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## **Description of the target market for financial instruments**

Mintos Marketplace AS (hereinafter – “Investment Firm” or “the Company”), when manufacturing or distributing financial instruments falling within the scope of MiFID II (hereinafter – “Financial Instruments”) or providing related services, has certain product governance obligations arising from Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments (hereinafter “MiFID II Directive”) and Commission Delegated Directive (EU) 2017/593 of 7 April 2016 supplementing The MiFID II Directive (collectively referred to as the “MiFID II Regulations”).

The Company determines the target market for the financial instruments it manufactures and distributes. Those clients are identified whose type of client, knowledge, experience, financial situation, risk tolerance and investment objectives suit these financial instruments. Financial instruments are distributed both at the initiative of the client and through portfolio management services.

Important: This material is for general information only. The provision of target market data does not include and does not constitute marketing, personal recommendation, investment advice or any other form of recommendation regarding financial instruments.

Criteria for defining and distributing the target market

Criteria	Description	Attribute
Client type	The status of the client for whom the specific financial instrument is intended. This statement is provided in accordance with the Financial Instruments Market Law of the Republic of Latvia and MiFID II client classifications.	<ol style="list-style-type: none"> <li>1. Private client.</li> <li>2. Professional client.</li> <li>3. Eligible counterparty.</li> </ol>
Client knowledge and experience	Knowledge and experience related to the financial instrument that helps to understand the structure, type, characteristics and risks of the financial instrument. In some cases, knowledge and experience may be considered as complementary criteria, i.e. an investor with minimal experience may be an appropriate target client if the lack of experience is compensated by extensive knowledge.	<ol style="list-style-type: none"> <li>1. Basic investor (cannot make an investment decision based on the information provided in the base prospectus of the financial instrument): <ul style="list-style-type: none"> <li>- lack of knowledge or very limited knowledge of financial instruments</li> <li>- no experience in transactions with financial instruments.</li> </ul> </li> <li>2. Informed investor may make an investment decision based on the information provided in the base prospectus; able to understand the nature/risks of a particular financial instrument (including if the financial instrument belongs to the category "complex financial instrument" according to MiFID II classification, then these specific aspects) based on existing knowledge and experience: <ul style="list-style-type: none"> <li>- mid-level knowledge of financial instruments and products, including knowledge of loan-based investments, as demonstrated by: <ol style="list-style-type: none"> <li>(a) higher or professional education in the field of economic and financial affairs and/or experience in the work of a financial institution related to investment services; and</li> <li>(b) at least little experience in dealing with any financial instruments.</li> </ol> </li> </ul> <p>OR</p> <ul style="list-style-type: none"> <li>a) higher or professional education in non economic and non financial fields and/or experience in the work of a financial institution, which is not related to investment services; and</li> <li>(b) either experience in transactions with any type of financial instruments for at least 1 year with the transactions carried out in the amount of 25 000 EUR, or experience with various types of financial instruments not less than 1 year.</li> </ul> </li> <li>3. Advanced investor may make an investment decision based on the information provided in the base prospectus; able to understand the nature/risks of a particular financial instrument (including if the financial instrument belongs to the category "complex financial instrument" according to the MiFID II classification, then these specific aspects</li> </ol>

