



Company Description

MARCH 2022



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Investing into debt securities involves risks. While every care has been taken to ensure that this Company Description presents a fair and complete overview of the risks related to the Issuer, the operations of the Issuer and its subsidiaries, and to the notes mentioned in this Document (the “Notes”), the value of any investment in the Notes may be adversely affected by circumstances that are either not evident at the date hereof or not reflected in the Company Description.

Responsible Persons

The Issuer and its management board are responsible for the information contained in this Company Description and Securities Note (Terms of the Notes Issue signed on 26 November 2021) in the attachment.

Hereby I, chairman of the board of AS Longo Group, Edgars Cērps, certify that, by paying sufficient attention to this purpose, the information included in the Company Description and Securities Note is true, in accordance with the facts, and no information which may affect its meaning is concealed therein.

Edgars Cērps
Chairman of the board

Agenda

Longo at a glance

Business overview

Market opportunity

Financial highlights
and inventory analysis

Transaction overview

Nasdaq First North
listing disclosures



Key highlights

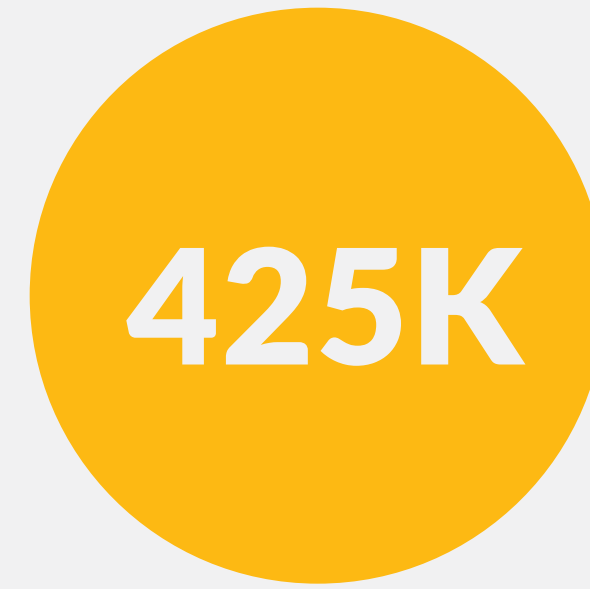
Longo is the largest and fastest growing used car retailer in Baltic States, transforming the market segment and delivering highest customer standards



Largest⁽¹⁾ used car dealer in terms of units sold (more than 2x closest competitor) in the Baltics



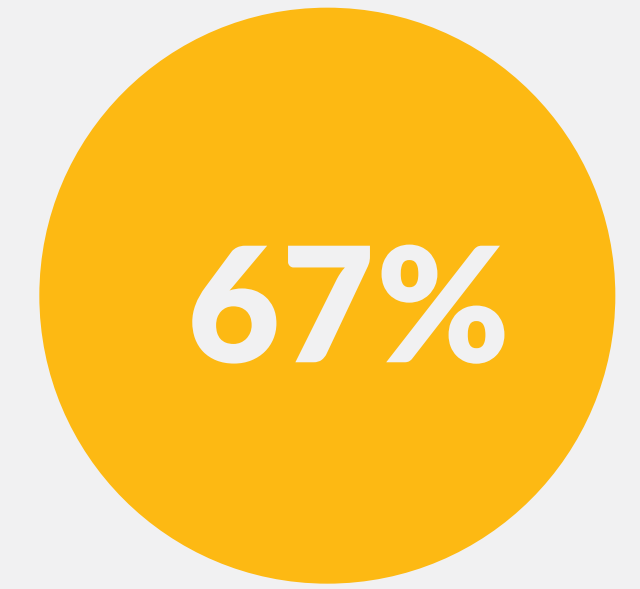
Cars sourced and imported in-house since start of operations



Monthly web site visits



EBITDA of Group in 2021



Capitalization ratio at year end 2021

⁽¹⁾ Source: Registry offices in Estonia, Latvia and Lithuania; Longo market analysis on available public intelligence

Executive summary

BUSINESS OVERVIEW

- Rapidly growing used car retail business
- Technology driven and focused on digital first approach

LARGE SCALE

- >9500 cars sold
- 61.6K+ registered customer leads
- 100+ employees and 500+ international partners

SIZABLE MARKET OPPORTUNITY

- Estimated 3.3B EUR market in Baltics
- Fragmented competition with no competitive advantages

HIGHLY EXPERIENCED MANAGEMENT TEAM

- Extensive international Management Consulting, Finance, Retail and IT experience

SOLID FINANCIAL PERFORMANCE AND POSITION

825K EUR

EBITDA in 2021

67%

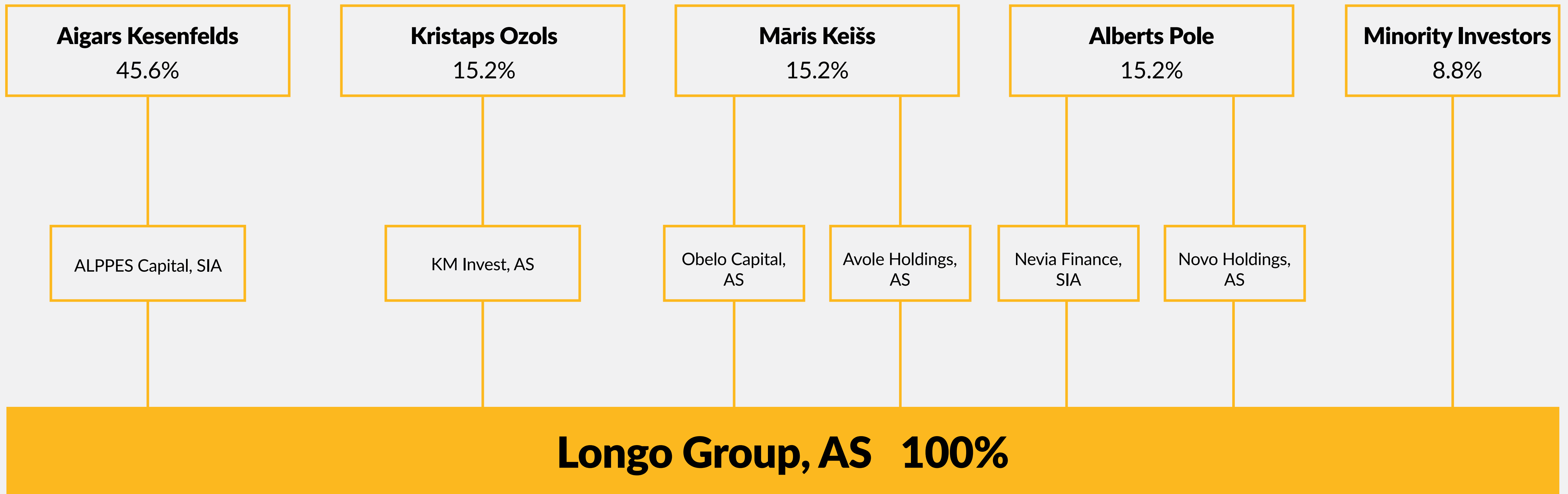
capitalization
ratio

8.0M

EUR consolidated inventory balance
at cost as of 31 Dec 2021

Key P&L figures KEUR	2021 12M	2020 12M <i>restated</i>
Revenue	30 289	15 013
EBITDA	825	(879)
Net profit/(loss)	137	(1 768)
EBITDA margin	2.7%	(5.9%)

Ownership structure



Longo mission is to deliver 3 customer promises



Wide assortment

Largest and widest competitively priced assortment of popular used car models in the Baltics



Convenient and safe

Most convenient and safest used car shopping experience end-to-end, both digital and on-site



Highest standards

Only quality cars with guaranteed mileage, full available history and freshly serviced and cleaned



Longo controls each step of the business from buying and transporting cars to preparing and selling them

01.

Sourcing (Car Purchasing) Operations

Longo has established a network in Western Europe, where it reviews, inspects and buys cars



02.

Preparation Operations

Longo transports cars to Panevežys, **Lithuania**, where all cars are serviced, repaired, cleaned and photographed



03.

Sales Operations

Longo stores, markets and sells cars in **Tallinn, Riga and Vilnius**



04.

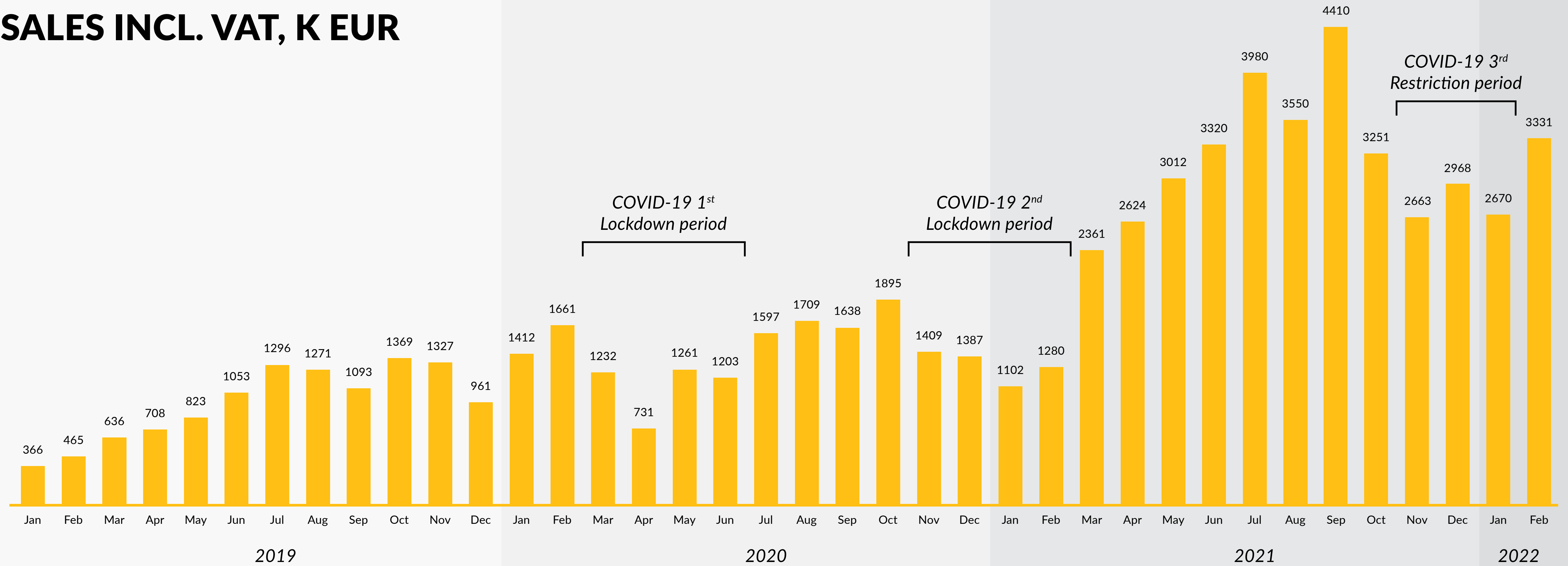
Aftersales

Longo also provides aftersales warranty and reengages customers for next purchase



Longo is on continuous path of increasing revenues

SALES INCL. VAT, K EUR



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Longo is designed to transform the used car market in Baltics

Management

- International management team able to plan and deliver Longo profitable growth strategy
- Key positions in sourcing and preparation staffed only with professionals

Vertically integrated

- Brick & mortar sourcing operations in west-EU
- Experienced team and integrated pricing processes
- High capacity in-house end-to-end car preparation center

