



incorporated and registered in the Republic of Latvia with registration number 42103081417

PROGRAMME FOR THE ISSUANCE OF NOTES

IN THE AMOUNT OF EUR 20 000 000

This Base Prospectus (the "**Base Prospectus**") was prepared for the programme (the "**Programme**") for the offering of secured notes (the "**Notes**") of AS Longo Group, a joint stock company (in Latvian – *Akciju sabiedrība*), incorporated in, and operating under the laws of the Republic of Latvia, and registered in Commercial Register maintained by the Register of Enterprises of Latvia under the registration number: 42103081417, legal address: Mūkusalas iela 72A, Rīga, LV-1004, Latvia, (the "**Issuer**") in the amount of up to EUR 20 000 000 (the "**Offering**") and admission thereof (the "**Admission**") to trading on the Baltic Bond List of AS Nasdaq Riga ("**Nasdaq**" or "**Nasdaq Riga**").

This Base Prospectus should be read and constructed together with any supplements hereto (if any) and any other documents attached herein and, in relation to any tranche of Notes issue (the "**Tranche**"), with the Final Terms of the relevant Tranche (the "**Final Terms**"), as applicable. The issue-specific summary shall be annexed to the Final Terms of each of the Tranche and shall be announced in the same order as the Base Prospectus and provided to the Latvian competent authority, the Bank of Latvia (in Latvian – *Latvijas Banka*, the "**Bank of Latvia**") together with the Final Terms.

Neither this Base Prospectus nor any Final Terms constitute an offer to sell or a solicitation of an offer to buy the Notes in any jurisdiction to any person to whom it is unlawful to make any such offer or solicitation in such jurisdiction. Furthermore, the distribution of this Base Prospectus and/or any Final Terms in certain jurisdictions may be restricted by law. Thus, persons in possession of this Base Prospectus and/or any Final Terms are required to inform themselves about and to observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

The Notes shall be offered, as specified in the Base Prospectus and the Final Terms, subject to possible cancellation or modification of the Offering and subject to certain other conditions.

This Base Prospectus has been prepared and the Final Terms will be prepared by the Issuer in accordance with the Regulation (EU) 2017/1129 of the European Parliament and of the Council, as may be amended from time to time (the "**Prospectus Regulation**"), Commission Delegated Regulation (EU) 2019/980, as may be amended from time to time (the "**Delegated Regulation**"). The Bank of Latvia (in Latvian - *Latvijas Banka*) in its capacity as the competent authority in Latvia under the Prospectus Regulation has approved this document as a Base Prospectus and has notified the approval of the Base Prospectus to the Estonian Financial Supervision Authority (in Estonian: *Finantsinspeksioon*; the "**EFSA**") and the Bank of Lithuania (in Lithuanian: *Lietuvos bankas*, the "**Bank of Lithuania**").

The approval by the Bank of Latvia of this Base Prospectus only means that it is meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the quality of the Notes that are the subject of this Base Prospectus. Application has also been made to Nasdaq Riga for Notes issued under the Programme to be admitted to trading on the Baltic Bond List of Nasdaq Riga.

The Base Prospectus has been drawn up as a base prospectus in accordance with Article 8 of the Prospectus Regulation.

All the Notes of the Issuer (when issued) will be non-material registered notes and will be registered with Nasdaq CSD, SE ("**Nasdaq CSD**"). When registering the Notes of different Tranches, Nasdaq CSD will

provide different ISIN to Notes of different Tranches, unless it will be decided by Nasdaq CSD to provide the same ISIN to Notes of different Tranches for any reason. Noteholders will be able to hold the Notes through Nasdaq CSD participants including the Bank, such as investment firms and Custodians operating in any of the Baltic states.

MiFID II product governance - solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties, professional clients, and retail clients, each as defined in MiFID II; and (ii) all channels for distribution of the Notes to eligible counterparties, professional clients and respective retail clients are appropriate. Any person subsequently offering, selling or recommending the Notes should take into consideration the manufacturer's target market assessment. However, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer's target market assessment) and determining appropriate distribution channels.

Article 5f of Regulation (EU) No. 833/2014 (as amended by Council Regulation (EU) No. 2022/328) and Article 1f of Regulation (EC) No. 765/ 2006 (as amended by Council Regulation (EU) No 2022/398) prohibit the sale of euro denominated transferable securities issued after 12 April 2022 or units of undertakings for collective investment (UCIs) providing exposure to such transferable securities, to any Russian or Belarusian national, any natural person residing in Russia or Belarus or to any legal person, entity or body established in Russia or Belarus. This prohibition does not apply to nationals of a Member State or to natural persons holding a temporary or permanent residence permit in a Member State of the European Union, in a country member of the European Economic Area and Switzerland.

Before deciding to purchase the Notes, prospective investors must make their own assessment as to the suitability of investing in the Notes. Each prospective investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes and the merits and risks of investing in the Notes;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all the risks of an investment in the Notes, including where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Investment in the Notes to be issued under the Programme involves certain risks. Prospective investors should carefully acquaint themselves with such risks before deciding to invest in the Notes. The principal risk factors that may affect the Issuer's ability to fulfil its obligations under the Notes are discussed in Section 2 "Risk Factors" of this Base Prospectus. Should one or more of the risks materialize, this may have a material adverse effect on the cash flows, results of operations, and financial condition of the Issuer. If any of these risks materialize, the market value of the Notes and the likelihood the Issuer will be able to fulfil its payment obligations under the Notes may decrease, in which case the Noteholders could lose all or part of their investments.

Any previous discussions or presentations provided to prospective investors were solely for information purposes and the Notes are issued in accordance with this Base Prospectus. A prospective investor should not make an investment decision relying solely upon the information provided to the prospective investor in any presentation or otherwise.

The Notes have not been, and will not be, registered under the U.S. Securities Act 1933 (as amended) (the "**Securities Act**"), or with any securities regulatory authority of any state of the United States. This Base Prospectus or the Final Terms are not to be distributed to the United States or in any other jurisdiction where it would be unlawful. The Notes may not be offered, sold, pledged or otherwise transferred, directly or indirectly, within the United States or to, for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act (the "**Regulation S**"), except to a person who is not a U.S. Person (as defined in Regulation S) in an offshore transaction pursuant to Regulation S.

The date of this Base Prospectus is 07.11.2024.

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1 OVERVIEW OF THE PROGRAMME

The following overview does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Base Prospectus and, in relation to the General Terms and Conditions of any Tranche of Notes, the applicable Final Terms. This overview must be read as an introduction in conjunction with the other parts of the Base Prospectus (including any documents incorporated therein). Any decision to invest in the Notes should be based on a consideration by the investor of the Base Prospectus as a whole.

Words and expressions defined in the General Terms and Conditions of the Notes below or elsewhere in this Base Prospectus have the same meanings in this overview.

This overview constitutes a general description of the Programme for the purposes of Article 25(1) of the Delegated Regulation.

Issuer:	AS Longo Group
Legal Entity Identified (LEI):	894500SNGNS9HL2FSI45
Programme Limit:	Up to EUR 20 000 000 (twenty million euros) aggregate nominal amount of Notes outstanding at any one time
Risk Factors:	Investing in Notes issued under the Programme involves certain risks. The principal risk factors that may affect the ability of the Issuer to fulfil its obligations under the Notes are described in Section 2 "Risk Factors"
Method of Issue:	The Notes shall be issued in Tranches. The Notes of each of the Tranches will generally be subject to similar main terms, except that the following may differ, as specified in the respective Final Terms of the respective Tranche: the Issue Date, the nominal value of the Notes, the Issue Price of the Notes, Maturity Date and the annual interest rate
Form of the Notes:	The Notes will be issued in dematerialized form and book entered with Nasdaq CSD SE
Status and Security:	Secured, pledges each in claim amount of up to EUR 24 800 000 (twenty four million eight hundred thousand euros) on assets of the Collateral Providers, as well as Mortgage on Real Estate provided by the Mortgage Provider as further described in Section 13.8 "Collateral of the Notes". During the validity of this Base Prospectus, the Collateral securing the Notes may be supplemented, in order to include additional collateral to satisfy the obligations of the Issuer to the Noteholders and the Collateral Agent under this Base Prospectus and Collateral Agent Agreement, and the existing Collateral (including Mortgage) may be released and/or pledged to secure other financing attracted by the Issuer during validity of this Base Prospectus, as further described in Section 13.8 "Collateral of the Notes", 13.9 "Release of Mortgage", 13.10 "Permitted Security", and 13.11 "Additional Collateral of the Notes".
Currency:	EUR
Denomination:	EUR 100
Issue Price:	The Notes may be issued at their nominal amount or at a discount or a premium to their nominal amount
Minimum Investment Amount:	The Notes will be offered for subscription for a minimum investment amount that will be specified in the Final Terms
Interest:	The Notes will bear annual interest rate, as specified in the Final Terms of particular Tranche
Maturity:	The Notes shall be repaid in full at their nominal amount on the date which will be specified in the Final Terms. Each Tranche may have a maturity up to 5 (five) years

Listing:	Application will be made to Nasdaq Riga for admitting each Tranche to listing and trading on the official bond list (the Baltic Bond List) according to the requirements of Nasdaq Riga not later than within 3 (three) months after the Issue Date of the respective Tranche
Taxation:	All payments in respect of the Notes by the Issuer shall be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature (" Taxes "), unless the withholding or deduction of the Taxes is required by laws of Latvia. In such case, the Issuer shall make such payment after the withholding or deduction has been made and shall account to the relevant authorities in accordance with the applicable laws for the amount so required to be withheld or deducted. The Issuer shall not be obligated to make any additional compensation to the Noteholders in respect of such withholding or deduction
Rating:	Neither the Issuer, nor the Notes have been assigned any credit ratings at the request or with the co-operation of the Issuer in the rating process
Governing Law:	Latvian law
Dispute Resolution:	Any disputes relating to or arising in relation to the Notes shall be settled solely by the courts of Latvia of competent jurisdiction
Selling Restrictions:	For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of the Base Prospectus in the United States of America, the EEA, UK, the Republic of Latvia, the Republic of Lithuania, the Republic of Estonia and other jurisdictions, see Section 3.7 "Distribution of the Base Prospectus and Selling Restrictions" of this Base Prospectus

2 RISK FACTORS

The prospective investors are advised to carefully consider the risk factors and other information provided in this Base Prospectus. Investing in Notes involves certain risks. Risk factors, understood as sources of uncertainty, are inherent in any business activity. Thus, investment in Notes is open to various risks which may, independently or collectively, have an adverse effect on the Issuer's and Group's business operations, financial position, or business results and, thereby, the Issuer's and Group's ability to fulfil its obligations under the Notes as well as the market price and value of the Notes. As a result, investors could lose a part or all the value of their investments.