		<p>are understood), based on existing knowledge and experience:</p> <ul style="list-style-type: none"> <li>- good knowledge of financial instruments and products, including knowledge of loan-based investments, as demonstrated by: <ul style="list-style-type: none"> <li>(a) higher or professional education in the field of economy and finance and/or experience in the work of a financial institution related to investment services; or</li> <li>(b) higher or professional education in non economic and non financial fields and in the work of a financial institution; and</li> <li>(c) more than 2 years' experience with loan-based investments, including 50 or more transactions over the past 12 months at least 100 000 EUR in total; or</li> <li>(d) more than 2 years' experience with various types of financial instruments, including actual transactions over the past 12 months; or</li> <li>(e) more than 1 year experience with various types of investments, including investments made during the last year of at least 25 000 EUR.</li> </ul> </li> </ul>
Client's ability to incur losses	The client's ability to take on financial liabilities (from small losses to total losses). The criterion indicates the percentage of potential losses that the target clients should be able and willing to incur, as well as the existence of additional payment obligations that could exceed the amount invested.	<ol style="list-style-type: none"> <li>1. Losses are not acceptable. The investor is not able to suffer a loss of the invested amount.</li> <li>2. Limited level losses are acceptable. An investor is able to incur losses of up to 20% of the portfolio by investing in the long term (over 3 years).</li> <li>3. Loss for the full amount of the investment. The investor is able to incur losses in the amount invested.</li> <li>4. Losses over the amount initially invested The investor is able to incur losses exceeding the amount invested.</li> </ol>
Risk tolerance and compatibility of the risk/reward profile of the product with the target market	Client's general attitude towards investment risks	<p><u>PRIIPs product</u> PRIIPs SRI methodology for assessment of tolerable risk level from 1 (lowest risk) to 7 (highest risk)</p> <p><u>Internal methodology</u></p> <ol style="list-style-type: none"> <li>1. Low level The investor does not want to undertake the investment risk or accept the risk of losing any of the invested amount</li> <li>2. Intermediate level The investor is ready for a short-term decrease in the value of the investment and is ready to accept lower liquidity in return for an increase in value in the long run.</li> <li>3. High level The investor is ready for significant fluctuations in the value of the investment up to the loss of the entire amount invested, in return for the potential for maximum return.</li> </ol>

Client objective and needs	Client's investment objectives	<p><u>Profitability</u></p> <ol style="list-style-type: none"> <li>1. Preservation of value. The investor's goal is to maintain the value of the investment by demanding high liquidity with minimal or no fluctuations.</li> <li>2. Increase in value. The investor's goal is to increase the value of the investment</li> <li>3. Income. The investor's goal is to maximise the current return on investment</li> <li>4. Speculation</li> </ol> <p><u>Investment term</u></p> <ol style="list-style-type: none"> <li>1. Less than a year</li> <li>2. From 1 year to 5 years</li> <li>3. Over 5 years</li> </ol>
Distribution strategy	Investment product distribution channels	<ol style="list-style-type: none"> <li>1. Execution only.</li> <li>2. Execution with appropriateness assessment.</li> <li>3. Investment advice.</li> <li>4. Portfolio management service.</li> </ol>

Information on the target market and distribution strategy of financial instruments:  
Notes, the return of which is tied to loans issued by lending companies.

Note: This financial instrument falls into the category of 'complex financial instrument' according to the classification set out in MiFID II.

Criteria	Attribute	Evaluation of target market / distribution strategy
Client type	1. Private client 2. Professional client 3. Eligible counterparty	1. Yes 2. Yes 3. Yes
Client knowledge and experience	1. Basic investor 2. Informed investor 3. Advanced investor	1. No 2. Yes 3. Yes
Client's ability to incur losses	1. Losses are not acceptable 2. Limited losses are acceptable 3. Loss for the full amount of the investment 4. Loss over the amount initially invested	1. No 2. Neutral 3. Yes 4. Neutral (note: the product does not have this feature)
Risk tolerance and compatibility of the risk/reward profile of the product with the target market	PRIIPs product PRIIPs SRI methodology for assessment of tolerable risk level from 1 (lowest risk) to 7 (highest risk)  Internal methodology 1. Low level 2. Intermediate level 3. High level	PRIIPS SRI = 5 The investor is willing to take a medium-high risk  Internal methodology 1. No 2. Yes 3. Yes
Client objective and needs	<u>Profitability</u> 1. Preservation of value 2. Increase in value 3. Income 4. Speculation  <u>Investment term</u> 1. Less than a year 2. From 1 year to 5 years 3. Over 5 years	1. No 2. Yes 3. Yes 4. Neutral  1. Yes 2. Yes 3. Yes
Distribution strategy	1. Execution only 2. Execution with appropriateness assessment 3. Investment advice 4. Portfolio management service	1. No 2. Yes  3. Yes 4. Yes

Explanations next to the table:

Yes – target market;

No – negative target market;

Neutral – neither target market, nor negative target market