and practically necessary for the Company to successfully implement its capital raising and development strategy.

With sincere respect,

Henrik Karmo
Chairman of the Board

Artūrs Roze
Board member