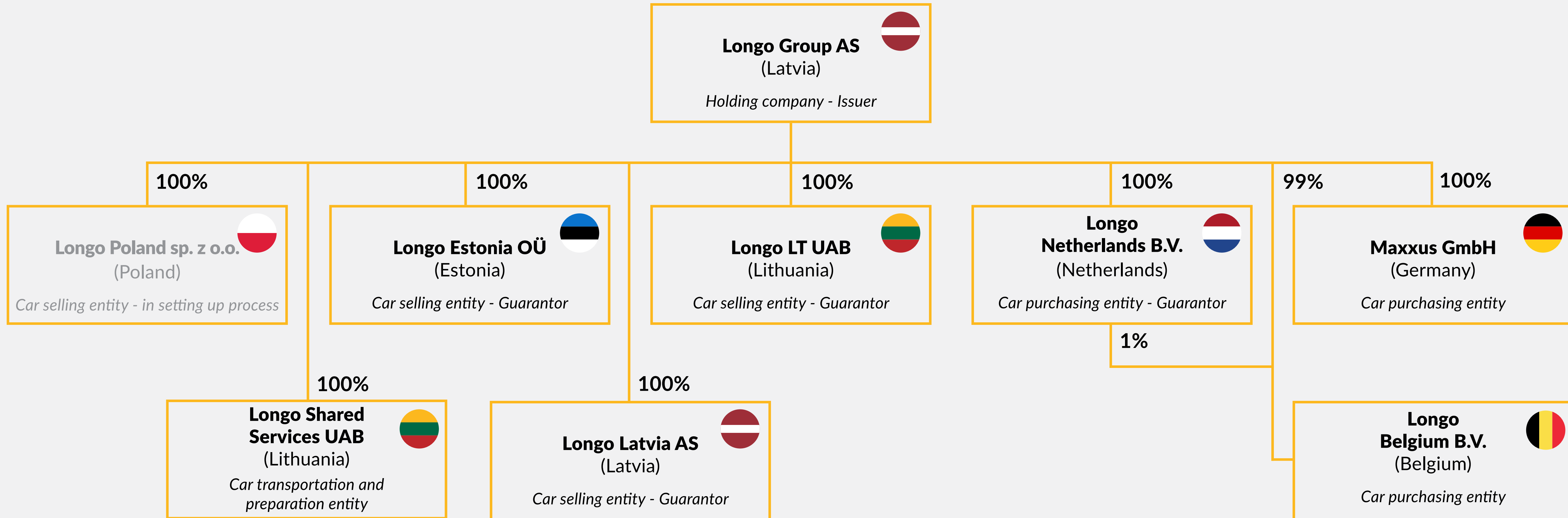
Digital first, asset light sales approach

- Best in class digital experience focused on convenience
- Standardized sales processes focused on delivering a safe and hassle-free user experience

IT infrastructure

- Proprietary integrated back-office IT system linking all elements of the business together
- Heavy and continuous investment in front- and back-end IT development

Legal structure of AS Longo Group



Experienced management to deliver our ambitious business plan



EDGARS CĒRPS
Chief Executive Officer
Chairman of the Board

Experience



- Finance, IT and Operations experience on 4 continents
- Development and implementation of ERP, IT and finance system



- Strategy Consulting and Private Equity Focus on strategy in retail and FMCG
- Commercial due diligences
- IT and digitalization projects

Education



JACOB W. HOOGENBOOM
Chief Operating Officer
Member of the Board

Experience



- Strategy Consulting at Bain & Co.
- Sr. consultant in Strategy Practice
- Focus on Strategy and Ops in FS, Ops improvement implementation, Customer experience excellence



- Sales and management experience in major bank across multiple countries
- Head of representative office (Sales operations, Financial engineering)

Education



DĀRTA KERŠULE
Head of Finance

Experience



- Regional CFO at Elevation Group, responsible for Baltics, Georgia and Armenia- non-bank leasing and consumer lending solutions



- Head of Finance at Balta part of PZU (previously part of RSA)- non life insurance market leader in Latvia at the time



- Audit experience at E&Y assurance department

Education



KRISTĪNE KALĒJA
Head of Marketing

Experience



- Digital marketing and E-commerce experience at a 220.lv (no. 1 e-shop in Latvia - part of MCI.TechVentures 1.0 Group)
- In 3 years achieved brand aided awareness 99% among internet users in Latvia



- Marketing and sales experience in automotive retail and manufacturing industry

Education



Supervisory board



AIGARS KESENFELDS

Aigars is a chairman of the supervisory board at AS Longo Group.

Since 2008, Aigars has been a serial entrepreneur in financial services industry, real estate and has investments in various technology start-ups.

Aigars is the Co-founder of AS “Mintos Marketplace”, “Eleving Group” (previously called “Mogo Finance”) and “Wash and Drive”, as well as financial investor in other businesses (AS DelfinGroup, AS Sun Finance Group and others).

Aigars holds a bachelor’s degree in Economics and Business Administration from Stockholm School of Economics in Riga.



MĀRIS KEIŠS

Māris is a deputy chairman of the supervisory board at AS Longo Group.

Since 2008, Māris has been a serial entrepreneur specializing in the financial services industry.

Māris is the Co-founder of AS “Mintos Marketplace” and “Eleving Group” (previously called “Mogo Finance”).

Māris holds a bachelor’s degree in Economics and Business Administration from Stockholm School of Economics in Riga.



ALBERTS POLE

Alberts is a member of the supervisory board at AS Longo Group.

Alberts has wide experience in the financial services industry as an entrepreneur and investor.

Alberts is the Co-founder of AS “Mintos Marketplace and “Eleving Group” (previously called “Mogo Finance”).

Alberts holds a bachelor’s degree in Economics and Business Administration from Stockholm School of Economics in Riga.



KRISTAPS OZOLS

Kristaps is a member of the supervisory board at AS Longo Group.

Kristaps has wide experience in the financial services industry as an entrepreneur and investor.

Kristaps is the Co-founder of AS “Mintos Marketplace and “Eleving Group” (previously called “Mogo Finance”).

Kristaps holds a bachelor’s degree in Economics and Business Administration from Stockholm School of Economics in Riga.



NEIL JONATHAN SMITH

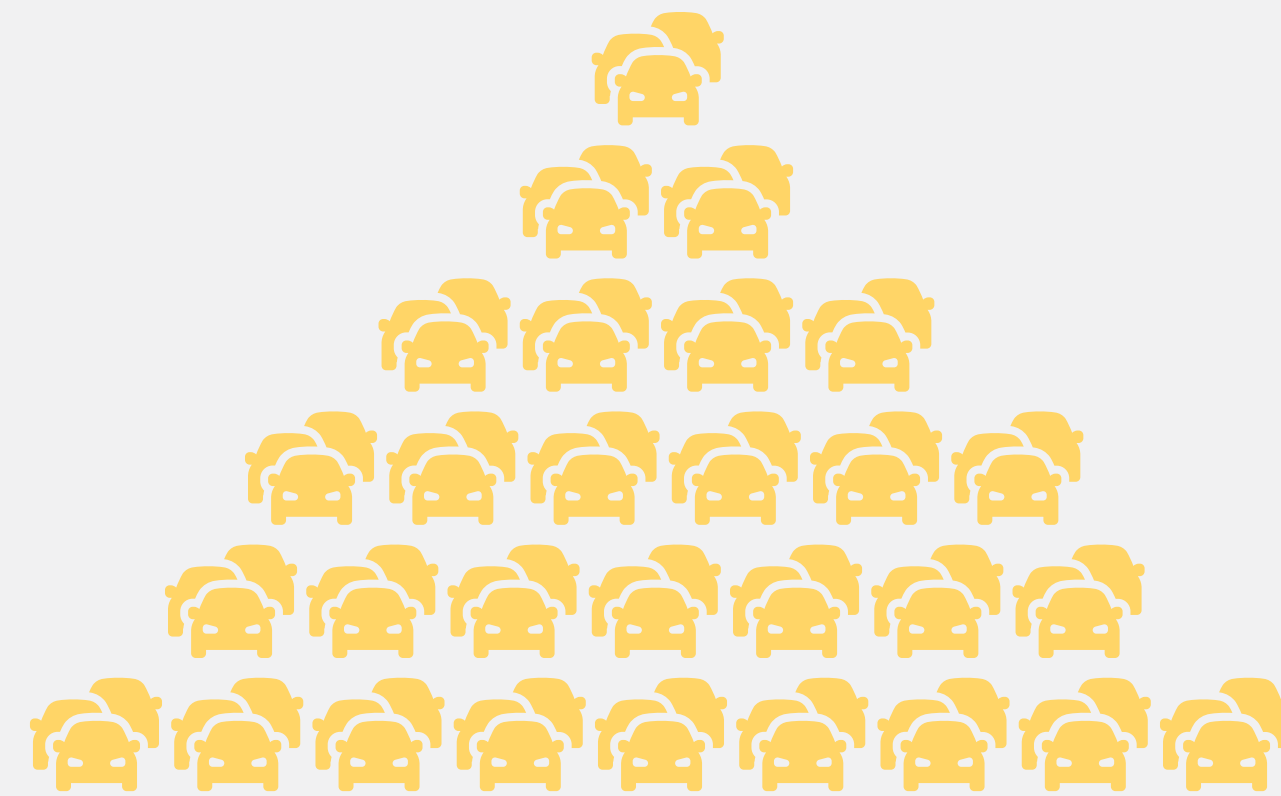
Neil is an independent member of the supervisory board at AS Longo Group.

Neil is a seasoned executive of UK automotive industry with over 10 years of experience.

He is former Imperial Cars Operations Director and Cazoo Retail Operations Director. Imperial Cars sales grew from 80 cars a month to 2200 while he was on the post, Cazoo now is one of the leading online used car retailers in the UK.

Neil was recognised as an ‘influencer’ in the UK Motor Trade in 2019.

Sourcing & pricing is competitive advantage of Longo



Access to 10 000+ B2B cars per week

Longo is locally present in its core sourcing countries and has built up a network of hundreds of sourcing partners

1 000+ cars shortlisted & priced

Through a disciplined process of elimination, Longo selects only the most suitable vehicles that meet strict quality standards in every way

100+ Longo cars purchased

As a consequence, all purchased Longo cars are a perfect match in both quality and price

Longo has built an in-house preparation center to handle large sourcing volumes

OBJECTIVES OF PREPARATION CENTRE:

DRAMATICALLY REDUCE TIME TO MARKET

- Reduce dependencies on external service capacity
- Enable serious economies of scale
- Focused team of 56 employees, smooth processes

UNIFORM HIGH LEVELS OF PREPARATION

- Full diagnosis of every car by qualified mechanic
- Proper in-house cleaning and polishing of every car
- Reduce fraud possibilities

UNLOCK COMPETITIVE ADVANTAGE

- 3D photostudio – unique in Baltics
- Unbeatable cost levels through scale
- “50-point checklist” as unique part of customer value proposition