The risks and uncertainties described in this Section are not the only risks currently faced by the Issuer and the Group. In addition to the risks listed in this Section "Risk factors", the Issuer and the Group could be exposed to risks, of which the Issuer is not currently aware or which the Issuer considers immaterial at the moment, but which could affect the Issuer's or Group's business, and, thereby, the Issuer's and Group's ability to fulfill its obligations under the Notes, as well as the market price and value of the Notes. The risk factors are presented in a limited number of categories, where each risk factor is placed in the most appropriate category based on the nature of the risk it represents. Within each category, the risk factors deemed most material for the Issuer and the Notes are set out first, considering their potential negative effect on the Issuer and the probability of their occurrence. This does not imply that the remaining risk factors are ranked based on their materiality or comprehensibility, nor based on the probability of their occurrence.

The potential magnitude of each risk towards the business of the Issuer and the Group has been categorised as "low" or "medium" or "high" in the opinion of the Management Board at the date of this Base Prospectus. Risk categories have been provided for ease of reference and cannot be understood separately from the description of each risk. The Issuer and the Group may face a number of the risk factors described below simultaneously and some risks described below may be interdependent. While the risk factors below have been divided into categories, some risk factors could belong to more than one category and prospective investors should carefully consider all risk factors set out in this Section.

2.1 Risk factors relating to the economic and geopolitical environment

2.1.1 Macroeconomic risk

The Group's main business is a sale of used cars. The Group's business operations are currently centered in the Baltics. While in April 2022 the Group established a new Subsidiary and commenced its operations also in Poland, car sales in this market are underway since beginning of 2023. To a certain extent, the Issuer's and Group's business is dependent on the general economic environment in the EU due to the geographical focus of its activities. The general economic environment has an impact on the spending activity of European customers and, in turn, on the demand for mobility services.

During periods of economic weakness, both private households and companies can often take cost-saving measures that can lead to reduced demand for mobility services, including the purchase of used vehicles. A decline in overall economic activity could diminish demand for such services, which may affect the Group's business operations and financial condition.

The key sales markets of the Group are Latvia, Estonia, and Lithuania, which contribute to most of its revenue. The concentration of the Group's revenue in this region heightens its exposure to any negative macroeconomic developments in the Baltics. The regional economies are closely integrated with the broader European Union (EU), making them related to fluctuations in the wider European economic environment. Financial and economic slowdown within the EU could result in reduced economic activity in the Baltic States, affecting consumer purchasing power, business investments, and public spending. As the Group derives a significant portion of its revenue from this region, adverse economic conditions in the Baltics could result in reduced sales, weaker margins, and an overall lower financial performance.

Further, potential instability in the region due to political or economic challenges, such as changes in EU policies, fluctuations in the euro, or disruptions to cross-border trade, could elevate these risks, creating additional operational uncertainties for the Group. Below are provided key metrics in Latvia, Estonia, and Lithuania regarding real gross domestic product, consumer price index, and unemployment rates year on year.

	Latvia			Estonia			Lithuania		
	2023	2024F	2025F	2023	2024F	2025F	2023	2024F	2025F

Real gross domestic product (GDP) (% year on year)	-0.3	1.5	2.8	-3.0	-0.6	2.9	-0.3	2.0	3.1
Consumer price index (CPI) (% year on year)	9.1	1.7	2.4	9.1	3.5	2.5	8.7	1.0	2.6
Unemployment (%)	6.5	6.6	6.5	6.4	7.6	7.2	6.6	7.1	6.9

Source: Bloomberg consensus

The Issuer considers the macroeconomic risk as medium.

2.1.2 Global pandemic risk

The occurrence of a global pandemic, such as the COVID-19 virus, can significantly disrupt the Group's business operations by reducing consumer demand, causing supply chain interruptions, and leading to government-imposed restrictions. Such events may result in lower sales, increased operational costs, and reduced profitability, which could adversely affect the Group's financial performance.

Such global outbreaks can have wide-ranging and prolonged effects on the Group's business operations. A pandemic can reduce consumer demand for mobility services and used vehicles due to economic uncertainty, job losses, or restrictions on movement. Additionally, supply chain disruptions, labor shortages, and imposed lockdowns may impact the ability to maintain inventory levels, deliver services, or meet customer demand.

For example, because of the COVID-19 virus, national authorities adopted several laws with immediate effect which provide a legal basis for the government to implement measures to limit contagion and the consequences of the pandemic. During the three waves of the global pandemic which took place from March till June 2020, from November 2020 till February 2021 and from November 2021 till January 2022 respectively, as sales activities were lower, the Group was required to significantly reduce its cost base while working on the processes and system improvements. As a result, the Group has successfully emerged from the global pandemic disruption. Nevertheless, a significant interruption to the Group's business due to external events (such as a public health threat/pandemic, war, or natural hazard) could restrict access to the Group's products, negatively affect operations and brands, or pose a threat to the safety of employees, any of which could have a negative impact on the Group's commercial and financial performance.

The Issuer considers the global pandemic risk as medium.

2.1.3 Geopolitical risk

On 24 February 2022, Russia launched a military assault on Ukraine. This has led to significant volatility in the global markets and economy. Although, as of the date of the Base Prospectus the restrictive measures imposed against Russia and Belarus have had no direct material impact on the Group's performance, introduction of new sanctions packages, general deterioration of the economic situation and other material aspects related to geopolitical events may affect the Issuer's and Group's business performance.

The Group sells cars in Latvia, Lithuania, Estonia, and Poland, and transports cars across different jurisdictions and geographical areas. This entails a risk of business interruptions that may result from political circumstances, trade matters, or inadequacies in the legal systems and law enforcement mechanisms in certain countries in which the Group operates. The political circumstances or inadequacies of the legal systems and law enforcement mechanisms in certain countries in which the Group operates may have a material negative impact on the Group's reputation, revenue, cash flows and financial condition.

The Issuer considers the geopolitical risk as low.

2.2 Risk factors relating to the industry in which the Issuer and the Group operates

2.2.1 Competition risk

Overall, the competition across the used car market in the Baltics is very fragmented. While a large part of used car sales is taking place amongst private individuals, this is slowly changing and following the course of other EU Member States. Overall, government regulations covering used car sales in each of Baltic states, are being rapidly enhanced and updated, bringing new potential administrative hurdles. Furthermore, the

Issuer anticipates further expanding the Group's business to Poland, which is also saturated with competitors in the local market.

There is a risk that the new notable market players or well-established brands from outside the region, could enter the marketplace, thus creating additional competition for the local market players. The new entrants may bring innovative business models, advanced technologies, or greater financial resources. Any failure to innovate and respond effectively to the evolving market and competition could lead to a loss of market share which could have a material adverse effect on the Group's business operations, financial conditions, and results of operation.

The Issuer considers the competition risk as low.

2.2.2 Risks relating to trends in the automotive industry

As the Group specializes in the sale of used cars, its activities are directly linked to trends in the automotive industry, both in terms of overall demand for motor cars on the market, which impacts the Group's sale volumes and automotive production and its suitability for consumer needs, which impacts the Group's ability to procure used cars.

As such, the demand for used cars may be affected by a number of factors, such as disposable income; whether or not car buyers can access credit easily; changes in the cost of fuel; consumer habits, particularly with regard to car ownership and consumer environmental concerns, which could lead them to prefer alternative modes of transport; changes in the applicable regulatory framework, mainly as a result of environmental considerations on the part of public authorities, which generally result in raising the costs of acquiring and owning motor cars (such as the introduction in Europe of an ecological penalty on the purchase of the most polluting new cars) or to reduce the attractiveness of internal combustion engine vehicles for consumers (such as alternating traffic measures in the event of pollution peaks, making access to certain cities or neighborhoods more expensive or banning internal combustion engine vehicles, or more expensive rates or even banning parking for these vehicles); or the consequences of growing urbanization, notably with the growing popularity of private chauffeur applications, carpooling or car-sharing services. In addition, the emergence of new trends, such as the strong development of hybrid and electric cars and self-driving solutions, could influence consumer practices with respect to cars.

The Issuer considers the automotive industry trend risk as low.

2.2.3 Operational risk

Operational risk is the possibility of experiencing losses due to insufficient or unsuccessful internal processes, personnel management, systems, or external circumstances. Such risk is inherent to all industry players and can arise from a variety of sources, including human error, system failures, inadequate training, or external disruptions such as cyberattacks or natural disasters.

The Issuer and the Group carry out thorough personnel selection, compile accurate descriptions of jobs, coordinate the division of duties, which allows the Group and management to reduce operation risks. However, the Group's internal controls, procedures, compliance systems, and risk management systems may prove to be inadequate to prevent and discover previous or future breaches of laws and regulations and generally to manage risks that could have a material adverse effect on the Group's business operations, financial conditions and results of operations.

The Issuer considers the operational risk as low.

2.3 Risk factors related to the Issuer's business

2.3.1 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 almost 400 (four hundred) different partners. In 2023, approximately 46% (forty-six percent) of the Group's supply, by value, was delivered by 9 (nine) different suppliers. The Group also mainly 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 impact its inventory levels, assortment of products, revenues, financial conditions, and the Group's competitive position.

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

The Issuer considers the relations with key vendors and supply chain risk as medium.

2.3.2 The risk of rising costs of purchased cars and the inability to transfer the increased costs to the end buyer

The key cost items of the Issuer and the Group are purchased cars and employee salaries. The Group is subject to the current market prices of used cars. There is a risk that the Group purchases its car stock at an increased price and is not able to sell the cars to the end customer due to insufficient demand at the given price levels. In such case, the Group would be forced to sell the inventory at a time when the used car market prices have decreased and, thus, experience lower sales margins. At the same time, the changes in purchase prices affect all used car market and the Group has the access to significantly more suppliers than competitors, thus a higher chance to pay lower price for its inventory. In addition, the average sales time of a car after it is published is only around 70-80 days, as estimated by the Issuer.

Additionally, the Group is required to raise wages to remain competitive and retain its workforce. However, it may not be able to fully pass these cost increases to customers through higher vehicle prices. This inability to offset rising labor costs with higher sales prices could further affect profitability and place additional pressure on the Group's finances.

The Issuer considers the risk of rising costs of purchased cars and the inability to transfer the increased costs to the end buyer as low.

2.3.3 The risks related to the operation of the preparation center

The Group's business activities entail the refurbishing of the used cars that it acquires for future resale to its customers. The Group reconditions cars at a preparation center located in Panevezys, Lithuania. The Group has around 50% of its workforce as of 30 June 2024, working at the preparation center. Cars pending refurbishing and refurbished cars are stored at the refurbishing sites, in indoor and outdoor spaces.

The operation of the preparation center presents risks such as accidents, fires or explosions, which may cause unexpected interruptions in the Group's activity, the total or partial destruction of installations, environmental pollution, or even bodily harm and the death of Group employees, subcontractors and/or local residents.

