

## APPLICATION FOR A WAIVER AND CONSENT FOR AMENDMENTS

**ESTO Holdings OÜ**, registry code: 14996345 (hereinafter the "**Issuer**") submits this application for applying for a waiver and asking for investors' consent under the terms of the Notes Issue, dated 09 November 2021, for the issue of Notes with ISIN EE3300002294 (the "**Terms of the Issue**"). All capitalised terms used in this Application shall correspond to the terms and abbreviations defined in the Terms of the Issue.

### Waiver and consents

1. The Issuer hereby applies for a waiver from the Investors in respect of a breach of Section 3.5.4 of the Terms of the Issue: said Section required ICR to amount to 2, while the ICR as at the end of the third quarter of 2022 stood at 1.89.
2. The Issuer hereby asks for consent of Investors to amend Section 3.5.4 of the Terms of the Issue and establish it in the new wording: *"To maintain the Interest Coverage Ratio (ICR) of at least 1.5."*
3. The Issuer hereby asks for consent of Investors to amend the second paragraph of Section 3.8 of the Terms of the Issue and the second and the third paragraphs of Section 3.8.1 of the Terms of the Issue to read, respectively, as follows:

*"The Issuer can apply for the waiver or another Investors' resolution itself or through the intermediary of an authorized person ("Issuer's Agent"). To apply for the resolution, the Issuer or Issuer's Agent shall notify Investors by sending information via either (i) intermediation of Nasdaq CSD, who send this information to Nasdaq CSD participants, who hold the Notes in nominee accounts or are Investors or (ii) e-mail to the e-mail addresses of Nasdaq CSD participants, who hold the Notes in nominee accounts or are Investors, provided that in either case the announcement of the waiver has been published via the Issuer's website, specifying at the least the following information:"*

*"The list of Investors eligible to vote on any Investors' resolution shall be inquired from the Nasdaq CSD as of the date falling to the fifth Business Day after (A) either (i) the information with intermediation of Nasdaq CSD was sent to Nasdaq CSD participants, who hold the Notes in nominee accounts or are Investors or (ii) e-mail to the e-mail addresses of Nasdaq CSD participants, who hold the Notes in nominee accounts or are Investors, and (B) the announcement of the waiver has been published via the Issuer's website."*

*"The term allowed to Investors for deciding upon refusal to grant the waiver to the Issuer may not be shorter than 14 (fourteen) calendar days after (A) either (i) the information with intermediation of Nasdaq CSD was sent to Nasdaq CSD participants, who hold the Notes in nominee accounts or are Investors or (ii) e-mail to the e-mail addresses of Nasdaq CSD participants, who hold the Notes in nominee accounts or are Investors, and (B) the announcement of the waiver has been published via the Issuer's website."*
4. The Issuer hereby asks for the consent of Investors to amend
  - 4.1 the definition of Subordinated Debt in the Terms of the Issue, replacing it with the following wording: *"Debt of the Material Subsidiary in form of subordinated loans or any other form that is subordinated to the Notes to the extent of EUR 4,000,000 (i.e., the principal amount of such debt is repayable only after settlement of all obligations under the Notes), as prescribed in the attached Loan Subordination Agreement (Annex 4)."*
  - 4.2 Section 3.6.15 of the Terms of the Issue and establish it in the new wording: *"Certain Related Parties shall subordinate their claims arising from the loan agreements referred to in the attached Loan Subordination Agreement (Annex 4) to the Investors' claims under the Terms of the Issue in the total principal amount of EUR 4,000,000 as prescribed in the attached Loan Subordination Agreement (Annex 4)."*
  - 4.3 the Loan Subordination Agreement (Annex 4 to the Terms) by replacing (i) all references to "3,000,000" with "4,000,000", and (ii) all references to "2,000,000" with "3,000,000".

## Justifications and bonus payment

The reason for amending Section 3.5.4 of the Terms of the Issue is changed market conditions in the deferred payments segment. More specifically, during the debut bond issue in 2021, the Issuer had to provide investors an additional comfort level and kept the ICR level covenant threshold at a considerably high level (2.0x). The business has grown significantly since the issue date (revenue has grown 33% y-o-y, the loan portfolio 44% y-o-y, EBITDA 11% y-o-y), and in order to keep growing the business to a pan-Baltic level, the current ICR threshold limit needs to be decreased. The Issuer sees that with the current pressure on rising yields, the interest expense will increase in the future and the current ICT threshold is limiting the business' further growth. The new ICR would mitigate this issue, while remaining in line with other industry peers. According to the information available to the Issuer and its advisers, other bond issuers in non-bank lending sector have the following ICR levels:

### Interest Coverage Ratio Covenant

Eleving Group	1.25	
IuteCredit	1.50	
DelfinGroup	1.50	
SunFinance	1.75	
4finance	2.00	Incurrence test not covenant
International Personal Finance	2.00	
ESTO	2.00	

The need to request a waiver was occasioned by technical and communication issues: in September 2022 the Issuer sought to request the amendment of the ICR which is requested in this application (*viz.*, its decrease from 2.0 to 1.5). Should that request have been granted, there would have been no need to request the waiver now. Unfortunately, while the Issuer did request Nasdaq CSD to send out the request for amendment of the ICR, Nasdaq CSD failed to do so in view of an error. The Issuer was informed of the error only at the time when the voting was supposed to close, leaving no time for correcting the error by arranging for the request to be resent.

This is also the driving factor behind the proposed amendment to Section 3.8 of the Terms of the Issue: the amendment would enable the Issuer to decide whether to conduct any future votes through Nasdaq CSD or itself via e-mail. This would ensure that there is always a voting procedure open to Issuer which procedure cannot fail in view of acts of an intermediary.

The reason for the changes in the definition of the Subordinated Debt and Section 3.6.15 of the Terms of the Issue as well as for the changes in the Loan Subordination Agreement lies in the intention of the Issuer to increase the amount of Subordinated Debt from EUR 3,000,000 to EUR 4,000,000. This would, on the hand, strengthen further the Issuer's capital structure, providing further assurance as to the equity of the Issuer, and, on the other hand, serve as an indication of commitment of the shareholders of the Issuer and of their certainty in the Issuer's business.

If all the resolutions are adopted successfully, the Issuer will pay each Investor a one-time fee in the amount corresponding to 0.5% of the Nominal of the Notes held by the Investor. If all the resolutions are adopted, then the fee will be paid to all the Investors, *i.e.*, regardless of whether the Investor in question voted for the adoption of the resolutions or not. The Issuer will transfer the fee to the accounts of Investors tied to their securities' accounts not later than 10 Business Days after the resolutions come into force.

## Procedure and instructions for voting

This Application is published on the website of the Issuer: <https://esto.eu/global/investor-relations>.

The date of the list of Investors eligible to vote will be fixed on 16.11.2022, *i.e.*, as of the date falling to the fifth Business Day after the information with intermediation of Nasdaq CSD is sent to Nasdaq CSD participants, who hold the Notes in nominee accounts or are Investors, and the announcement of the application is published via the Issuer's website.

Any Investor can support or reject the offered resolution up to 23.11.2022, *i.e.*, within 14 calendar days after the information with intermediation of Nasdaq CSD was sent to Nasdaq CSD participants, who hold the Notes in nominee accounts or are Investors, and the announcement of the application has been published via Issuer's website.

An Investor can support or reject the proposed resolutions by submitting their decisions to support or reject the offered resolutions either (i) through Nasdaq CSD intermediation system, asking its securities' account administrator to send a SWIFT message with the vote, or (ii) by sending its signed position to the Issuer to the e-mail address indicated below. If the Investor does not notify the Issuer about the approval of a resolution within the term specified in the Application, an Investor shall be deemed as not having granted its approval of a resolution.

Any notifications to the Issuer, including sending the completed and signed positions, must be made using the following contact details:

- Addressee: ESTO Holdings OÜ (commercial register code 14996345)
- Attn: Mikk Metsa
- Telephone number: +37 2 556 76 221
- Email: [mikk@esto.eu](mailto:mikk@esto.eu)
- Address: Laeva 2, Tallinn 10111, Estonia

A resolution shall be deemed to be adopted if (i) the Investors owning more than 50% of the outstanding Notes issued in all executed tranches (excluding Notes owned by the Issuer, its Related Parties and / or its employees) have voted regarding the resolution (quorum) and (ii) Investors holding more than 50% of such Notes approved the resolution. In case less than 50% of the Investors holding outstanding Notes issued in all executed tranches participated in the voting, the Issuer shall organise a new vote within 14 Business Days with the same question, in which case the quorum requirement shall not apply to such second vote.

The Issuer will sum up the received votes and notify Investors of the results of the voting within one Business Day after the deadline for submitting positions of Investors, by publishing the relevant announcement via the Issuer's website.

We highly value current investor support and trust in ESTO from the issue date and hope for support of the proposed waiver and amendments.

/ signed electronically /

**Mikk Metsa**

Member of the Management Board

ESTO Holdings OÜ