Current output capacity of up to
120 CARS PER WEEK

Further mid-term increase can be achieved to
150-180 CARS PER WEEK



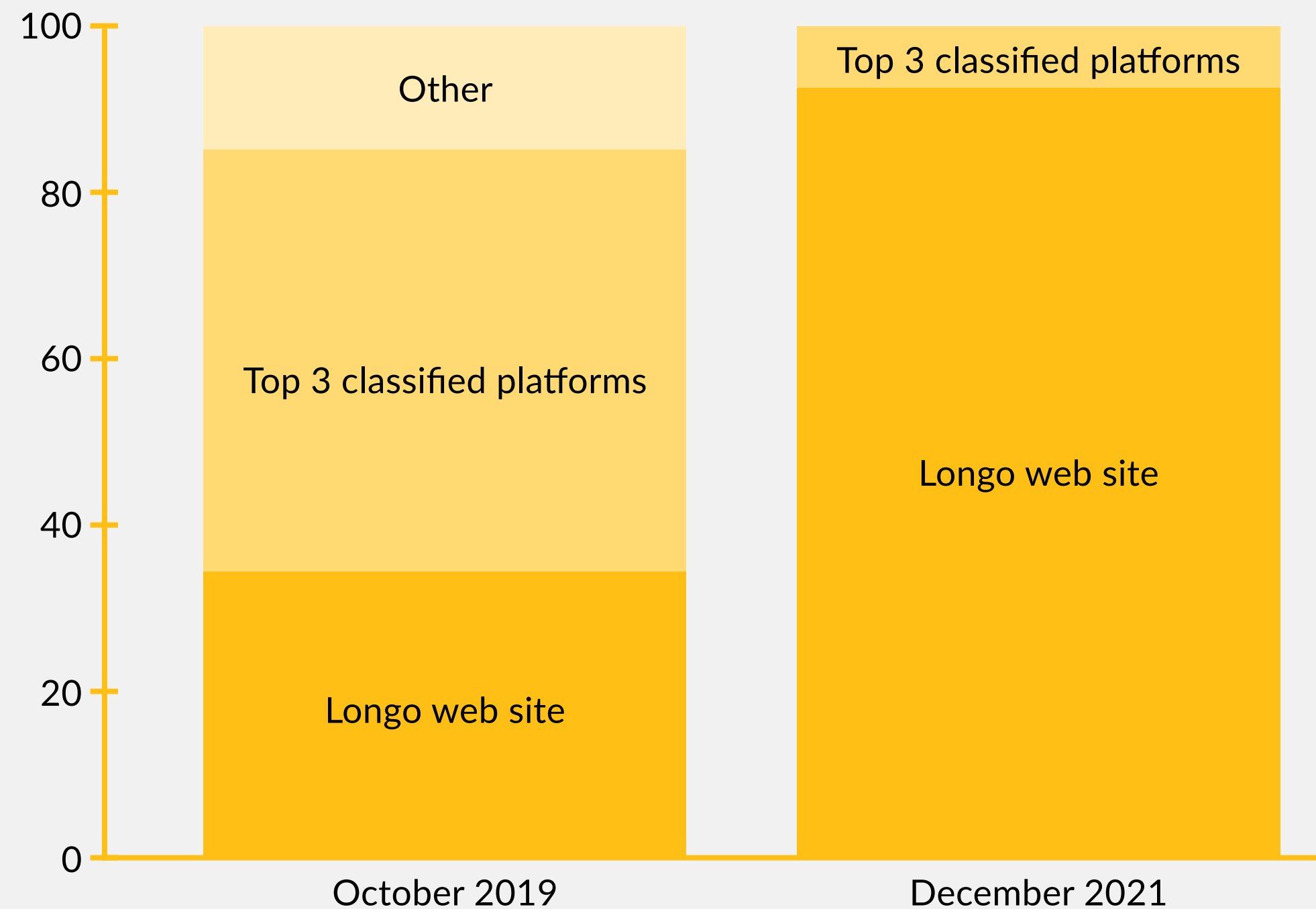
7300+

cars prepared since
opening



Longo generates almost all leads from proprietary channels

Successful sales by origin (%)



Longo has invested significantly in front end, including supporting operations and digital marketing capabilities.

The company is leveraging its high sourcing and preparation standards into a marketing advantage, including:

- Longo Certified program
- Service checklist & highlight
- Basic warranty on every car

Longo has built best in class web site - digital first approach

90 - 100K

TOTAL WEB SITE VISITORS WEEKLY

35%
new visitors

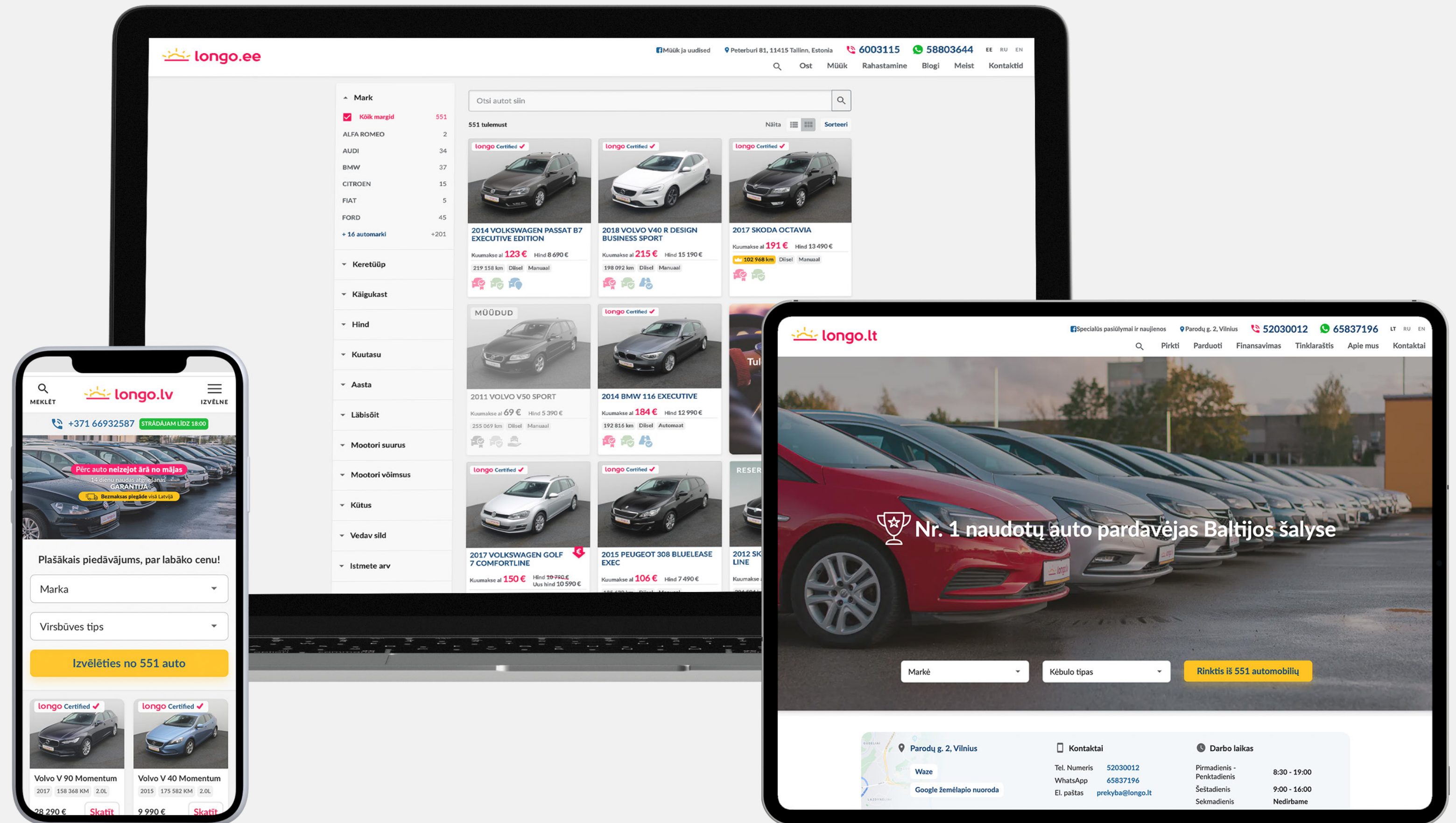
65%
returning visitors



75%
MOBILE
TRAFFIC

<35%
BOUNCE
RATE

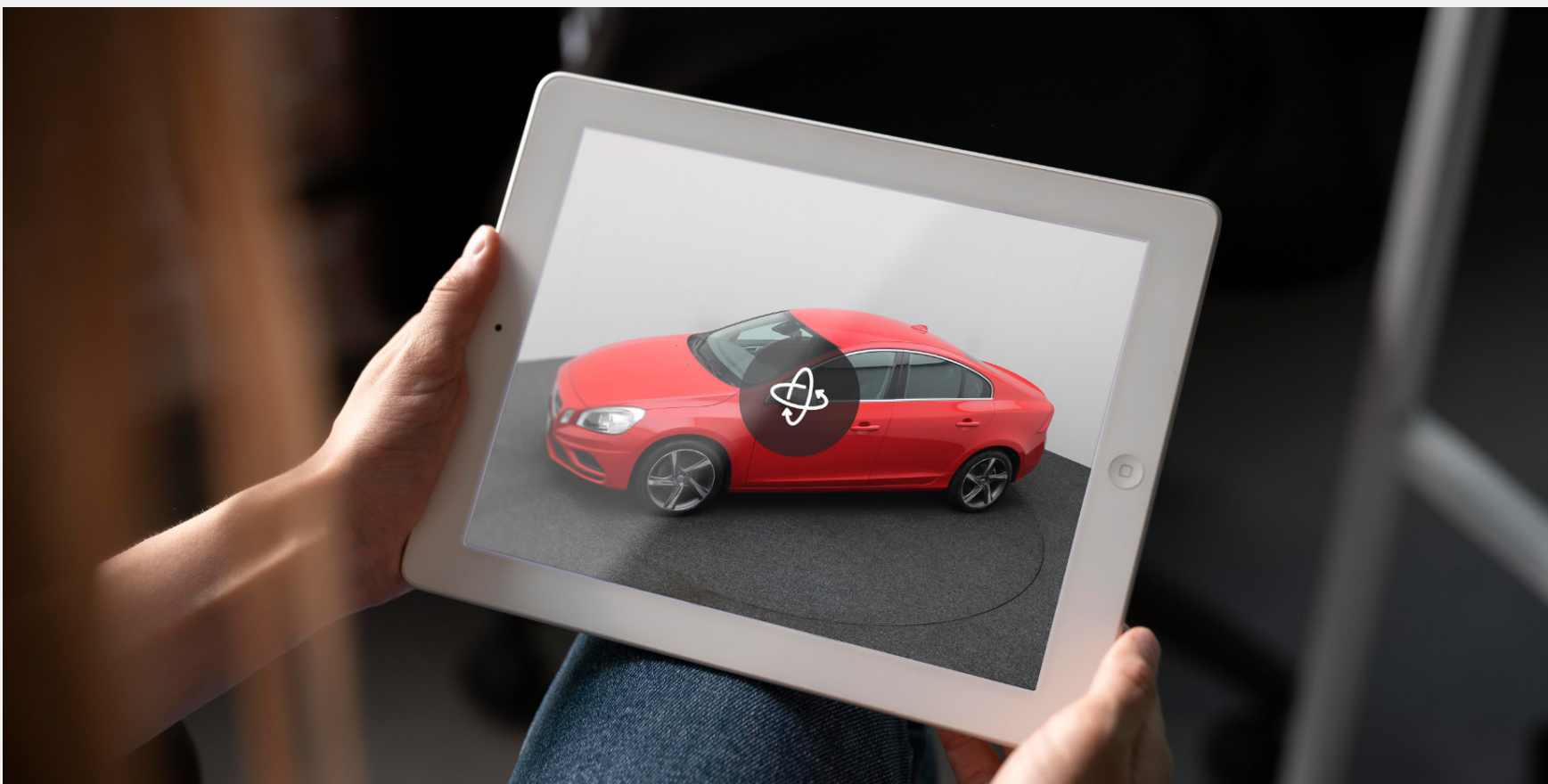
Average session duration: **3 min 30 sec**



Longo is the only company in the Baltics to offer zoomable 360° exterior and interior car photos



- 8 available perspectives for each angle
- HD zoom available for every shot
- 360° interior spinner
- Works great on mobile and tablet
- Full screen mode