The Group could experience unexpected disruptions in its refurbishing process or damage to its used car inventory due to factors like human error, natural disasters, or malicious acts. Such events could impair inventories, increase restoration costs, and impact operating income. Interruptions in refurbishing could also hinder sales while incurring fixed costs, with limited alternative solutions due to the small number of refurbishing sites. These issues could lead to lost revenue, additional expenses, and harm to the Group's reputation and financial performance.

The Issuer considers the risk related to the operation of the preparation center as low.

2.3.4 Inventory management risk

The Group maintains a certain level of inventory to ensure the optimal flow of the inventory and the ability to satisfy customer demands. The Group's total inventory was EUR 12.8 million as of 30 June 2024, according to the latest Financial Report.

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

Alternatively, the Group may underestimate the demand for one product compared to another and acquire stock inadequately as a result. To be responsive to shifting customer demands, 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 inventory levels accordingly.

The Issuer considers inventory management risk as low.

2.3.5 Warranties risk

The Group has warranty obligations to its customers. The Group offers warranty services to its clients for 2 (two) months after the vehicle sales date. There is a risk that the assumptions made on the current administrations of those commitments prove not to be adequate. If materialized, there is a risk it will cause a negative impact on the Group's earnings and financial position.

The Issuer considers warranties risk as low.

2.3.6 **Key employee dependency risk**

Retention of senior management is important to the Issuer's and Group's business operations, due to the limited availability of experienced and talented retail executives in the market. If the Group were to lose the services of members from its senior management team and be unable to employ suitable replacements in a timely manner, it would affect its operations.

To retain and motivate its employees, the Group has introduced employee share options to its key senior management personnel. At the same time, there is always a risk that the Group's activities may be affected by its ability to attract, preserve, and motivate highly qualified and experienced personnel, as there is relatively high competition for personnel with the relevant skills and experience in the Baltics.

The Issuer considers key employee dependency risk as low.

2.3.7 **Employee risk**

As of 31 December 2023, the Issuer employs 16 employees and the Group employs 129 (one hundred and twenty-nine) full-time employees, 27 (twenty-seven) of whom are in the Republic of Latvia, 82 (eighty-two) in the Republic of Lithuania, 11 (eleven) in the Republic of Estonia, 5 (five) in the Netherlands, and 4 (four) in Poland. The Group's employees are a significant part of the quality of offered cars, overall customer experience, and brand image of the Group. Therefore, it is of high-importance to have a professional and highly skilled team of employees with a low employee turnover rate. To retain and motivate its personnel, the Group has a performance bonus scheme in place, including the Issuer's employee share option scheme.

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 new employees also takes time and resources. Any difficulties in attracting new and/or retaining existing employees might negatively impact the Issuer and the Group.

The Issuer considers employee risk as low.

2.3.8 **E-commerce risk**

The Group offers its customers an online shopping experience through websites that provide for the pre-purchasing experience by viewing all cars online through the Group's local websites. The Group's websites altogether currently, as of 30 June 2024, contain more than 962 cars with full technical information, certification, and high-quality pictures, including 360 (three-hundred and sixty) degree interior viewing, exterior tours, created in a unique 3D photo studio in Baltics managed by the Group. From 1 January 2024 until 30 June 2024, 60% of sales originated from the Group's websites.

Due to rapid technological, legal, and consumer preference changes, the Issuer and the Group may need to implement new functionalities and updates on the website over time. Such changes are associated with additional costs. Furthermore, the Issuer and the Group bear liability for any online content published on its websites. Failure to respond accordingly to these risks can affect the Group's operations.

The Issuer considers e-commerce risk as low.

2.3.9 **IT system and process risk**

The Group's ability to manage critical business operations depends on the ability of its IT systems, including the IT infrastructure, and processes to work effectively and securely without interruptions. There is a risk that IT systems can be disrupted by software failures, viruses, sabotage, hacking, or any other damages. Everyday functionality of the IT system is important for the performance of the Group's internal communications and the maintenance of all external relations and customer service.

Any IT-related malfunction constitutes a risk that would affect the performance and the services offered to customers. Such failures can also negatively affect the Issuer's and Group's brand image amongst the customers. Intrusion in the Group's IT systems and cybercrimes may also endanger the confidential information and data kept by the Group.

The Issuer considers IT system and process risk as low.

2.3.10 **Brand reputation risk**

Brand image plays a crucial role in the used car industry, contributing to business success by attracting customers and driving traffic to the e-commerce platform. It is also vital for a successful expansion strategy, requiring the Issuer and the Group to invest in areas such as marketing, advertising, and e-commerce, along with regular investments in sales-physical location operations, website management, and employee training.

The Group's ability to maintain, promote, and position its brand reputation will largely depend on its capacity to deliver a positive customer experience and offer a car assortment that aligns with its target customers' expectations, as well as the creation of relevant and targeted marketing campaigns. Failure to meet these objectives or the impact of negative publicity could harm the Group's brand and public image.

The Issuer considers brand reputation risk as low.

2.3.11 Fraud risk

As part of its business activities, the Group is exposed to several types of fraud, including, among others:

- a) Fake financing applications submitted to partner financing organizations, sometimes using false identities.
- b) Payment fraud, where third parties manipulate bank details of the Group, customers, or suppliers to divert payments.
- c) Collusion between suppliers and the Group employees to arrange reverse commission schemes.
- d) The sale of stolen cars or cars with fake ownership documents, especially by private sellers.

These fraudulent activities can undermine the Group's ability to maintain secure transactions, damage its reputation, and erode trust with customers and suppliers, potentially affecting its business, financial standing, and future prospects.

The Issuer considers fraud risk as low.

2.4 Legal and regulatory risks

2.4.1 Regulatory risk

The Issuer and the Group is subject to national Latvian, Lithuanian, Estonian, Dutch, Belgian, German, and Polish laws, as well as EU laws and regulations that regulate the industry, 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 the 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 of the date of the Base Prospectus. However, legislation and regulations may change and the management cannot guarantee, in such cases, that it would be able to comply immediately, without material measures to be in line with the requirements of any revised legislation or other regulations. Adapting the Issuer's and the Group's operations to any of the changes may incur costs for the Group that are difficult to anticipate, which in turn may have a material effect on the Group's financials.

The Issuer considers regulatory risk as medium.

2.4.2 Taxation risk

The Group currently operates in 7 (seven) jurisdictions, all with different tax regimes. Changes to local tax regimes or challenges to the current tax structures of the Group's business could impact its 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.

The Issuer considers taxation risk as low.

2.4.3 Privacy and data protection breach risk

The Issuer's and the Group's business is subject to various regulations concerning user privacy, data protection, advertising, marketing, disclosures, distribution, electronic contracts, consumer protection, and online payment services. The consequences of non-compliance with these privacy laws may vary depending on the jurisdiction.

Introducing new products or expanding the Group's activities in certain regions may lead to additional obligations under privacy-related laws and regulations. Compliance with existing and proposed regulations may also be costly and could delay or hinder product development or market expansion. The Issuer and the Group implement appropriate technical and organizational measures through internal procedures, policies, risk assessments, and employee training to ensure compliance with privacy regulations. However, full compliance by all employees cannot always be guaranteed. Any failure to comply with these laws may negatively affect the Issuer's and the Group's brand image and business operations.

The Issuer considers privacy and data protection breach risk as low.

2.5 Risk factors relating to financial matters

2.5.1 Financial leverage risk

Historically, the operations of the Group have mainly been financed through shareholder funds – Shareholder’s equity, Subordinated Notes in the amount of up to EUR 12 000 000 (twelve million euros) and Existing Secured Notes issue in the outstanding amount of EUR 1 515 000 (one million five hundred fifteen thousand euros) as First Existing Secured Notes and EUR 4 900 000 (four million nine hundred thousand euros) as Second Existing Secured Notes.

Nevertheless, while the capitalization was 53% (fifty-three percent) as of 30 June 2024, the financial leverage of the Group will increase due to Notes issue under this Base Prospectus and could increase further due to potential additional external financing in the future.

Such financial obligations may require the Issuer to dedicate a portion of its cash flows for financing debt, increasing vulnerability to a downturn in the Group’s business operations or general economic conditions, placing the Group at a competitive disadvantage relative to its competitors with lower leverage, limiting flexibility in reacting to competition or changes in the business or industry.

The Group’s existing financing agreements contain certain restrictions and covenants that may hinder its ability to secure new financing or obtain it on more favorable terms in the future. Any delays in securing necessary funding could compel the Group to postpone or abandon its expansion plans or impose limitations on its day-to-day operations, potentially resulting in a significant negative impact on the Group’s overall operations and financial health. Any of these or other consequences or events could impact the Issuer’s ability to satisfy its financial obligations under Base Prospectus.

The Issuer considers financial leverage risk as low.

2.5.2 Credit and/or counterparty risk

The Group’s receivables primarily consist of amounts due from finance companies. Credit risk refers to the possibility that a counterparty may fail to fulfill its contractual obligations, leading to financial loss for the Group. The Issuer views all significant counterparties as creditworthy, given that they are well-established financial institutions. The Group actively monitors its exposure to credit risk, especially in cases where payments are delayed. Credit risk on cash and cash equivalents is minimized, as counterparties are reputable banks and payment systems. Furthermore, the Issuer diversifies its cash reserves across multiple banks and payment platforms. For banks and financial institutions, only top-tier partners are retained. The Group’s model leads to a relatively insignificant amount of trade receivables. Car sales, representing the bulk of revenue, generally involve immediate payment of the entire selling price by the buyer customer or by the partner credit institution if the customer buyer has contracted external financing.

The Issuer considers credit and/or counterparty risk as low.

2.6 Risks relating to the Notes

2.6.1 Liquidity risk

Neither the Issuer nor any individual guarantees the minimum liquidity of the Notes. As a result, potential Investors should be aware that they may face difficulties selling their Notes on the secondary market at fair market value or may be unable to sell them at all. Given these risks, potential Investors are encouraged to conduct a thorough market analysis and evaluate the economic conditions that may affect the liquidity of the Notes. Additionally, potential Investors should consider the possible impact of external market forces, regulatory changes, or unforeseen economic events on the secondary market for the Notes.

The Issuer considers liquidity risk as medium.

2.6.2 Notes repayment risk

The Collateral shall be established in accordance with the terms and conditions of the relevant Collateral Agreement to be concluded between the Collateral Agent as the pledgee and the relevant Collateral Provider as the pledgor. The Collateral shall be established (registered) in the Commercial Pledge Register and Register of Contracts and Liens for enterprise mortgage and in the Register of Real Estate for the real estate mortgage within 90 (ninety) days after the Issue Date of the first Tranche under the respective Final Terms. Hence, only after registration of the Collateral takes place, the Notes will be first-rank senior secured obligations of the Issuer, which rank above any other secured obligations of the Issuer at the date of this Base Prospectus.