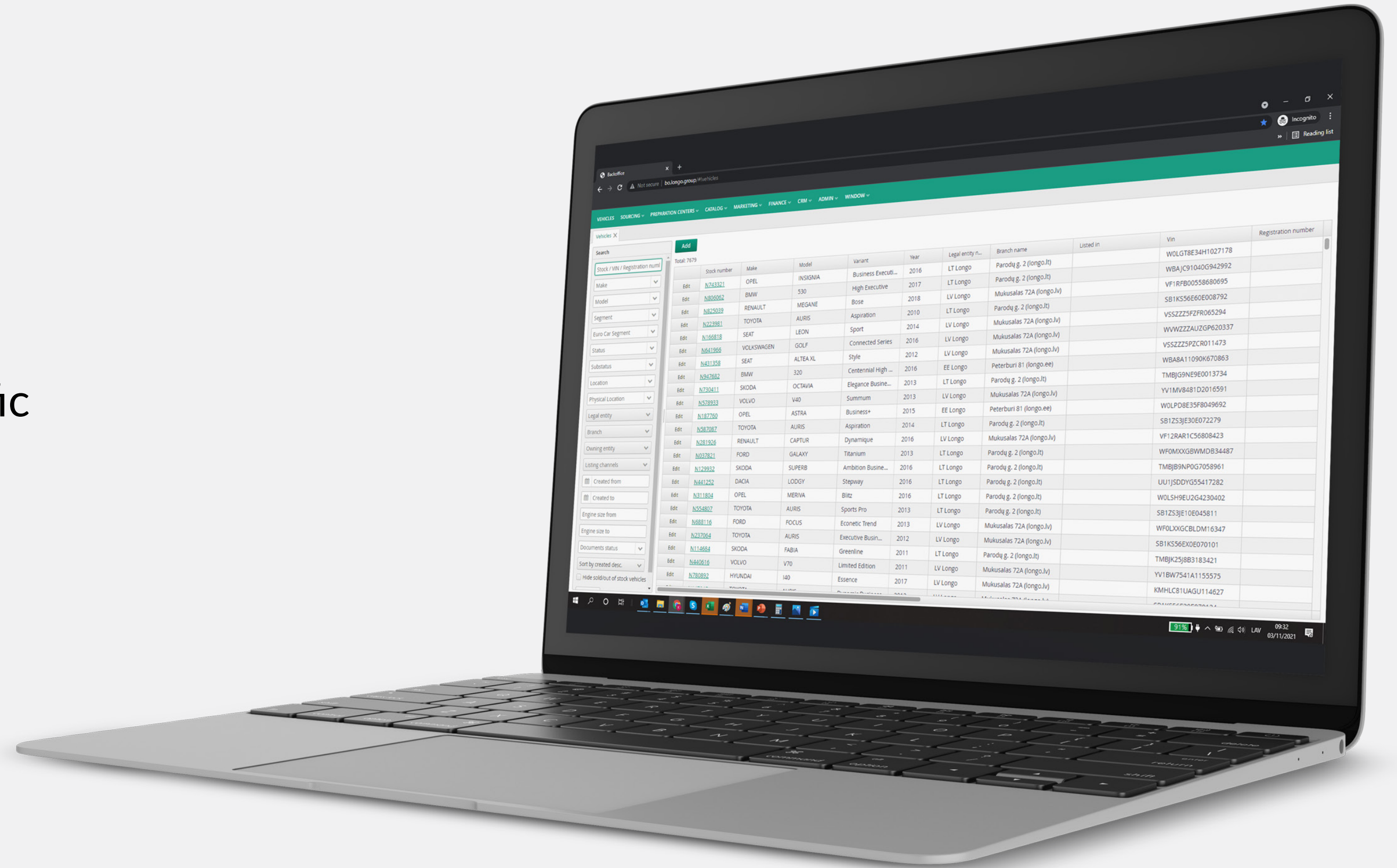


Longo has built a fully integrated IT system

One of the main competitive advantages of Longo is the **custom-made integrated IT system** to fit its specific business needs.

Each step of lifecycle of vehicle is being traced via integrated modules:

- Sourcing & Logistics
- Preparation
- CRM
- Sales & marketing
- Finance



Integration
between systems
and processes



Automation
of process



Track record
and financial data
of each vehicle



Access to real
time data

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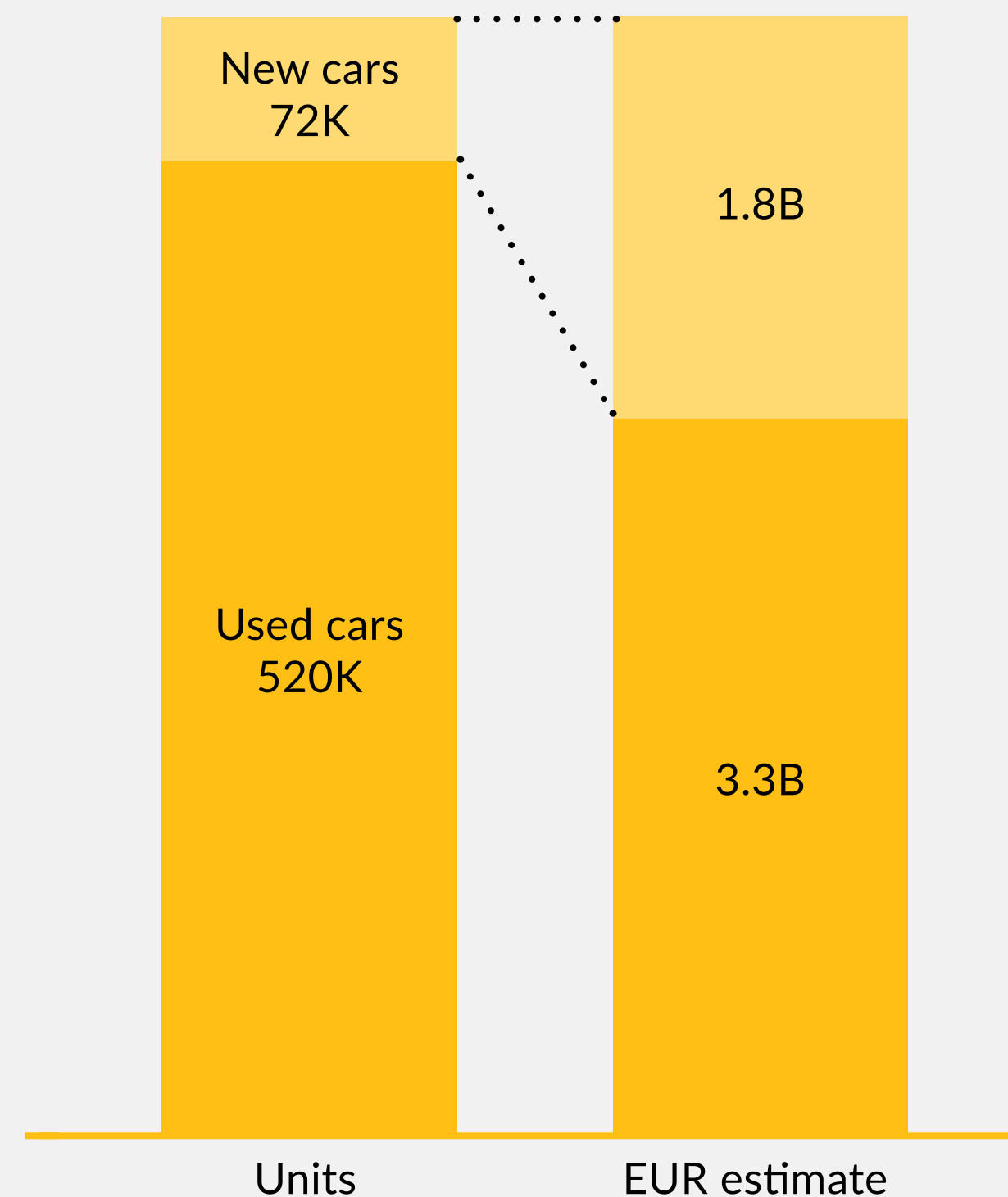
Transaction overview

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listing disclosures



Used car market in Baltics is large and underdeveloped

Passenger car sales, Baltics 2021 (estimate)



USED CAR RETAIL INDUSTRY IS UNDERGOING TRANSFORMATION

- Tax authorities more actively prevent VAT fraud schemes and other tax evasion activities that used to be the norm
- Customers get more educated: odometer manipulations, hidden history and retailer reference are easier detectable

USED CAR MARKET IS FRAGMENTED AND INEFFICIENT

- Very fragmented market with over 700 registered retailers just in Latvia and substantial peer-to-peer sales channel
- No other pan-Baltic used car dealer other than Longo

DUE TO GLOBAL PANDEMIC THERE IS SHORTAGE IN NEW CAR SEGMENT THUS INCREASE IN USED CAR PRICES

Notes:

- Preliminary analysis.
- 2021: average used car price estimated at 6.32K EUR for a used car and 25.3K EUR for a first registration car.
- We estimate only the local consumer market, besides substantial volumes of further vehicle export.

Source: CSDD, Statistics Bureau, company registry, desktop search

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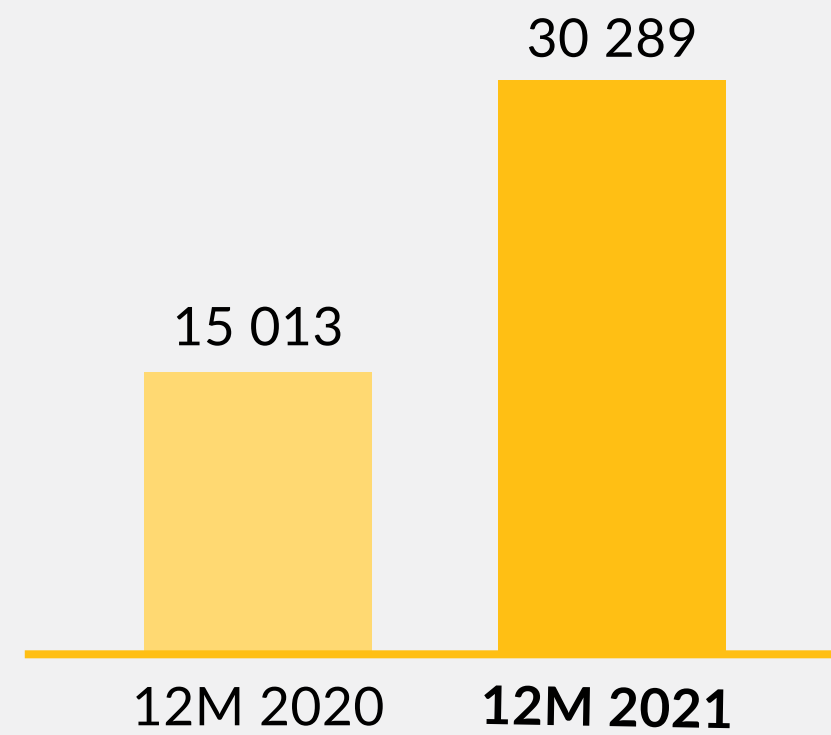
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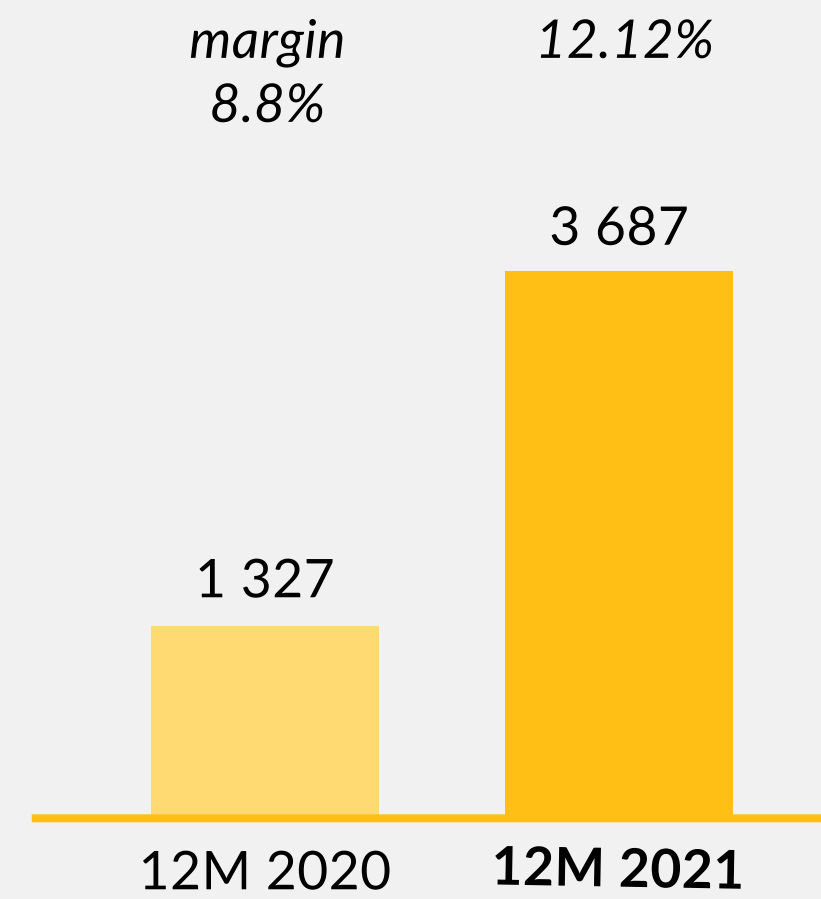