However, within the scope of Permitted Security, the Issuer is allowed to use the Collateral to secure the obligations under other financing agreements of the Issuer or debt security instruments during the validity

of this Base Prospectus. In such case, and if allowed under the applicable law, the Notes would then rank *pari passu* with other such senior secured obligations of the Issuer created according to Permitted Security. Where under the applicable law *pari passu* with other such senior secured obligations is not possible, the Notes will rank senior than other such senior secured obligations of the Issuer created according to Permitted Security. If the Notes rank *pari passu* with other such senior secured obligations, then in case of the insolvency of the Collateral Provider, the Noteholders will be entitled to recover their investment on the same terms as other senior secured creditors (if any such senior secured creditor arrangements occur within the scope of Permitted Security) in the respective claims' group according to the relevant applicable laws. Save for mandatory provisions of law, there are no contracts or other transaction documents that would subordinate the claims of the Noteholders to other secured liabilities of the Group.

The Group is permitted to assume additional Financial Indebtedness, including pledging the same assets (including obtaining guarantees (in Latvian: *galvojums*) from the Subsidiaries and third parties) in favor of other creditors on *pari passu* basis as jointly shared same rank security, if allowed pursuant to the applicable law, among all secured creditors in the future if the Financial Covenants and General Covenants, as set forth in this Base Prospectus, are met.

The Issuer may not have the ability to repay or refinance these obligations. If the Maturity Date 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 holders 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. Should the Issuer become insolvent, legal protection proceedings or out-of-court legal protection proceedings of the Issuer are initiated during the term of the Notes, Noteholder may forfeit interest payable on, and the principal amount of, the Notes in whole or in part. Noteholder is always solely responsible for the economic consequences of its investment decisions.

The Issuer considers notes repayment risk as medium.

2.6.3 Tax risk

Tax rates and payment procedures applicable to tax residents, non-residents of Latvia, and residents of other countries at the time of purchasing the Notes may change. The Issuer will not compensate for any tax increases, meaning that potential Investors may receive lower payments related to the Notes because of higher taxes.

The Issuer considers tax risk as medium.

2.6.4 Offering cancellation and delisting risk

After registration of the Notes the Issuer plans to request admission to trading of the Notes on the Baltic Bond List of Nasdaq Riga. There is a risk that Nasdaq Riga will not accept the Notes to be admitted to trading on the Baltic Bond List or order the Notes are delisted from the Baltic Bond List before maturity after admission to trading has taken place due to changes in Applicable Laws, including Nasdaq Riga regulations. In addition, the Issuer is entitled to change the dates of the opening and closing of a Subscription Period of the Notes under the Programme according to this Base Prospectus and Final Terms. The Issuer will apply its best effort to ensure that the Offer of the Notes under the Programme occurs as originally planned, however, the Issuer cannot guarantee that the potential Investor who has subscribed for the Notes will obtain the Notes to which he/she has subscribed for. Such changes in the dates of the Subscription Period, postponement, or cancellation of the Offering of Notes of any Tranche may negatively affect the investment plan of potential Investor.

The Issuer considers offering cancellation and delisting risk as low.

2.6.5 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. 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.

The Issuer considers price risk as low.

2.6.6 Early redemption risk

According to this Base Prospectus, the Notes may be redeemed early at the Issuer's discretion. If the Issuer exercises this early redemption right, the rate of return on the investment may be lower than initially anticipated, as the Investor may not be able to reinvest the redemption proceeds in a comparable security

with an interest rate as favorable as that of the redeemed Notes. Additionally, the Group's right to redeem the Notes may negatively affect the Investor's ability to sell them.

The Issuer considers early redemption risk as low.

2.6.7 Resolutions of Noteholders risk

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

The Issuer considers resolutions of Noteholders risk as low.

2.7 Risks related to the Collateral

2.7.1 Risks associated with certain limitations relating to the validity and enforceability of the Collateral

The Collateral provides the Collateral Agent, acting for the benefit of the Noteholders and Collateral Agent itself (under Collateral Agent Agreement) as relates to fees and costs of the Collateral Agent, with a claim against the relevant Collateral Provider. However, the Collateral will be limited to the maximum amount that can be guaranteed by the relevant Collateral Provider without rendering the relevant Collateral voidable or otherwise ineffective under the applicable laws, and enforcement of each Collateral would be subject to certain generally available defenses.

Enforcement of any of the Collateral 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, the Collateral Provider may have no liability or decreased liability under its Collateral depending on the amounts of its other obligations and the applicable laws.

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

The Issuer considers risks associated with certain limitations relating to the validity and enforceability of the Collateral as medium.

2.7.2 Risks associated with certain limitations relating to the object of the Collateral

The Collateral in Latvia will consist of a commercial pledge over all (existing and future) assets of Subsidiary SIA "Longo Latvia". The key assets of the Subsidiary SIA "Longo Latvia" are used vehicles. According to Latvian law, each vehicle that is registered with the Road Traffic Safety Directorate ("**CSDD**") separately must be listed in the scope of respective commercial pledge and information about pledge over particular vehicle is further notified by the Commercial Pledge Register of Latvia to CSDD who will then further record this pledge note with CSDD vehicle register. Only then pledge over such vehicle is enforceable against third persons. In the Collateral Agreement pledge over such used vehicles registered with CSDD will be contractually established generally without listing particular vehicles registered with CSDD. Since the Issuer operates in the business of vehicle sales, the inclusion of each individual vehicle in the commercial pledge (i.e., Collateral) and the registration of the respective pledge note over each such vehicle would impose unreasonable operational burdens, as it would require the Collateral Agent's approval for every vehicle sale, as well as after each new vehicle acquired by SIA "Longo Latvia" is registered with the CSDD, this would require each time to amend the existing commercial pledge and to include newly acquired vehicles.

As of the date of this Base Prospectus, according to the Management Board estimates, approximately 50% of the vehicles owned by the Subsidiary SIA "Longo Latvia" are registered with the CSDD. The remaining 50% are subject to the commercial pledge under the commercial pledge agreement (i.e, the Collateral Agreement). Consequently, in the unlikely event of insolvency of the Subsidiary SIA "Longo Latvia", there may not be a possibility to fully enforce the Collateral under the Notes against all vehicles owned by the Subsidiary SIA "Longo Latvia" to fulfil the Issuer's obligations towards the Noteholders, but only in respect of those vehicles that are not registered with the CSDD.

However, the Issuer has implemented several measures aimed at improving the position of the Collateral with respect to the enforcement of the Collateral against the entire inventory of Subsidiary SIA "Longo Latvia" to fulfil Issuer's obligations towards the Noteholders under this Base Prospectus. Specifically, the Issuer and the Collateral Provider have agreed to a General Covenant prohibiting the Collateral Provider from selling the cars outside the ordinary course of business. Additionally, the Collateral Provider has issued a power of attorney to the Collateral Agent authorizing the Collateral Agent to amend existing commercial pledge and to register pledge note on the vehicles registered with the CSDD after receipt of the Issuer's instruction described below. Such amendment registration will make the Collateral enforceable also on the vehicles registered with the CSDD. The Issuer is obligated to submit instruction to the Collateral Agent to register these amendments to the commercial pledge: (i) upon breach of any covenant under this Base Prospectus if such breach cannot be remedied or is not cured by the Issuer or (ii) if the Issuer or any Collateral Provider is expected to be declared insolvent.

It should be noted, however, that the power of attorney to the Collateral Agent does not survive the SIA "Longo Latvia" insolvency event and the Collateral Provider may at any time revoke the power of attorney at its own discretion without consulting with the Noteholders or the Collateral Agent. As a result, the Collateral Agent would need to complete the registration of the amendments to pledge in respect of the vehicles registered with the CSDD with the Commercial Pledge Register prior to the initiation of insolvency proceedings or such revocation. Thus, in such case there may be circumstances which are beyond the control of the Collateral Agent and hence, there are risks related to the Collateral securing the claims of the Noteholders under the Notes. The Collateral Agent will register the amendments of the commercial pledge to include and the pledge note on the vehicles registered with the CSDD only after receiving payment for all costs related to the registration of the pledge and the corresponding pledge note on the respective vehicles with the CSDD. Consequently, there is a risk that the Issuer or its Group entity or a third party may fail to make such payment to the Collateral Agent, which could result in the mandate not being fulfilled.

The Issuer considers risks associated with certain limitations relating to the object of the Collateral as medium.

2.7.3 Risks associated with Parallel Debt

The security interests in the Collaterals that will secure the obligations of the Issuer under the Notes will not be provided directly to the Noteholders but will be created and registered in favour of the Collateral Agent. Thus, the Noteholders will not have any independent power to enforce, or have recourse to, any of the Collateral Agreements or to exercise any rights or powers arising under the Collateral Agreements, Collateral Agent Agreement or this Base Prospectus. Only the Collateral Agent will be entitled to enforce the Collaterals. As a result of these restrictions, the Noteholders will have limited remedies and recourse against the Issuer in the Event of Default. In particular, none of the Noteholders will have a direct benefit under the Collaterals, and none of the Noteholders will have the status of a secured creditor in the insolvency or legal protection proceedings (in Latvian: *tiesiskās aizsardzības process*) of the Issuer.

Parallel Debt is a contractual instrument designed to allow the Collateral Agent to take, perfect, maintain, administer, and enforce the Collaterals in its own name and right but for the benefit of the Noteholders. The concept of Parallel Debt is not explicitly recognized under the Latvian law and its legality, validity, and enforceability has not been tested by Latvian courts. If the Parallel Debt arrangements are declared to be illegal, invalid, or unenforceable by the Latvian court, that will result in the Collaterals not being valid and enforceable. As a consequence, the Noteholder's claims under the Notes would not rank *pari passu* with the other secured obligations of the Issuer and the Noteholders will not have a preferential right to the enforcement proceedings of the Collaterals.

The Issuer considers risks associated with Parallel Debt as low.

2.7.4 Risks associated with the market value of the Collateral

The market value of the Collateral is not fixed and can fluctuate due to several factors, primarily the demand and supply conditions in the used car market, which are often unpredictable and beyond the Group's control. As a result, the market value of the Collateral may decrease if unfavorable market conditions lead to a decline in used car prices. If a sudden need to sell the Collateral arises, the Group might be forced to sell it at a discount, obtaining less value than expected.

Additionally, the structure of the Collateral may change over time due to shifts in the Group's inventory or overall asset composition. The Collateral is also exposed to risks such as damage, defects, and theft, which could reduce its resale value if a sale becomes necessary- however these risks are insured. Any of these risks could negatively impact the market value of the Collateral and the Group's ability to meet its obligations under the Notes.

Since the Collateral Agent does not monitor the quality, composition, value, condition, or existence of the Collateral prior or at any time during the term of the Issuer's obligations and bears no liability to the Noteholders in this regard, there is a risk that, in the event of Collateral enforcement, the proceeds from the sale of the Collateral may be insufficient to fully satisfy the Noteholders' claims.

The Issuer considers value of the collateral risk as low.