Key financial indicators demonstrate a strong progress

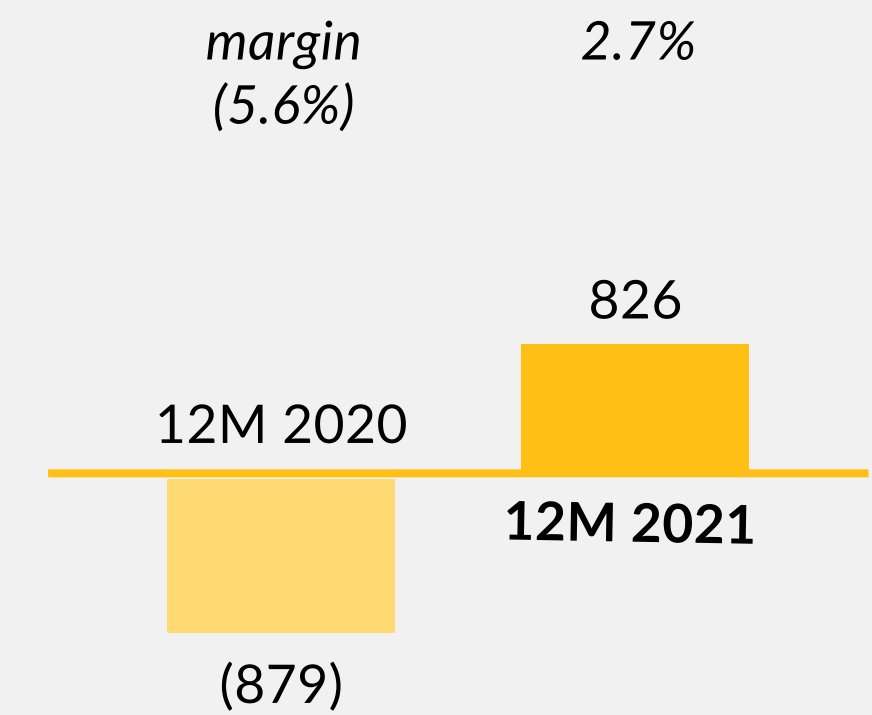
Revenues, K EUR



Gross profit, K EUR



EBITDA⁽¹⁾, K EUR



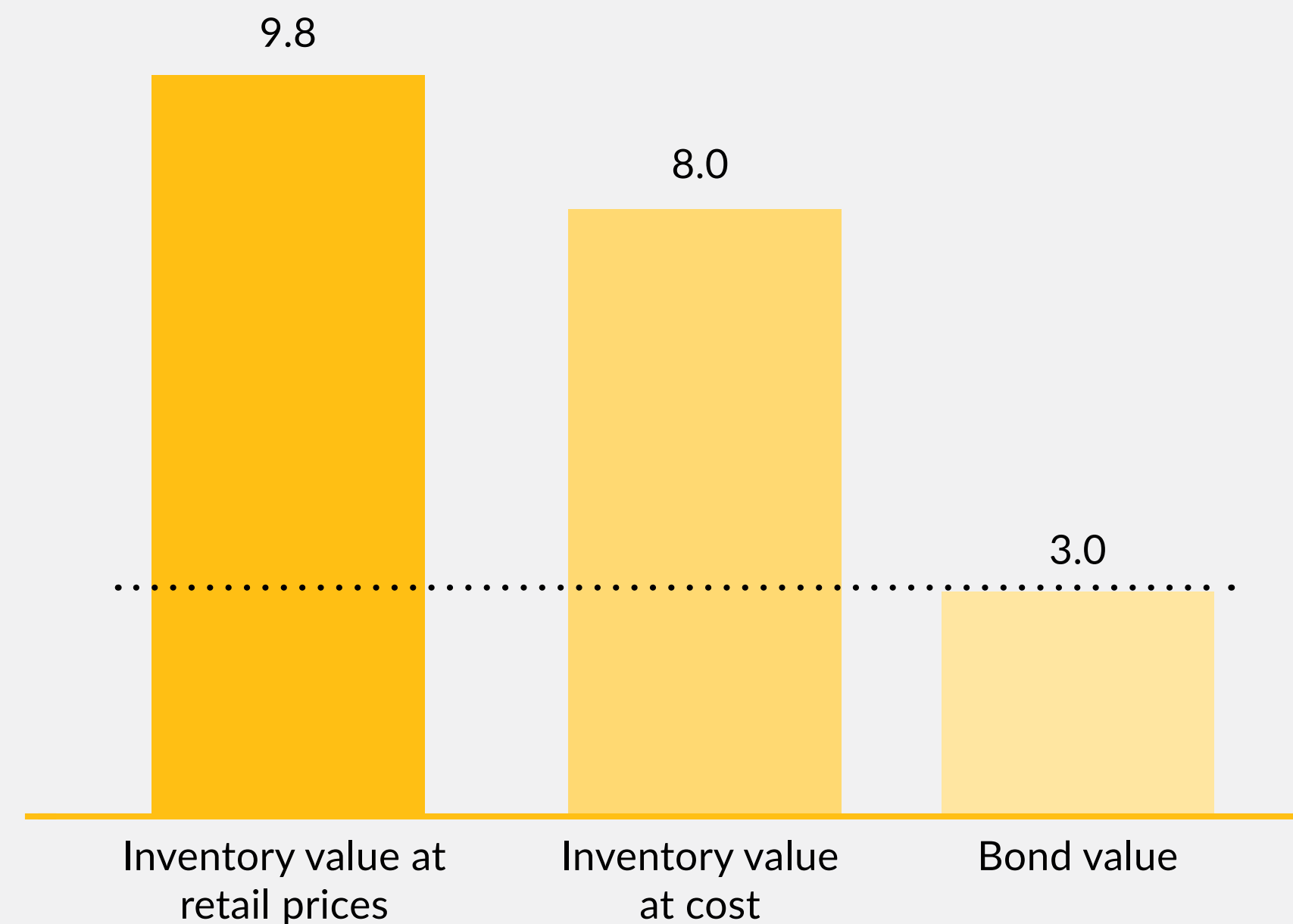
Source: 12M 2020- Longo Group AS consolidated financial data prepared according to IFRS (restated), 12M 2021- Longo Group AS unaudited consolidated financial data prepared according to IFRS

⁽¹⁾ EBITDA in 2020 was negative due to business ramp up mostly, as well as Covid-19 restrictions

Longo current inventory collateral substantially exceeds bond value

LONGO INVENTORY VALUE, IN M EUR

As of 31 Dec 2021



- Pledged inventory⁽¹⁾ ⁽²⁾ comfortably covers the bond issue of 3 million EUR by Group
- Total inventory at sales value exceeds the size of the bond issue over 3 times
- Longo has cash and cash equivalent reserves of 2.9M EUR as of 31 Dec 2021

⁽¹⁾ Inventory of Longo Latvia AS (2.5M EUR) and Longo LT UAB (3.3M EUR) are pledged to secure issued bonds

⁽²⁾ Longo Group has obtained KPMG verification of its inventory as of 30 Sept 2021

Source: 12M 2021- Longo Group AS consolidated unaudited financial data according to IFRS

Income Statement

2021 as a whole was a successful year for Longo.

- Even with several disruptions in business caused by COVID-19 restrictions across operations and worldwide supply shortages, the Group managed to double its revenues compared to previous year by reaching 30 million EUR turnover and hit EBITDA of 0,8 million EUR (1,8 million EUR increase compared to previous year) and earn a profit of 0,1 million EUR for the first time.
- The significance of digital channels in used car retail increased in 2021 as consumers scaled down their visits to physical car lots and switched to online shopping more and more. Longo was well prepared for providing comprehensive customer service through digital channels, including launching first fully online reservation system in Baltics. Customers now are able to reserve a car by paying a fully refundable reservation fee just with few clicks.

K EUR	Unaudited 12M Period ended 31 Dec 2021	Audited 12M Period ended 31 Dec 2020
Revenue	30 289	15 013
Costs of goods sold	(26 602)	(13 686)
Gross profit	3 687	1 327
Selling expense	(609)	(228)
Administrative expense	(2 883)	(2 508)
Other operating income, including leasing commission	760	734
Other operating expense	(50)	(282)
EBITDA	826	(879)
Interest expense	(207)	(299)
Depreciation & Amortisation	(578)	(656)
Change in DCIT	96	66
Profit (loss) for the period	137	(1 768)

Note: Other income and expenses of 12M period ended 31 Dec 2020 include COVID government subsidies of 93 KEUR and HQ office agreement termination penalty

Source: 12M 2020- Longo Group AS consolidated financial data prepared according to IFRS (restated), 12M 2021- Longo Group AS unaudited consolidated financial data prepared according to IFRS

Statement of financial position

- Increase in inventory balance to support increase in sales
- Share capital of the Group was strengthened by capitalizing outstanding shareholder loan in May 2021
- Long term loan from Shareholders was converted to subordinated bonds

K EUR	Unaudited 12M Period ended 31 Dec 2021	Audited 12M Period ended 31 Dec 2020 (restated)
Property and equipment	450	446
Intangible assets	479	282
Right-of-use assets	1 479	1 605
Total non current assets	2 407	2 333
Inventory and raw materials	8 229	6 599
Deferred Tax asset and other tax receivables	318	222
Advances paid and similar	566	294
Customer and leasing company receivables	557	27
Other assets	361	111
Cash and cash equivalents	2 891	1 482
Total current assets	12 921	8 735
TOTAL ASSETS	15 329	11 067
Shareholder's equity		
Share capital	13 220	7 000
Retained earnings	(5 149)	(3 381)
Current year profit/ (loss)	137	(1 768)
Share-based payment reserve	38	-
TOTAL EQUITY	8 247	1 851
Liabilities		
Long Term Borrowings from Shareholders	1 998	6 042
Loans and borrowings	2 462	500
Liabilities for rights to use assets	1 536	1 644
Trade and other payables	412	460
Taxes payable	424	265
Accrued liabilities	249	304
Total liabilities	7 082	9 216
Total equity and liabilities	15 329	11 067