2.7.5 Risks associated with the Collateral Agent Agreement

The Collateral Agent represents the Noteholders in all matters concerning the Collateral. There is a risk that the Collateral Agent, or any individuals appointed by them, may not adequately fulfill their obligations related to perfecting, maintaining, enforcing, or taking other necessary actions regarding the Collateral. According to the terms of the Collateral Agent Agreement, the Collateral Agent has the authority to enter into agreements with third parties or take any other actions necessary to maintain, release, or enforce the Collateral, as well as to settle the rights of the Noteholders in relation to the Collateral.

The Issuer considers collateral agent agreement risk as low.

2.7.6 Risks associated with the limitations and procedures concerning enforcement of the Collateral

Even when the Collateral is enforceable, the enforcement is subject to the procedures and limitations agreed in the Collateral Agent Agreement, the Collateral Agreement and Base Prospectus. 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 Base Prospectus. Additionally, the Collateral enforcement costs may be disproportional to the amount being recovered, and such costs are beyond the control of the Collateral Agent.

Under the Collateral Agent Agreement, the Majority Noteholders may pass a decision to replace the Collateral Agent at any time. At any time, the Collateral Agent may resign from its role as the Collateral Agent with 1 (one) month notice. Furthermore, the Collateral Agent's professional liability is insured with an insurance company Pohjola Insurance Ltd, Business ID 1458359-3; Helsinki Gebhardinaukio 1, 00013 OP with the insured amount up to EUR 2 000 000 (two million euros).

The Issuer considers risks associated with the limitations and procedures concerning enforcement of the Collateral as low.

2.7.7 Risks related to amendments to laws and regulations

There is a general risk that amendments to applicable laws and regulations governing Collaterals may introduce uncertainty to Noteholders. Namely, there is a general risk that legislative changes may affect the enforceability of Collateral securing the Notes, potentially affecting the Noteholders' position.

The Issuer considers risks related to amendments to laws and regulations as low.

2.7.8 Risks related to the actions of the Collateral Agent

By subscribing for, or accepting the assignment of, any Note, each Noteholder will accept the appointment of the Collateral Agent as the collateral agent (within the meaning of the Financial Instrument Market Law of the Republic of Latvia) 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 due to decisions of state courts in any jurisdiction.

The Collateral Agent has not conducted an assessment of whether the Base Prospectus adequately safeguards the interests of the Noteholders. The Collateral Agent's responsibilities are strictly limited to holding the Collateral, and enforcing the Collateral exclusively upon the direction of the Noteholders, in compliance with the provisions of this Base Prospectus and applicable law.

The Issuer considers risks related to the actions and financial standing of the Collateral Agent as low.

3 INTRODUCTORY INFORMATION

3.1 Applicable Law

This Base Prospectus has been drawn up in accordance with Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (the "**Prospectus Regulation**") and Regulation (EU) 2019/980 of 14 March 2019 supplementing the Prospectus Regulation as regards the format, content, scrutiny and approval of the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Commission Regulation (EC) No 809/2004 (the "**Delegated Regulation**"), in particular with Schedule 6 and 14 thereof. Latvian law shall apply to this Base Prospectus and any disputes arising from this Base Prospectus shall be settled in Latvian courts, except for when, according to the applicable law, the jurisdiction cannot be agreed on.

Please review the following important introductory information before reading this Base Prospectus.

3.2 Responsible Persons and Limitation of Liability

This Base Prospectus comprises a base prospectus for the purposes of Article 8 of the Prospectus Regulation and for the purpose of giving information with regard to the Issuer and its Subsidiaries taken as a whole (the "**Group**") and the Notes which, according to the particular nature of the Issuer and the Notes, is necessary to enable Investors to make an informed assessment of the assets and liabilities, financial position and profit and losses of the Issuer.

The Issuer, represented by the members of its Management Board, accepts responsibility for the information contained in this Base Prospectus and in any Final Terms which complete this Base Prospectus for each Tranche of Notes issued hereunder and declares that, to the best of its knowledge, the information contained in this Base Prospectus is in accordance with the facts and that Base Prospectus does not omit anything likely to affect the import of such information.

signed with a safe electronic signature

Chairman of the Management Board

Edgars Cērps

signed with a safe electronic signature

Member of the Management Board

Jacob Willem Hoogenboom

3.3 Presentation of Information

3.3.1 Approximation of numbers

Numerical and quantitative values in this Base Prospectus (e.g., monetary values, percentage values, etc.) are presented with such precision that the Issuer deems necessary to provide adequate and sufficient information on the relevant matter while avoiding an excessive level of detail. In some cases, quantitative values have been rounded up to the nearest decimal place or whole number to avoid an excessive level of detail. As a result, certain values may not necessarily add up to the respective totals because of the approximation. Exact numbers can be examined and derived from the Financial Statements to the extent that the relevant information is reflected therein.

3.3.2 Currencies

In this Base Prospectus, financial information is presented in euro (EUR), the official currency of the EU Member States participating in the Economic and Monetary Union, including Latvia.

3.3.3 Date of information

This Base Prospectus is drawn up based on information which was valid as of the date of the Base Prospectus. Where not expressly indicated otherwise, all information presented in this Base Prospectus (including the consolidated financial information of the Group, the facts concerning its operations and any information on the markets in which it operates) must be understood to refer to the state of affairs as of the aforementioned date. Where information is presented as of a date other than the date of the Base Prospectus, this is identified by specifying the relevant date.

3.3.4 Third-party information and market information

Certain information contained in this Base Prospectus have been obtained from third parties. Such information is accurately reproduced and, as far as the Issuer is aware and can ascertain from the information published by the third parties, no facts have been omitted which would render the reproduced

information inaccurate or misleading. Certain information regarding the markets in which the Group operates is based on the best assessment made by the Management Board. Reliable information pertaining to the markets in which the Group operates is not always available or conclusive. While all reasonable measures have been taken to provide the best possible assessment of information about the relevant area of activity, such information may not be relied upon as final and conclusive. Prospective investors are encouraged to conduct their own analysis of the relevant areas of activity or employ a professional consultant.

3.3.5 Definitions of terms

In this Base Prospectus, terms with capitalised first letters have the meaning given to them in Section 16 "Glossary", unless the context evidently requires the contrary, whereas the singular shall include plural and vice versa. Other terms may be defined elsewhere in the Base Prospectus.

3.3.6 References to the Issuer's Website

This Base Prospectus contains references to the Issuer's website (<https://www.longo.group> and <https://www.longo.group/investorresources>). The Issuer does not incorporate the information available on the website in the Base Prospectus, i.e. the information on the website is not part of this Base Prospectus and has not been verified or confirmed by the Bank of Latvia. This does not apply to the hyperlinks indicating information incorporated by way of reference.

3.4 Forward-Looking Statements

This Base Prospectus includes statements that are or may be deemed to be "forward-looking statements". These forward-looking statements are based on opinions and best judgments by the Issuer or its Management Board relative to the information currently available to the Management Board. All forward-looking statements in this Base Prospectus are subject to risks, uncertainties, and assumptions regarding the future operations of the Issuer, the local and international macroeconomic environment and other factors.

These forward-looking statements can be identified in the Base Prospectus by the use of words including, but not limited to, "strategy", "anticipate", "expect", "anticipate", "believe", "estimate", "will", "continue", "project", "intend", "targets", "goals", "plans", "should", "would" and other words and expressions of similar meaning, or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. Forward-looking statements can also be identified in the way they do not directly relate to historical and current facts. They appear in a number of places throughout this Base Prospectus and include, but are not limited to, statements regarding the Group's or the Issuer's intentions, beliefs or current expectations concerning, among other things, the Group's results of operations, financial condition, liquidity, prospects, growth, strategies and the industry in which the Group operates.

By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Forward-looking statements are not guarantees of future performance and the financial position and results of operations of the Group, and the development of the markets and the industries in which members of the Group operate, may differ materially from those described in, or suggested by, the forward-looking statements contained in this Base Prospectus. In addition, even if the Group's results of operations and financial position, and the development of the markets and the industries in which the Group operates, are consistent with the forward-looking statements contained in this Base Prospectus, those results or developments may not be indicative of results or developments in subsequent periods. A number of risks, uncertainties and other factors could cause results and developments to differ materially from those expressed or implied by the forward-looking statements (please see Section 2 "Risk Factors" of this Base Prospectus).

The Issuer is under no obligation to, and expressly disclaims any obligation to, update or alter the forward-looking statements in this Base Prospectus based on changes, new information, subsequent events or for any other reason.

The validity and accuracy of forward-looking statements is influenced by the general operating environment and the fact that the Group is affected by changes in domestic and foreign laws and regulations (including those of the European Union), taxes, developments in competition, economic, strategic, political, and social conditions, as well as other factors. The actual Group's results may differ from the Management Board's expectations due to changes caused by various risks and uncertainties, which could adversely impact the Group's operations, business, or financial results. As a result of these risks, uncertainties and assumptions, a prospective investor should not place undue reliance on these forward-looking statements.

3.5 Approval of this Base Prospectus

This Base Prospectus has been approved by the Bank of Latvia, as competent authority under the Prospectus Regulation, dated 07.11.2024. The Bank of Latvia only approves this Base Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. The approval of this Base Prospectus should not be considered as an endorsement of the Notes. The prospective investors should make their own assessment as to the suitability of investing in the Notes.

3.6 Important Information for Investors

No person is authorised to give any information or to make any representation not contained in this Base Prospectus and any information or representation not so contained must not be relied upon as having been authorised by or on behalf of the Issuer. Neither the delivery of this Base Prospectus nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date hereof or the date upon which this Base Prospectus has been most recently amended or supplemented or that there has been no adverse change in the financial position of the Issuer since the date hereof or the date upon which this Base Prospectus has been most recently amended or supplemented or that the information contained in it or any other information supplied in connection with the Notes is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

Neither this Base Prospectus, any Final Terms nor any other information supplied in connection with the offering of the Notes (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Issuer that any recipient of this Base Prospectus, any Final Terms or any other information supplied in connection with the offering of the Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. Neither this Base Prospectus nor any other information supplied in connection with the offering of the Notes constitutes an offer or invitation by or on behalf of the Issuer, to any person to subscribe for or to purchase any Notes.

Each potential investor in the Notes must make their own assessment as to the suitability of investing in the Notes. In particular, each potential investor should:

- 1) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained in this Base Prospectus;
- 2) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- 3) have sufficient financial resources and liquidity to bear all the risks of an investment in the Notes, including where the currency for principal or interest payments is different from the potential investor's currency;
- 4) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant financial markets; and
- 5) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (i) Notes are legal investments for it, (ii) Notes can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

3.7 Distribution of the Base Prospectus and Selling Restrictions

The distribution of this Base Prospectus and any Final Terms may in certain jurisdictions be restricted by law, and this Base Prospectus and any Final Terms may not be used for the purpose of, or in connection with, any offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. No actions have been taken to register or qualify the Notes, or otherwise to permit a public offering of the Notes, in any jurisdiction other than the Republic of Latvia, the Republic of Lithuania and the Republic of Estonia. The Issuer expects persons into whose possession this Base Prospectus or any Final Terms comes to inform themselves of and observe all such restrictions. The Issuer does not accept any legal responsibility for any violation by any person, whether or not a prospective purchaser of the Notes is aware of such restrictions. In particular, this Base Prospectus and any Final Terms may not be sent to any person in the United States, Australia,

Canada, Japan, Hong Kong, Singapore, Russia, Belarus or any other jurisdiction in which it would not be permissible to deliver the Notes, and the Notes may not be offered, sold, resold, transferred or delivered, directly or indirectly, in or into any of these countries.