Strategic vision of Longo - profitable growth and transformation of Baltic used car market



Become undisputed leader in used car sales in Baltics

- Institutionalize Longo retail concept for rapid roll out to new locations in Baltics
- Become top used car sales e-commerce platform in Baltics



Growth with focus on profitability

- Continue driving profitability through economies of scale
- Enhance supplementary offer to increase profitability further



Highest standards and excellent customer experience

- Brand, Data, IT and Culture are key to long term success
- Continuously invest in digital capabilities, delivery and online marketing to capture market opportunity and changing consumer trends

Longo - a well balanced company

FINANCIAL POSITION

Secured transaction

- Over 3 times inventory + cash coverage of investment
- Liquid assets in high demand
- Profitable business operations

Solid financial performance

- Capitalization of the Group 67%
- Achieved EBITDA of 825k EUR in 2021
- KPMG audited financials - Y2021

MANAGERIAL & STRATEGIC CRITERIA

Brand and IT

- Largest high quality used car retailer in Baltics
 - ~900 cars in stock
- In-house integrated IT operating system

Experienced team and strategic investors

- Well proven management team
- Substantial investor experience

Efficient Operations

- 30-40 days sales time from car publishing
- ~400 cars sold per month

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Term sheet

Issuer	AS Longo Group
Type of notes	Senior secured bonds
Collateral	<ul style="list-style-type: none"> • Commercial pledge on assets of AS Longo Latvia • Commercial pledge on assets of UAB Longo LT
Seniority of notes	SNDB – Senior Debt
Guarantors	Corporate guarantees from Longo Latvia AS, Longo LT UAB, Longo Estonia OÜ, Longo Netherlands B.V.
ISIN	LV0000860062
Issue size	EUR 3'000'000
Coupon rate	6%, monthly
Maturity	30 November 2024, bullet
Nominal value	EUR 1'000
Use of proceeds	Working capital investments – purchases of new car inventory
Call Option	@101% after 1st year, @100% last 3 months before maturity
Put Option	@100% after 2nd year (6-month notice period)
Financial Covenants	<ul style="list-style-type: none"> • To maintain consolidated Interest coverage ratio¹ of at least 2x • To maintain consolidated Capitalization ratio² of at least 30% • To maintain Inventory Coverage ratio³ of at least 1.5x
Admission to trading	Nasdaq Riga First North Bond list
Arranger and Certified Adviser	Signet Bank AS
Collateral agent	ZAB Vilgerts SIA

¹Interest coverage ratio = EBITDA / Interest expense, calculated for a period of trailing 12 months,

²Equity ratio = (Equity + Subordinated debt) / Total Assets,

³Inventory coverage ratio = (Pledged Inventory + Cash) / Secured Financial indebtedness

Certified Adviser

Signet Bank AS acts as the First North Certified Adviser for “AS Longo Group”

Official name: Signet Bank AS

Registration number: 40003076407

Main field of activity: Banking services

Address: Antonijas iela 3, Riga, LV-1010, Latvia

Web page: <https://www.signetbank.com/>

Representative

Kristiāna Janvare, CFA

E-mail: Kristiana.Janvare@signetbank.com

Phone: +371 67 081 128



Signet Bank AS is advising «AS Longo Group» with the preparation of admission documents. The agreement is valid from the day of submitting the application for admission to trading on First North to Nasdaq Riga until the actual first trading day of the Notes on First North platform.

Certified Adviser and employees of the Certified Adviser do not have any direct or indirect shareholdings in the Issuer and are not represented in Board of the Issuer.

Investor Rights¹

Any of the Noteholders have a right to receive Coupon and Nominal Value payments in accordance with the Clause 3.2.14 “Coupon payments” and 3.2.15 “Procedure of the Notes repayment”, as well as exercise other rights fixed in these Terms of the Notes Issue and Latvian Legal Acts.

Status of the Notes: The Notes rank pari passu with other senior secured obligations of the Issuer. In case of the insolvency of the Issuer, the Noteholders will be entitled to recover their investment on the same terms as other senior secured creditors in the respective claims’ group according to the relevant Legal Acts.

Early redemption: The Noteholders shall have a right to early redemption of the Notes (put option) on 30 November 2023 and in case of occurrence of the events of default in accordance with the Clause 4.2. “Event of Default”.

Restrictions on free circulation of the Notes: The Notes are freely transferable securities and can be pledged. However, the Notes cannot be offered, sold, resold, transferred or delivered in such countries or jurisdictions or otherwise in such circumstances in which it would be unlawful or require measures other than those required under the Legal Acts.

Representation of the Noteholders: The Collateral Agent holds the Collateral on behalf of the new and existing Noteholders and is authorized to act with the Collateral in favour of all the Noteholders in accordance with these Terms of the Notes Issue and the Collateral Agent Agreement.

Noteholders have no rights to act with the Collateral directly, yet at the same time there are no restrictions set for Noteholders’ right to create and/or authorize an organization/person that represents the legal interests of all Noteholders or part thereof.

In case of the insolvency of the Issuer, Noteholders have the right to represent their own interests in creditors’ meetings. The Noteholders will have equal rights for satisfaction of their claims with other creditors in the same claims’ group.

Significant investor rights if Issuer breaches its obligations¹

If the Issuer receives a written notification from the Noteholders representing at least 10% (ten per cent) of the outstanding Notes issue, stating the Notes owned by the relevant Noteholders have become due and payable, at any time after the event of default has occurred (and as long as the event of default exists), the Issuer shall pay the Nominal value of Notes along with the accrued Coupon and contractual penalty in accordance with Clause 4.3 “Contractual penalty” within 10 (ten) Business Days after the receipt of the notification.

Each of the events or circumstances set out in below shall constitute an event of default:

- Non-payment (Clause 4.2.1.);
- Breach of covenants (Clause 4.2.2.);
- Cross default (Clause 4.2.4.);
- Insolvency or insolvency proceedings (Clause 4.2.5.).

¹ For full overview of investor rights, please refer to the Terms of the Issue

Risk factors

BELOW IS A DESCRIPTION OF THE RISK FACTORS THAT ARE MATERIAL FOR THE ASSESSMENT OF THE MARKET RISK ASSOCIATED WITH THE NOTES AND RISK FACTORS THAT MAY AFFECT THE ISSUER'S ABILITY TO FULFIL ITS OBLIGATIONS UNDER THE NOTES. SHOULD ONE OR MORE OF THE RISKS DESCRIBED BELOW MATERIALISE, THIS MAY HAVE A MATERIAL ADVERSE EFFECT ON THE CASH FLOWS, RESULTS OF OPERATIONS, AND FINANCIAL CONDITION OF THE ISSUER AND THE GROUP. MOREOVER, IF ANY OF THESE RISKS MATERIALISE, THE MARKET VALUE OF THE NOTES AND THE LIKELIHOOD THAT THE ISSUER WILL BE IN A POSITION TO FULFIL ITS PAYMENT OBLIGATIONS UNDER THE NOTES MAY DECREASE, IN WHICH CASE THE PROSPECTIVE INVESTORS COULD LOSE ALL OR PART OF THEIR INVESTMENTS.

BEFORE DECIDING TO PURCHASE THE NOTES, PROSPECTIVE INVESTORS SHOULD CAREFULLY REVIEW AND CONSIDER THE FOLLOWING RISK FACTORS, IN ADDITION TO ALL OTHER INFORMATION PRESENTED IN THE TERMS OF NOTES ISSUE, AND CONSULT WITH THEIR OWN PROFESSIONAL ADVISORS IF NECESSARY. MOREOVER, PROSPECTIVE INVESTORS SHOULD BEAR IN MIND THAT SEVERAL OF THE DESCRIBED RISK FACTORS CAN OCCUR SIMULTANEOUSLY AND TOGETHER WITH OTHER CIRCUMSTANCES COULD HAVE A POTENTIALLY STRONGER IMPACT ON THE ISSUER OR THE GROUP. THIS IS NOT AN EXCLUSIVE LIST OF RISK FACTORS, AND ADDITIONAL RISKS, OF WHICH THE ISSUER IS NOT PRESENTLY AWARE, COULD ALSO HAVE A MATERIAL ADVERSE EFFECT ON THE ISSUER AND THE GROUP.

1. RISK FACTORS

1.1. Important note

The risks indicated in this section, if some or all of them materialize, may reduce Issuer's ability to fulfil its obligations or cause its insolvency or restructuring in the worst-case scenario.

This section may not feature all the potential risks, which may affect the Issuer.

1.2. Risks related to the economic and regulatory environment

1.2.1. Macroeconomic risk

The Group's main business is sale of used cars. The activities of business are cantered in Latvia, Lithuania and Estonia. The business, to a certain extent, dependent on the general economic environment in Europe – because of the geographical focus of their activities – particularly in Baltic, as the general economic development has a major effect on spending propensity of customers and, in turn, on the demand for mobility services.

During phases of economic weakness, demand for mobility services may fall as a result of cost-saving measures by private households and companies. A downturn in the overall economy could therefore adversely affect demand for used cars which could have a material adverse effect on the business, financial condition, results of operations and cash flows of the Group. Lithuania is the Group's main market with 48 % turnover of the Group's total turnover in 9M 2021, the turnover of Latvian market was 33% and the turnover on the Estonian market made up 19% of the total turnover. The Group is thus particularly sensitive to economic situation in the Baltic region.

The Baltics, however, are not immune to regional and global macroeconomic fluctuations. Baltic economies are closely linked with the economies of the EU and the euro area. A slowdown in the EU may negatively affect the economies of the Baltic states, causing an adverse effect on the Group's business operations.

The global economy and most industries have seen strong headwinds since the first quarter of 2020, driven by the outbreak of the novel coronavirus COVID-19. Although the Baltic countries also experienced an economic downturn as a result of the COVID-19 pandemic, the recession in Lithuania, Latvia and Estonia was among the lowest in the EU. In 2020, Lithuania, Estonia, and Latvia showed real GDP contraction of 0.8%, 3.0%, and 3.6%, respectively.

	Latvia			Estonia			Lithuania		
	2020	2021F	2022F	2020	2021F	2022F	2020	2021F	2022F
Real GDP (% yoy)	-3.6	3.8	5.1	-3.0	6.5	4.5	-0.8	4.4	4.0
CPI (% yoy)	0.1	2.0	2.5	-0.6	2.5	2.5	1.1	2.6	2.4
Unemployment (%)	8.2	8.1	7.5	6.8	-	-	8.9	-	-

Source: Bloomberg consensus

While the Baltic economies have demonstrated faster than expected recovery during 2021 and economists generally expect solid economic performance in 2022 as well, overall uncertainty in light of the COVID-19 pandemic remains elevated and actual economic growth rates could turn out to be significantly lower and/or inflation could become higher, resulting in lower than expected demand for the Group's products and/or higher cost base, and thus lower business and financial performance of the Group.

1.2.2. The ongoing global pandemic risk

The COVID-19 pandemic has materially adversely impacted and disrupted and may continue to materially adversely impact and cause disruption to the Group's business and financial performance.

The pandemic poses a risk to the Group's employees, customers, suppliers, and communities in which the Group operates. Lockdown measures and other similar restrictions have resulted in decrease in sales and delayed its profitability.

The Group is mitigating pandemic risk. 85 of 90 employees of Longo Group are either immune (vaccinated or natural immunity) or have committed to vaccination which means that continuity is ensured in all critical departments- sales, preparation and sourcing. During lockdown all Longo branches can continue to sell cars, digital first approach of the Group ensures that most parts of the business are not being affected. Due to achieved scale Longo Group can endure up to 35% sales decrease from September volume and still be break even.

During first and second wave of pandemic The Group was forced to significantly reduce its cost base while working on process and system improvements as sales activity was lower. As a result, it has successfully emerged from the COVID-19 caused disruption, its monthly revenues growth rate was 250% from pre pandemic level (measured from February 2020 to September 2021). It has reached first break-even quarter in Q2 2021 and profitability for all period ended 30 September 2021.

The vaccination rates in the Baltics, especially in Latvia, have been among the lowest in the European Union and, thus, the current or next waves of the COVID-19 pandemic may hit the region disproportionately harder. Therefore, the likelihood of future lockdowns or severe restrictive measures may not be ruled out. Thus, any further restrictions as a result of government actions, could have an adverse effect on the Group's financial position and cash flows, and may affect its ability to meet the financial obligations.

1.2.3. Regulatory risk

The Group is subject to Latvian, Lithuanian, Estonian, Dutch, Belgian and German national and EU laws and regulations that regulate the industry generally, consumer rights protection, personal data processing, prevention of money laundering and terrorism and proliferation financing or govern the industry in which the Group operates. Any uncertainty as to regulatory trends or changes in policies in relation to the Group's industry may delay or prevent the achievement of the strategic plans or increase the cost of implementing such plans. The sale of the Group's products and the provision of services are subject to a high level of regulation and oversight applicable to the consumer sector.

The Group complies with all legislative requirements and other regulations as at the date of the Terms of Issue. Legislation and other regulations may change however, and the Management cannot guarantee that in such cases it would be able to comply immediately, without material measures, with the requirements of changed legislation or other regulations. Adapting the Group's operations to any of the changes described above may incur costs for the Group that are difficult to anticipate, which in turn may have a material adverse effect on the Issue's business, results of operations, and financial condition.

1.2.4. Taxation risk

The Group currently operates in six countries (Latvia, Lithuania, Estonia, the Netherlands, Belgium, and Germany) with different sets of tax regimes. Changes to local tax regimes or challenges to the current tax structures of the Group's business could have a material adverse effect on its business, financial condition, or results of operations. Additionally, certain tax positions taken by the Group require the judgement of Management and, thus, could turn out to be inefficient or challenged by tax authorities due to the possible erroneous interpretation of tax legislation.

1.2.5. Relations with key vendors and supply chain risk

The Group imports its products from third-party suppliers, mainly in the Netherlands, Belgium and Germany. In total, the Group has around 900 different partners. In 2020 approximately 39 % of Group's supply by value was delivered by 18 suppliers. The Group also relies on arrangements with third-party logistics companies for the delivery of its products.

Accordingly, the Group relies on third parties to transport its products over large geographical distances. Any disruption to the supply chain caused by issues with the Group's suppliers can have an adverse effect on its inventory levels, assortment of products, revenues, financial condition and the Group's competitive position.

Delays in shipment of the Group's products or interruption of delivery of the products due to the unavailability of product, personnel, transportation, work stoppages, delays in customs inspections, political instability, security requirements or other factors beyond the Group's control, and costs and delays associated with transitioning between suppliers, could adversely impact the Group's ability to meet consumer demand and may result in fewer sales. Any of these risks could have a material adverse effect on the Group's business, results of operations and financial condition.

1.2.6. Inventory management risk

The Group maintains a certain level of inventory in order to ensure the optimal flow of the inventory and the ability to satisfy customer demands. The Group's inventory level as of 30 September 2021 was EUR 5.9 m, constituting around 54% of the Group's total assets.

Insufficient levels of inventory can leave a significantly negative impact on the Group's revenue. However, in the event of high levels of unsold stock, the Group could be required to sell some of its products at lower prices, which could negatively affect the Group's operating profits and have a materially adverse impact on its business and financial condition.

Alternatively, the Group may underestimate the demand of one product compared to another and acquire stock inadequately as a result. To be responsive to shifting customer demand, the Group must manage its product selection and inventory levels closely. If the Group misjudges, fails to identify or fails to react swiftly to changes in consumer preferences, its sales could decrease, and the Group could see a significant increase in its inventories. Conversely, if the Group underestimates consumer interest in

its products, it may experience inventory shortages and lower revenue and profitability than the Group could otherwise have achieved. Therefore, it is important for the Group to optimize the inventory levels accordingly.

1.2.7. Inhouse preparation center risk

The Group's business is to some extent dependent on the Group's ability to prepare used cars for sale in its inhouse preparation centre. Currently the Group's inhouse preparation centre output capacity is around 85-100 cars per week with further possible mid-term increase to 150-180 cars per week. Giving the increase in volumes there could be continued need to recruit more technicians to meet the demand (please refer to the risk factor "Key employee dependency").

1.2.8. Warranties risk

The Group has warranty obligations to its customers. There is a risk that the assumptions made on the current administrations of those commitments proves not to be adequate. If materialized, there is a risk that it will cause a negative impact on Group's earnings and financial position.

1.2.9. Financial leverage risk

Historically, the operations of the Group have mainly been financed through shareholder funds. Nevertheless, while the equity as of 30 September 2021 was 92%, the financial leverage of the Group will increase as a result of the Notes issue and could increase further due to potential additional external financing in the future, which could result in negative consequences for the business and operations. Such consequences would include but are not limited to: requiring the Group to dedicate a substantial portion of its cash flow to payments on the debt, increasing vulnerability to a downturn in business or general economic conditions, placing the Group at a competitive disadvantage relative to competitors with lower leverage, limiting flexibility in reacting to competition or changes in the business or industry.

Any of these or other consequences or events could have a material adverse effect on the Group's ability to satisfy its obligations on Financial Indebtedness.

1.2.10. Key employee dependency

Retention of senior management is important in the Group's business due to the limited availability of experienced and talented retail executives. If the Group were to lose the services of members of its senior management team and be unable to employ suitable replacements in a timely manner, its business, results of operations and financial condition could be materially and adversely affected.

In the future, the Group's activities will be affected by its ability to attract, preserve, and motivate highly qualified and experienced personnel. There is relatively high competition for personnel with the relevant skills and experience in the Baltics. To retain and motivate its employees, the Group has introduced employee stock options to its key senior management personnel.

1.2.11. Employee risk

As of 30 September 2021, the Group operates with 90 full-time employees, of whom 26 are in the Republic of Latvia, 55 in the Republic of Lithuania, 5 in Estonia, and 4 in the Netherlands. The Group's employees are a significant part of the overall customer experience and brand image of the Group. Therefore, it is of high importance for the Group to have a professional and highly skilled team of employees with low employee turnover rate. To retain and motivate its personnel, the Group has a performance bonus scheme in place.

Additionally, in the future the Group may be unable to attract enough skilled employees that would fit the needs and the corporate culture of the Group. Training of the new employees also takes time and resources. Any difficulties in attracting new employees could have an adverse effect on the Group's service quality and reputation, business, results of operations and financial condition.

1.2.12. Operational risks

Operational risk is a possibility of experiencing losses due to insufficient or unsuccessful internal processes, personnel management, systems, or external circumstances. Thorough personnel selection is carried out, accurate descriptions of job duties are compiled, division of duties is coordinated, which allows the Group and management to reduce operational risks.

1.2.13. Competition risk

The overall competition in the Baltic used car market is very fragmented. Large part the used car sales are happening among private individuals, but that is slowly changing and following the course of other European countries. Overall government regulations of used vehicle sales in each of Baltic countries are being rapidly enhanced and updated, bringing new potential administrative hurdles. There is a risk that new notable market players not yet present in the Baltics could enter the market, thus creating additional competition for the local market players. It also faces a variety of competitive challenges including anticipating and responding to changing trends and consumer demands, securing the most appropriate stock, diversifying its sales channels, and improving its e-commerce platform.

1.2.14. Corporate governance and policy-related risk

Group's success is dependent on the good reputation and image of its brand. To this end, the Group must earn customers' confidence by providing products and services that meet customer demand and appeal to customers' preferences, including with respect to sustainability, innovation, quality, reliability, and value (total cost of ownership). This requires the management to make the right strategic decisions and invest in technologies, products and services that continue to meet customers' requirements. Within the Group, this requires the sharing of knowledge and information through appropriate management structures and processes. Furthermore, suitable policies, guidelines, trainings, and advice need to be implemented. If the Group fails to implement the correct processes and management structures, the Group may be unable to anticipate customer demand which could materially affect Group's brand and financial results.

Furthermore, the Group operates in an industry where efficiency improvements and cost savings are crucial in order to maintain competitiveness and profitability. The Group's ability to achieve the targets is also dependent on assumptions relating to several external factors, including development of the market for sale of used cars, political, legal, fiscal, market and economic conditions, regulatory developments and wage increases, all of which are difficult to predict and are beyond the Group's control. These assumptions may prove to be inaccurate. If the Group fails this may have a material adverse effect on its business, results of operation and financial condition.

1.2.15. IT system and process risk

The Group's ability to manage business-critical operations highly depends effectively and securely on its IT systems, including the IT infrastructure, and processes working well and without interruptions. There is a risk, that these systems will be disrupted by, for example, software failures, computer viruses, hacking, ransomware, sabotage and physical damage, and the high pace of change in the overall IT environment introduces increases risk of data breaches. For the performance of all the Group's internal communication and the possibility to conduct all forms of work within the Group, and for the maintenance of all external communication and customer relations, the everyday functionality of the IT system is of vital importance.

For the everyday performance of selling used cars the functionality of the IT systems and processes is essential. A malfunction within these areas therefore constitutes a risk that would severely impair the performance of the Group and of the services offered towards the customer. There is also a risk that such a failure, or major disruption or difficulties in maintaining, upgrading and integrating these systems, may lead to a worsened reputation for Group among its customers. Any intrusion into the Group's IT systems, for example, from increasingly sophisticated attacks by cybercrime groups, could disrupt its business, result in the disclosure of confidential information and/or create significant financial and/or legal exposure and the risk for damage to the Group's reputation and/or brand. The degree to which IT failure and the materialization of any IT risk may affect the Group is uncertain and presents a significant risk to the Group's operations.

1.2.16. E-commerce risk

The Group offers its customers online based catalogue shopping experience – that allows to start purchasing by checking all cars online on their local websites: more than 550 cars with full technical information, certification, high quality pictures incl. 360 interior, exterior tours, created in unique 3D photo studio in Baltics managed by Group. As of 30 September 2021 26%, of the Group's sales were result of online leads.

There is a need to keep up to date with rapid technological, legal and behaviour changes and according to that, implement new functionalities on the Group's websites, which creates a risk of unexpected costs being incurred. There are the inherent risk customers will find the Group's websites difficult to use and use them less than expected.

Furthermore, the Group bears liability for online content published on its websites.

Failure to respond accordingly to these risks and uncertainties could reduce revenue generated by online leads, as well as have a detrimental effect on the brands, reputation and prospects.

1.2.17. Risk of natural disasters and other business disruption

The Group's operations are vulnerable to damage or interruption from various natural disasters and business disruptions, such as fire, flood, power losses, telecommunication failures, terrorist attacks, acts of war, human error, and other events. A significant natural disaster could have a material adverse impact on the Group's ability to conduct its business, and insurance coverage may be insufficient to compensate losses that may occur. Although the Group has implemented business continuity plans, acts of terrorism, war, civil unrest, violence or human error could cause disruptions to the Group's business or the economy as a whole. Any of these occurrences may have a material adverse effect on the Group's business, financial condition, results of operations and cash flows.

1.3. Risks related to Notes

1.3.1. Notes repayment risk

The Notes will rank pari-passu with other senior Secured Financial Indebtedness of the Issuer. Directly after the Notes issue, the Group's only Secured Financial Indebtedness will be the Notes; however, the Group is not prohibited from taking on additional Secured Financial Indebtedness and pledging assets in favor of other creditors in the future if the Covenants set forth in Clause 5 of these Terms of the Issue are met.