Furthermore, this Base Prospectus and any Final Terms may not be addressed to any person who are Russian or Belarusian nationals or natural persons residing in Russia or Belarus or any legal persons, entities or bodies established in Russia or Belarus. The latter shall not apply to nationals of a Member State of the European Union, of a country member of the EEA or of Switzerland, or to natural persons having a temporary or permanent residence permit in a Member State of the European Union, in a country member of the EEA or in Switzerland within the meaning of Council Regulation (EU) No 833/2014 of 31 July 2014 (as amended), and nationals of a Member State of the European Union or natural persons having a temporary or permanent residence permit in a Member State of the European Union within the meaning of Council Regulation (EC) No 765/2006 of 18 May 2006 (as amended).

The Notes have not been, and will not be, registered under the U.S. Securities Act 1933 (as amended) (the "**Securities Act**"), or with any securities regulatory authority of any state of the United States. This Base Prospectus or the Final Terms are not to be distributed to the United States or in any other jurisdiction where it would be unlawful. The Notes may not be offered, sold, pledged or otherwise transferred, directly or indirectly, within the United States or to, for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act (the "**Regulation S**"), except to a person who is not a U.S. Person (as defined in Regulation S) in an offshore transaction pursuant to Regulation S.

The Bank of Latvia (in Latvian – *Latvijas Banka*), as competent authority under the Prospectus Regulation, has approved this Base Prospectus and has notified the approval of the Base Prospectus to the competent authority in Lithuania (the Bank of Lithuania (in Lithuanian - *Lietuvos Bankas*) and Estonia (the Estonian Financial Supervision Authority (in Estonian – *Finantsinspeksioon*)). However, in relation to each member state of the European Economic Area (the "**EEA**") (except the Republic of Latvia, the Republic of Lithuania and the Republic of Estonia), the Issuer represents that it has not made and will not make any public offer of Notes prior to that EEA member state's authority receiving a certificate of approval of the Bank of Latvia attesting that the Base Prospectus has been drawn up in accordance with the Prospectus Regulation together with a copy of the Base Prospectus.

Accordingly, any person making or intending to make an offer within the EEA of Notes which are the subject of an offering contemplated by this Base Prospectus and the relevant Final Terms (other than the offer of Notes in the Republic of Latvia, the Republic of Lithuania and the Republic of Estonia) may only do so in circumstances in which no obligation arises for the Issuer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation, in each case, in relation to such offer.

IMPORTANT – EEA RETAIL INVESTORS: The Notes have a fixed rate of interest, and the redemption amount is fixed as described in the Base Prospectus. Accordingly, no key information document pursuant to Regulation (EU) No 1286/2014 (the "**PRIIPs Regulation**") has been prepared by the Issuer.

3.8 References incorporated into this Base Prospectus

The following documents have been incorporated into this Base Prospectus by references and are available at the Issuer's website as follows:

- 1) the Group's unaudited consolidated 6-month report for the financial period ended 30 June 2024: <https://www.longo.group/investorresources>;
- 2) the Group's audited consolidated annual report for the financial year ended 31 December 2023: <https://www.longo.group/investorresources>;
- 3) the Group's audited consolidate annual report for the financial year ended on 31 December 2022: <https://www.longo.group/investorresources>;
- 4) the Issuer's Articles of Association: <https://www.longo.group>;
- 5) the Issuer's investor presentation: <https://www.longo.group>.

The Financial Statements have been audited or reviewed by an independent auditor KPMG Baltics SIA (please see Section 6.6 "Statutory auditors" of this Base Prospectus). The Financial Statements incorporate by reference the information requested in accordance with the Delegated Regulation.

3.9 Documents on Display

This Base Prospectus and each of the Final Terms will be available in electronic form on the website of the Bank of Latvia (www.bank.lv) and Nasdaq Riga website (www.nasdaqbaltic.com). In addition, the following document can be accessed through the Issuer's website (<https://www.longo.group>) during the validity period of this Base Prospectus - this Base Prospectus and the Final Terms (available at: <https://www.longo.group>).

Any interested party may download the above documents from the Issuer's website free of charge or request the delivery of electronic copies of the documents from the Issuer or the Arranger.

4 INFORMATION ABOUT THE ISSUER

The legal and commercial name of the Issuer is AS Longo Group. The Issuer is operating as a joint stock company (*akciju sabiedrība*), incorporated and registered under laws of Latvia. The Issuer was registered on 30 October 2017 with the Commercial Register of Register of Enterprises of Latvia.

The registration number of the Issuer is 42103081417 and the legal entity identifier (LEI) is 894500SNGNS9HL2FSI45. The registered address of the Issuer is Mūkusalas iela 72A, Rīga, LV-1004, Latvia. The Issuer has been established for an indefinite period.

Contact details of the Issuer:

E-mail: investors@longo.group
Telephone number: + 371 29578094
Website: <https://www.longo.group/>

5 REASONS FOR OFFER AND USE OF PROCEEDS

The net proceeds from the Notes issue under this Base Prospectus will be used in the following manner and order by the Issuer:

1. Redemption of the Existing Secured notes (from the net proceeds under the first Tranche):
 - 1.1. Secured debt securities due on 30 November 2024 with ISIN LV0000860062, with an outstanding amount of EUR 1 515 000 (one million five hundred fifteen thousand euros);
 - 1.2. Secured debt securities due on 30 June 2025 with ISIN LV0000860096, with an outstanding amount of EUR 4 900 000 (four million nine hundred thousand euros);
2. Refinancing of Citadele Bank Loan secured by Mortgage on the Real Estate with an outstanding amount of EUR 800 000 (eight hundred thousand euros) (from the net proceeds under the first Tranche);
3. General corporate purposes, including related to additional working capital investments necessary for purchase and preparation of new car stock and expansion of sales network.

The manner and order in which the Issuer will use the net proceeds from the Notes issue of each Tranche, will be outlined in each respective Final Terms.

The estimated total expenses of the issue of the Notes of each Tranche and estimated net amount of proceeds from the issue of Notes of each Tranche will be provided in the Final Terms.

Subject to financial and market conditions and business development of the Group and the Issuer in the future, the manner and order of the above referred proceeds in this Section may differ from the anticipated plan.

The net proceeds from the Notes issue of each Tranche are subject to the actual amount of financing attracted as a result of such issue. The statements included herein shall be considered as forward-looking statements that are based on the best opinion of the Management Board (for further information please see Section 3.4 "Forward-Looking Statements" of this Base Prospectus).

6 BUSINESS OVERVIEW

The Issuer is operating as the parent entity of the Group which, in turn, operates in used car sales industry. The key information on business operations of the Issuer and the Group is provided in this section, which shall be read alongside information that is provided elsewhere in this Base Prospectus, including but not limited to, Section 2 "Risk Factors" and Section 7 "Principal Markets".

6.1 Organisational structure

The Issuer

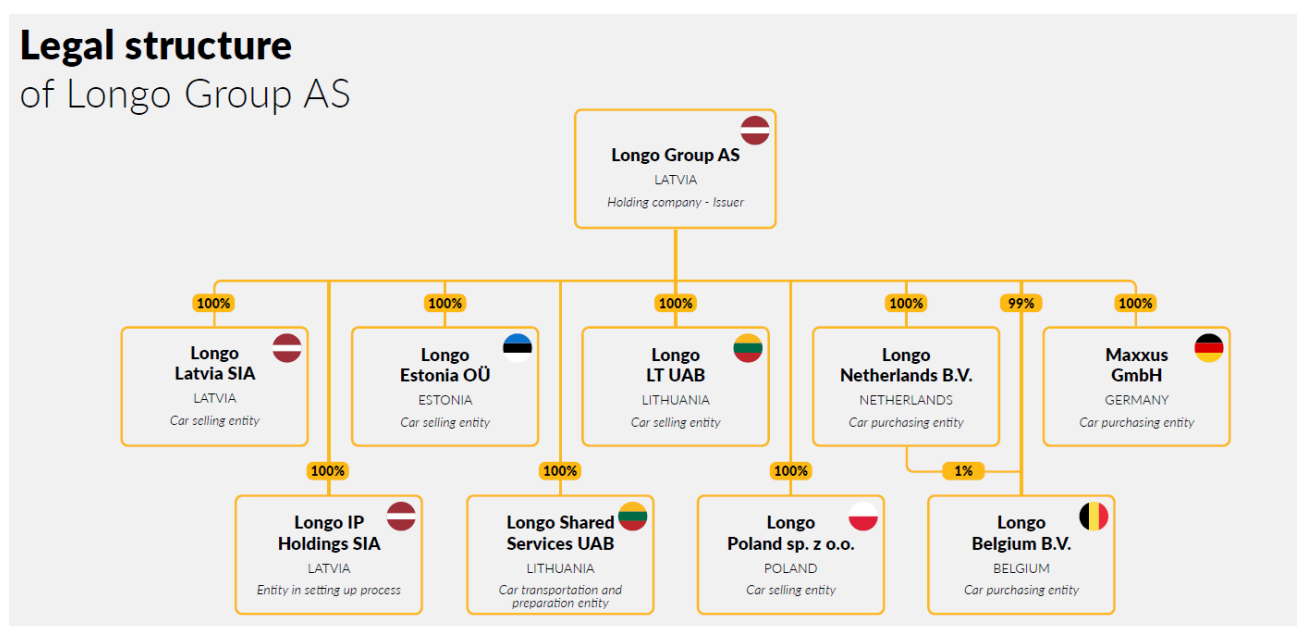
AS Longo Group	
Legal form	Joint stock company (AS)
Date and place of incorporation	10 October 2017, Latvia, Register of Enterprises
Registration number	42103081417
Legal address	Mūkusalas iela 72A, Riga, LV-1004, Latvia
Principal activities	Holding company, overseeing activities of the Group as the parent entity
Share capital	EUR 13 034 872.10
Number of shares	<p>130 348 721 shares, of which:</p> <ul style="list-style-type: none"> • 47 500 000 (forty-seven million five hundred thousand) are class A shares; • 82 199 256 (eighty-two million one hundred ninety-nine thousand two hundred fifty-six) are class B shares; and • 649 465 (six hundred forty-nine thousand four hundred sixty-five) are class C shares. <p>Please refer to Section 11 "Share capital, Shares, Major Shareholders, Articles of Association" of this Base Prospectus for further information regarding scope of rights attached to each share class of the Issuer</p>
Shareholders	Please refer to Section 11 "Share capital, Shares, Major Shareholders, Articles of Association" of this Base Prospectus for further information regarding shareholding structure of the Issuer

The following entities are Subsidiaries of the Issuer, included in the consolidation:

Subsidiary name	Registration number	Country of incorporation	Principal activities	Shareholding of the Issuer therein
SIA "Longo Latvia"	40203147079	Latvia	Car sales	100%
SIA "Longo IP Holdings"	40203527894	Latvia	Leasing of IP and similar products, except copyrighted works	100%
Longo LT UAB	304837699	Lithuania	Car sales	100%

Longo Estonia OU	14554950	Estonia	Car sales	100%
Longo Shared Service UAB	305217797	Lithuania	Car repair services	100%
Longo Netherlands B.V.	71706267	Netherlands	Car procurement	100%
Longo Belgium B.V.	BE 0881764642	Belgium	Car procurement	100%
Maxxus GmbH	HRB18213	Germany	Car procurement	100%
Longo Poland sp. z o.o.	9662161899	Poland	Car sales	100%

The visualisation below provides Group structure of the Issuer:



Source: Issuer's management data

6.2 History, development and principal activities of the Issuer and the Group

6.2.1 General overview

The Issuer was established in 2017 and gradually over the years expanded its activities by establishing its Subsidiaries in Latvia, Lithuania, Estonia, Netherlands, Belgium and Germany and Poland. The Issuer operates as a holding company of the Group that is active in used vehicle retail market.

Over the years, the Group has grown its presence as one of the leading used car retailers in the Baltics and has been expanding its activities also in Poland. The Group brings a new meaning to the Baltic used car industry, by providing a fully transparent, reliable and high class used car purchase experience online and in-person. Full vertical integration of the Group allows it to be in control of all key business aspects from sourcing to delivering desired vehicle to its customers.

All these activities support the Groups overall mission - to deliver three main customer promises through its operations in used vehicle retail market:

- ✓ wide assortment - largest and competitively priced popular used vehicle models;
- ✓ convenient and safe user experience - end-to-end, both digital and on-site;
- ✓ high quality assistance - used vehicles with guaranteed mileage, full available history, "freshly" serviced and cleaned.

The Group operates in four markets geographically - Latvia, Estonia, Lithuania and Poland with seven dedicated sales locations. Below is a summary data on the Group's total sales in the period from 2022 to 2024 (6 month), segmented by operating country along with further division on whether these sales have been generated from used vehicle sale or related value-added services (e.g. additional warranty intermediary or financing intermediary).

COUNTRY:	2022 (%)	2023 (%)	2024 (6 month) (%)
LITHUANIA	52%	53%	48%
of which used vehicle sale:	52%	53%	48%
additional income from commissions:	51%	56%	53%
LATVIA	25%	25%	27%
of which used vehicle sale:	25%	25%	28%
additional income from commissions:	19%	20%	23%
ESTONIA	23%	20%	20%
of which used vehicle sale:	23%	20%	20%
additional income from commissions:	30%	24%	23%
POLAND	0%	2%	5%
of which used vehicle sale:	0%	2%	5%
additional income from commissions:	0%	0%	1%

Source: *The Group's internal information on total sales*

It can be observed that at the date of this Base Prospectus, the Groups primary market is Lithuania, and Latvia is the second largest contributor.

Another essential metric is number of vehicle sales that is indicated in the table below for the period from 2022 to 2024 (6 month) segmented by operating country.

COUNTRY:	2022 (No. of vehicles)	2023 (No. of vehicles)	2024 (6 month) (No. of vehicles)
LITHUANIA	2'115	1'998	941
LATVIA	1'110	1'106	578
ESTONIA	966	788	384
POLAND	1	80	104

Source: *The Group's internal information on No. of vehicles sold*

6.2.2 Key business processes

The principal market where the Group operates in used vehicle retail market in Latvia, Lithuania, Estonia and Poland. Efficient critical business processes are vital part of the principal activity and only by having well established and organised processes, it is possible to stand out in fragmented and competitive

environment. Recognising this, the Group has placed great effort in developing these processes to ensure high satisfaction for the ultimate retail clients. These include – efficient sourcing operations, logistics management, preparation centre, IT and data capabilities.

Sourcing operations	Logistics managements	Preparation centre	IT and Data capabilities
<p>Efficient operations focused on B2B sourcing primarily in Belgium and the Netherlands.</p> <p>Local trade-in purchases in sales branches.</p>	<p>Organized international deliveries and intercountry sales.</p> <p>Variety of partners.</p>	<p>Streamlined preparation process with current capacity of 600 cars per month.</p> <p>QR code work monitoring.</p>	<p>Proprietary IT systems from car pricing to CRM.</p> <p>Market data scraping and data analytics.</p>
			
Ridderkerk, the Netherlands	Panevežys, Lithuania	Panevežys, Lithuania	Riga, Latvia

In addition to strongly developed critical business processes, the Group also provides additional value-added services to address potential needs of the ultimate retail client. These value-added services include aftersales warranty, additional warranty as well as selection of financing options from cooperation partners.

6.3 Summary of key strengths of the Issuer and the Group

The Management team. The international management team can plan and deliver on the Groups’ rapid growth strategy. The key positions in the sourcing and preparation phases are staffed only with professionals holding relevant experience.

Vertical integration. The Group controls each step of the business from the brick-and-mortar sourcing operations in the western part of the EU, to the experienced pricing team and integrated pricing processes, as well as the in-house end-to-end high-capacity car preparation centre to physical marketplaces and the leading websites.

Digital first physical presence light sales approach. The Group has the leading digital shopping experience focused on convenience. The Group has a standardized sales processes focused on delivering a safe and hassle-free user experience.

IT infrastructure. The Group has a proprietary integrated back-office IT system linking all elements of the business together. The Group continues to heavily invest in front-end and back-end IT development.

6.4 Material contracts

The Issuer concludes agreements, including material contracts in the ordinary course of business activities. With respect to key material contracts, the Issuer has a credit line issued to its Subsidiaries, based on which the Issuer allocates funds to the Subsidiaries. Namely, the agreement is in place to facilitate the cashflow management within the Group. Current inter-company interest rate (as at 30 June 2024) is set at 7.5% (seven-point-five percent).

Otherwise, the Issuer and the Group have not entered into any material contract, which could result in any Group member being under obligation or an entitlement that is material to the Issuer’s ability to meet the obligations to the Noteholders in respect of the Notes being issued according to this Base Prospectus.

6.5 Legal proceedings

As at the date of this Base Prospectus, the Management Board is not aware of any pending or probable governmental, legal or arbitration proceedings that are likely to have a material effect on the financial position or profitability of the Issuer or the Group, or which would have had such effect in the past 12 (twelve) months.

6.6 Statutory auditors

As of 2021 the audit firm KPMG Baltics SIA, registration number: 40003235171, legal address: Roberta Hirša iela 1, Rīga, LV-1045, Latvia, is the Group auditor for the accounting period covered by the historical (consolidated) financial information contained in this Base Prospectus.

KPMG Baltics SIA is a certified auditor (license No. 55) and a member of the Latvian Association of Certified Auditors.

The financial year for the Issuer is from 1 January to 31 December.

7 PRINCIPAL MARKETS

This Section provides overview of the operating segments of the Group, where the key operations relate to sales of used cars. This Section provides summarized information relating to key developments and competitive edge of the Group's operating market, which has been obtained through diverse public and private sources. Information in this Section is provided only for informative purposes. To the best of its abilities, the Management Board has sought to ascertain and accurately reproduce the following information, omitting no facts which could render the reproduced information misleading or inaccurate. However, the Management Board accepts no further responsibility in respect to data and information contained in this Section.

Prospective Investors should read this Section "Principal Markets" together with information provided elsewhere in this Base Prospectus, including Section 2 "Risk Factors".

7.1 Principal market and value-added services

To successfully operate in the used vehicle retail market, four phases are fundamental – sourcing, preparation, sales and aftersales. In addition, variety of value-added services are supplemented that allow to boost client overall experience and satisfaction.

Vehicle sourcing

The Group currently sources its used car inventory mainly from the Netherlands and Belgium, using variety of channels. These channels are, for example, used-vehicle auctions, corporate suppliers, such as leasing companies and dealers, as well as direct transactions with individuals in countries of operation, using established sales point network.

The split of different supplier sources of used vehicles in the period from 2022 to 2024 (6 months) by the Group is indicated in the table below:

Source	2022		2023		2024 (6 months)	
	Purchased units (No)	Share from all purchased (%)	Purchased units (No)	Share from all purchased (%)	Purchased units (No)	Share from all purchased (%)
Auctions	417	10%	260	7%	137	7%
Ex-lease*	1545	37%	1722	48%	824	42%
B2B (dealers)	2211	53%	1577	44%	931	47%
Direct with individual	9	0%	35	1%	78	4%

Source: The Group's internal information on used vehicle sources

*Major car lease and fleet management companies remarketing their cars at the end of lease contracts. The cars have a fully transparent history from all perspectives (ownership, maintenance, technical and visual condition, etc.). Due to the large volumes all ex-lease channels have their own remarketing platforms where the bidding, allocation, and invoicing processes are automated. To purchase cars, one has to participate in tenders that take place multiple times every week. For the cars that are won and allocated, the proforma invoice is received immediately which is being paid as soon as possible (typically the same or next working day) to be able to collect the car.

Preparation

The Group owns and fully prepares all its used vehicles, ensuring the quality of its offer to customers. The business model entails that the sales entity owns the vehicle up to the point of sale, but the used vehicles

still go through the Group's centralised preparation and logistics processes. Namely, from the legal point of view, a vehicle is usually purchased by a sourcing entity in the Netherlands or Belgium and then it is sold to a vendor or sales entity in Latvia, Lithuania, Estonia, or Poland.

The vehicle is then transported to the preparation centre of the Group located in Lithuania (Panevežys) where diagnostics are performed, and it is repaired, if needed, by qualified technicians. Each vehicle is also cleaned and polished, photographed, and transported to the respective sales entity in Latvia, Lithuania, Estonia, or Poland.

The currently operated vehicle preparation centre in Panevežys (Lithuania) was acquired by the Group in July 2024 and covers 3000 m² of industrial work area and 500 m² of office space. In addition, there is 6300 m² of parking for 400-unit spaces, with additional available space.



This allows to ensure that the preparation of used vehicles is carried out in an efficient manner and the Group is fully in control of the process.

The Group's vehicle preparation centre currently employs a dedicated team of 55 (fifty-five) employees and currently has capacity to refurbish approximately 90 (ninety) to 115 (one hundred and fifteen) cars per week, with further mid-term increase achievable to 150 (one hundred and fifty) to 180 (one hundred and eighty) vehicles per week. The sourced vehicle preparation centre ensures the Group's ability to deliver the highest standards to its customers, reducing dependencies on external service capacity and enabling economies of scale. It allows to considerably shorten the time from the moment of purchase to initiation of sale (offering being published) and consequently the sale.