In the case of the Group's insolvency, Noteholders have the same right to receive their investment as other creditors of the relevant group in accordance with applicable local regulatory enactments. There are no contracts or other transaction documents, which would subordinate the claims of Noteholders to other secured obligations of the Group.

The Issuer may not have the ability to repay or refinance these obligations. If the maturity date or date when put option is exercised occurs at a time when other arrangements prohibit the Issuer from repaying the Notes, it could try to obtain waivers of such prohibitions from the lenders and Noteholders under those arrangements, or the Issuer could attempt to refinance the borrowings that contain the restrictions. If the Issuer fails to obtain the waivers or refinance these borrowings, it would be unable to repay the Notes.

1.3.2. Liquidity risk

Neither the Group nor any other person guarantees the minimum liquidity of the Notes. Thus, the 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.

1.3.3. Delisting risk

After registration of the Notes the Issuer plans to request admission to trading of the Notes on the Multilateral Trading Facility (MTF) First North operated by Nasdaq Riga. There is a risk that Nasdaq Riga will not accept the Notes to be admitted to trading on First North or order that the Notes are delisted from First North before maturity after admission to trading has taken place due to changes in legal acts, including Nasdaq Riga regulations, or recommendations by the FCMC.

1.3.4. 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.

The Notes bear a fixed interest rate. Thus, Investors who seek to sell the Notes before their final maturity are exposed to interest rate risk: if the market interest rate increases, the price of fixed rate Notes typically declines.

Neither the Issuer, nor any other person undertakes to maintain a certain price level of the Notes. The Investors are thus exposed to the risk of unfavorable price development of their Notes if they sell the Notes prior to final maturity. If an Investor decides to hold the Notes until maturity, the Notes will be redeemed at their Nominal Value.

1.3.5. Early redemption risk

According to the Terms of Issue, the Notes may be redeemed prematurely at the initiative of the Issuer. If the early redemption right is exercised by the Issuer, the rate of return from the investment into the Notes may be lower than initially expected, as the 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 Group's redemption right may also adversely impact the Investor's ability to sell such Notes.

1.3.6. Tax risk

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

1.3.7. Resolutions of Investors risk

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

1.4. Risks related to Collateral and Guarantees

1.4.1. Risks associated with the Collateral Agent Agreement

The Noteholders are represented by the Collateral Agent in all matters relating to the Collateral. There is a risk the Collateral Agent, or anyone appointed by it, does not properly fulfil its obligations in terms of perfecting, maintaining, enforcing or taking other necessary actions in relation to the Collateral. Subject to the terms of the Collateral Agent Agreement, the Collateral Agent is entitled to enter into agreements with a third-party or take any other actions necessary for the purpose of maintaining, releasing or enforcing the Collateral or for the purpose of settling, among others, the Noteholders rights to the Collateral.

1.4.2. Risks associated with the value of the Collateral

The value of the Collateral is not fixed and is subject to changes in several factors, primarily, primarily supply and demand conditions for used cars, which at times can be unpredictable and are out of the Group's control. Thus, the value of the Collateral might decline if unfavourable market conditions in the used car segment would result in decline in prices of used cars. Additionally, if a sudden necessity to sell the Collateral were to arise, the Group might be forced to sell the Collateral at a discount to its market value and derive less value than expected from it.

Moreover, the Collateral structure could change over time due to changes in the Group's inventory and overall asset structure. Additionally, the Collateral is subject to damage defects, and the risk of theft. The cars can get damaged which could affect the resale value, if such a necessity were to arise. Any of these risks related to the Collateral can negatively affect the value of the Collateral and the Group's ability to meet its obligations under the Notes.

Considering the Collateral Agent does not supervise the quality of the Collateral during the duration of the Issuer's obligations and the Collateral Agent has no liability to the Noteholders in this regard, there is a risk the Collateral may be taken over, but the realisation of the Collateral may be insufficient to fully satisfy the Noteholders' claims.

1.4.3. The Collateral and the Guarantees will be subject to certain limitation on enforcement and may be limited by the applicable law or subject to certain defences that may limit its validity and enforceability

The Collateral and the Guarantees provide the Collateral Agent, acting for the benefit of the Noteholders, with a claim against the relevant Collateral Provider and the Guarantor. However, the Collateral and the Guarantees will be limited to the maximum amount that can be guaranteed by the relevant Collateral Provider without rendering the relevant Collateral and Guarantee voidable or otherwise ineffective under applicable law, and enforcement of each Collateral and Guarantee would be subject to certain generally available defences.

Enforcement of any of the Collateral and the Guarantees against any Collateral Provider will be subject to certain defences available to Collateral Providers in the relevant jurisdiction. Although laws differ among jurisdictions, laws and defences generally include those that relate to corporate purpose or benefit, fraudulent conveyance or transfer, voidable preference, insolvency or bankruptcy challenges, financial assistance, preservation of share capital, thin capitalization, capital maintenance or similar laws, regulations or defences affecting the rights of creditors generally. If one or more of these laws and defences are applicable, a Collateral Provider may have no liability or decreased liability under its Collateral and Guarantee depending on the amounts of its other obligations and applicable law.

There is a possibility the entire Guarantee or Collateral may be set aside, in which case the entire liability may be extinguished. If a court decided a Guarantee or Collateral was a preference, fraudulent transfer or conveyance and voids such Guarantee or Collateral, or holds it unenforceable for any other reason, the Noteholder may cease to have any claim in respect of the relevant Guarantor or Collateral Provider and would be a creditor solely of the Issuer and, if applicable, of any other Guarantor or Collateral Provider under the relevant Guarantee or Collateral which has not been declared void or held unenforceable.

The Notes will be guaranteed by the Guarantors, which are organised or incorporated under the laws of four jurisdictions. In the event of a bankruptcy, insolvency or similar event of a Guarantor, bankruptcy, insolvency or similar proceedings could be initiated against that Guarantor in any of the relevant jurisdictions. The rights of Noteholders under the Guarantees will thus be subject to the laws of a number of jurisdictions, and it may be difficult to enforce such rights in several bankruptcy, insolvency and other similar proceedings.

Moreover, such multi-jurisdictional proceedings are typically complex and costly for the creditors. In addition, the bankruptcy, insolvency, administration and other laws of the jurisdiction of organisation of the Issuer or the Guarantors may be materially different from, or in conflict with, one another, including in relation to the creditor's rights, the priority of creditors, the ability to obtain post-petition interest and the duration of the insolvency proceeding. The application of these various laws in multiple jurisdictions could trigger disputes over laws of which jurisdiction(s) should apply and could adversely affect the ability to realise any recovery under the Notes and the Guarantees.

1.4.4. The enforcement of the Guarantee and the Collateral will be subject to the procedures and limitations set out in the Collateral Agent Agreement and these Terms of the Notes Issue

Even when the Collateral is enforceable, the enforcement is subject to the procedures and limitations agreed in the Collateral Agent Agreement and the Terms of the Notes Issue. There can be no assurance as to the ability of the Noteholders to instruct the Collateral Agent to initiate any enforcement procedures. Furthermore, any enforcement of security may be delayed due to the provisions of the Collateral Agent Agreement and these Terms of the Notes Issue.

1.4.5. The rights of the Noteholders depend on the Collateral Agent's actions and financial standing

By subscribing for, or accepting the assignment of, any Note, each Noteholder will accept the appointment of the Collateral Agent as the agent and representative of the Noteholders, to represent and act for such secured creditors, i.e., Noteholders, in relation to the Collateral.

Only the Collateral Agent is entitled to exercise the rights under the Collateral and enforce the same. Any failure by an agent to perform its duties and obligations properly, or at all, may adversely affect the enforcement of the rights of the Noteholders due to, for example, inability to enforce the security and/or receive any or all amounts payable from the security in a timely and effective manner.

Agenda

Longo at a glance

Business overview

Market opportunity

Financial highlights
and inventory analysis

Transaction overview

**Nasdaq First North
listing disclosures**



Related parties

The parties are considered related when one party has a possibility to control the other one or has significant influence over the other party in making financial and operating decisions. Related parties of the Group are shareholders who could control or who have significant influence over the group in accepting operating business decisions, key management personnel of the Group including close family members of any above-mentioned persons, as well as entities over which those persons have a control or significant influence, including subsidiaries.

K EUR	2021		2022	
	Transactions within Longo Group companies	Transactions with other related parties	Transactions within Longo Group companies	Transactions with other related parties
Sales to Related parties	35 062	-	16 801	-
Purchases from related parties	28 784	32	14 229	-
Loans issued	8 331	-	1 299	-
Loans received	8 331	4 688	1 299	4 252
Interest expense	206	106	243	129
Interest income	206	-	175	-
Receivables from related parties	11 029	-	9 835	-
Liabilities to related parties	11 029	2 007	7 664	6 042

Transactions with related parties

Liabilities towards shareholders	Interest rate per annum (%)	Maturity	31.12.2021. EUR	31.12.2020. EUR
Bonds 1.91 million EUR notes issue ¹⁾	6%	31.12.2026	1 989	-
TOTAL:			1 989	
Loans from related parties ²⁾	6%	31.12.2025	9	6 042
TOTAL:			9	6 042
TOTAL BORROWINGS FROM RELATED PARTIES:			1 998	6 042

¹⁾ On 30 December 2021 Parent Group registered with the Latvian Central Depository a subordinated bond facility through which it can raise up to EUR 3 million.

Group has raised a total of EUR 1 991 000 as at 31 December 2021 (0 EUR at 31 December 2020).

The notes are issued at par, have a maturity of five years and carry a fixed coupon of 6% per annum, paid monthly in advance. All subordinated bond facility is acquired by shareholders as a result of conversion of loan facility.

²⁾ Shareholders` loan in a form of credit line, duration up to 5 years.

Other Statements

LEGAL PROCEEDINGS

At the moment of preparing the Company Description and Securities Note, none of the Group companies is involved in:

- any ongoing legal proceedings or any historical legal proceedings from the previous reporting periods against the Issuer or any Group company,
- any insolvency applications, insolvency proceedings or legal protection proceedings,
- any legal proceedings in connection with fraud or other economic violation in which management board members or supervisory board members of the Group or directors of the Issuer have been involved

SIGNIFICANT CONTRACTS

To retain and motivate its employees, the Group has introduced employee share options to its key senior management personnel. Share options are given as potential shares in Longo Group JSC without consideration in which group company the employee work.

IMPORTANT AGREEMENTS

The Issuer has no knowledge of any other important agreements or internal decisions that could have been concluded within the company or between the Issuer and any related company and that could affect the Issuer's capability to fulfil its liabilities due to Noteholders regarding the securities to be issued.

SUBSTANTIAL CHANGES IN FINANCIAL SITUATION OF THE ISSUER

As of the publication of the last financial statement, the financial situation or performance of the Issuer has not worsened. The Issuer is unaware of any factors, claims, obligations, or events which would negatively affect the financial situation or performance of the Issuer in future.

SIGNIFICANT RECENT AND KNOWN TRENDS

During 2020 and 2021 many economic sectors were affected by global pandemic, including used car retail.

CHANGES IN MANAGEMENT BOARD OR SUPERVISORY BOARD

There are no changes

INFORMATION ABOUT THE ISSUER

The Issuer does not undertake client-facing operations and its main purpose is for attracting financing and disbursing funds to the Group's companies. The business operations described in this Company Description refer to the Group's companies. All financial covenants are tested on Group level, hence emphasis on Group performance and results in the Company Description.

Appendix



Appendix

Terms of the Notes Issue signed on 26 November 2021

Audited consolidated financial report of Longo Group for the year 2020

Audited stand alone financial report of Longo Group for the year 2020