Sales

The Group sells cars via its websites and physical sales locations - not only in one market, but across all four countries at once, effectively utilizing its inventory. Approximately 60% of Group's sales originates from its websites.

Since the end of 2023, the Group originates all sales independently and is no longer dependent on the leading car classified platforms in the Baltics and, thus, their pricing mechanisms and rules of classified display. At the same time, depending on the classifieds pricing and cooperation conditions, the Group is open to considering the possibility of returning to classifieds in the future.

Prior to the purchase, the customers can examine the desired used vehicle, compare several of them, receive professional consultation, and have a test drive at the Group sales location.

Even though the Group offers home deliveries of purchased used vehicles, it is evident that there is still a large segment of customers who prefer to come to a physical location for pick-up.

For this reason, the Group is planning further expansion of its physical footprint by opening more marketplaces and branches in other cities to satisfy customer demand. At the date of this Base Prospectus, the Group has seven sales locations open and running, with further expansion plans in the upcoming years.



Source: The Group's internal information on current sales locations and network expansion plans

At the date of this Base Prospectus, the Group operates seven sales locations with six more opening in the near future, spread over three separate concepts:

- ✓ vehicle lots – Riga, Vilnius, Tallinn, Bialystok (Kaunas);
- ✓ shopping centres – Panevežys, Narva;
- ✓ distribution points – Klaipeda (Tartu, Siauliai).

To facilitate the sourced vehicle turnaround cycle, the Group has also developed an internal logistics network with dedicated routes:

- ✓ Vilnius – Riga – Tallinn and back (two-three times per week);
- ✓ Panevezys – Kaunas – Marijampole – Bialystok (two times per week);
- ✓ Panevezys – Siauliai – Klaipeda and back (two times per week);
- ✓ Other locations (currently by request).

Such an established network also allows to provide a home delivery service that is highly valued and chosen by some retail customers. The Issuer and the Group believe that the faster each sourced vehicle can go through a turnaround cycle and to the end customer who purchases the vehicle, the higher revenue and return on capital it can generate.

Aftersales

The Group also provides an aftersales warranty for vehicles and therefore re-engages customers for potential recurring purchases. The standard warranty provided is for a period of 2 (two) months after the vehicle sales date and is often viewed by customers as additional assurance that all maintenance works after used vehicle sourcing are carried out in high quality.

Financing intermediary

As the vehicle purchase is a rather large and important purchase for most customers, potential sources of financing are frequently explored alongside the purchase itself. Recognizing this aspect, the Group is also operating as a financing intermediary by assisting customers to locate the most suitable way of financing the purchases. The Group works with a wide range of partners, from large retail banks to alternative leasing providers, to best cater to the needs of each customer. The Group receives commission income from its leasing partners for the intermediary services provided.

Extended warranty intermediary

As an additional value-added service, the Group offers its customers the option to purchase extended warranty provided by its insurance partner which allows customers to have a warranty on their purchased vehicle for up to 36 (thirty-six) months after the sale. The Group receives commission income from its insurance brokerage partner for the intermediary services provided.

Paint protection

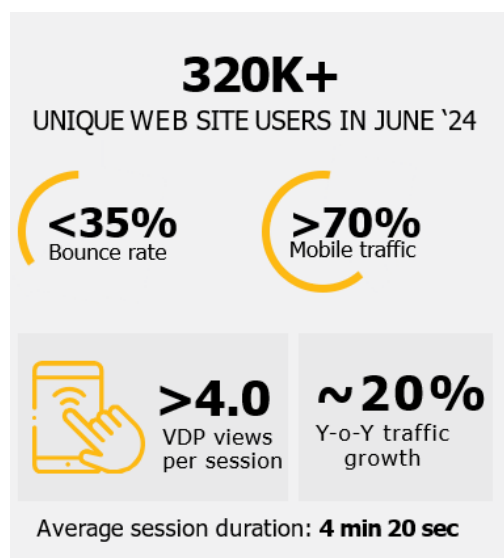
The Group offers its customers polishing and paint protection application services. The paint protection is a special coating that is applied to the used vehicle exterior by a professional technician to make it resistant to small scratches and dirt, as well as boost its shine. It is mainly carried out by the Group in the preparation facility.

7.2 IT system

The Group's data-driven approach and significant online presence has allowed it to build efficient operations across multiple geographies and jurisdictions and become a leading entity in the used vehicle retail market in the Baltics and Poland. To support the Group's business operations (including vehicle sourcing, refurbishment, preparation, logistics, sales, etc.), it has developed its own custom-made integrated IT system and made significant investments in IT infrastructure. The key features of the Group's integral IT system include:

- ✓ competitor and aggregator data web scraping;
- ✓ AI generated customer call transcripts and analyses;
- ✓ proprietary machine learning based pricing model;
- ✓ integrated Back-Office and Accounting system;
- ✓ QR based preparation software.

An important part of the Group business is generated from web-traffic that due to efficient development and operation has experienced relevant growth year-on year.



Source: *The Group's internal information*

7.3 Competitive landscape

The used vehicle retail market in Latvia, Lithuania, Estonia, and Poland has distinct characteristics in each country. At the same time, it also shares common trends across the region. The main country-specific characteristics are as follows:

Latvia:

- ✓ Robust market with a significant portion of vehicles being imported, mainly from Western Europe;
- ✓ Preferences towards used vehicles due to affordability compared to new cars;
- ✓ Online platforms play an important role with many buyers and sellers relying on websites.

Lithuania:

- ✓ Major hub for import and re-export of used cars, particularly within the EU;
- ✓ Online platforms and dealerships are critical to the used car retail landscape;
- ✓ Certain issues with transparency, including mileage fraud and vehicle condition misrepresentation, although regulations are improving.


Estonia:

- ✓ The used car market is relatively smaller but growing steadily;
- ✓ Preferences for used vehicles due to economic factors;
- ✓ Digitalization is high, with many transactions happening through online platforms or dealerships offering comprehensive digital tools.

Poland:

- ✓ One of the largest used vehicle markets in Central Europe, largely driven by imports from Western Europe;
- ✓ Market is price-sensitive, with consumers often opting for older models in good condition;
- ✓ Advanced digital infrastructure supporting the used car market.

Even though there is no specific data on the car sales industry, the Issuer recognizes the following brands as the main competitors of the Group in the used vehicle retail market:

Used vehicle retail undertaking	Operates in Latvia, Lithuania, Estonia and Poland	Fully focused on used car retail	Independent on classified platforms	Proprietary advanced IT systems
	✓	✓	✓	✓
<i>BRC Autocentrs</i>		✓		
<i>Inchcape Motors Latvia</i>	✓			
<i>Moller Auto</i>	✓			

Source: Internal estimates of the Issuer according to publicly available information on competitors

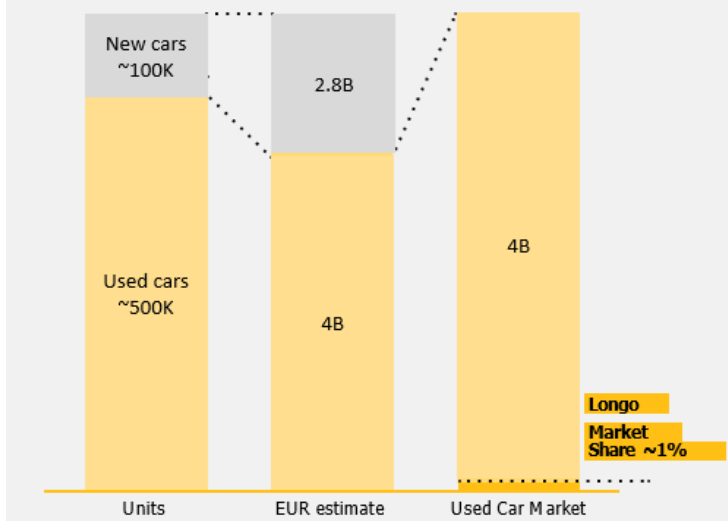
The Group believes that it has a distinct market position from other competitors. This is because it has an independent and vertically integrated structure that offers customers a wide assortment, customer-friendly sales experience and high-quality of inspected products. The Group has developed a proprietary IT system to control and enhance company procedures and enhance performance. Additionally, the Group has a clear focus on the used car segment and classified independent marketing and sales channels with pan-Baltic and Poland presence and over 100 000 (one hundred thousand) unique web visitors per week.

7.4 Recent trends, development and significant change

Considering the country-specific characteristics, the following main region trends can be identified. Firstly, importing cars from Western Europe remains a common practice across all four countries. Secondly, online platforms and digital marketplaces have become essential for both buyers and sellers, facilitating easier price comparison, wider choice, and transparency. Thirdly, the regulatory issues, particularly around car history transparency, are improving but remain challenging in some parts of the region, especially in Lithuania and Poland. The Group closely follows the regional trends and adjusts its market strategy to operate on high market standard and deliver high-value service to its customers.

There is a lack of publicly available data and high fragmentation in the used vehicle market in the region where the Group operates. According to the Group's internal estimates that are coupled with industry

Passenger car sales, Baltics 2023 (estimate)



knowledge and some available data from such sources as the Road Traffic Safety Directorate (CSDD), Statistics Bureau of Latvia, Commercial Register, and public information, the used vehicle market in the Baltics is estimated to be 4B+ EUR and it is very highly segmented.

Considering the Group's internal estimates at the date of this Base Prospectus on the overall market size of the fragmented used vehicle retail market, it can be assessed that the Group's market share can be estimated as around 1% of the total Baltic market- while being leading used car retailer with largest assortment in Baltics. This amplifies the potential of growth of the Group as some of the largest used car retailers in Europe have reached 5%-10% market shares. The long-term goal of the Issuer is to increase its market share by several percentage points.

Source: The Group's internal information and publicly available data, with the assumption that the average used car price is estimated at EUR 8000 (eight thousand euros) for a used car and EUR 28 000 (twenty-eight thousand euros) for a first registration car. Only the local consumer market has been estimated, besides substantial volumes of further vehicle export.

Regulatory trends

In addition to the above, there are certain regulatory trends around the used vehicle retail market (the Baltics and Poland).

In recent years changes have been made to reduce evasion of payment of value-added tax and limit shadow economy. Now, when registering for the first time or re-registering in Latvia a vehicle acquired in another European Union Member State, information on the registered vehicle is submitted to the State Revenue Service of Latvia. This information provides support to tax authority and allows to identify and limit potential fraud in transactions with vehicles in the field of value-added tax, including to streamline inspections on natural persons and to minimize circulation of illegally obtained funds. Obligation to re-register used vehicles within a certain time limit has also been set in Poland this year.

In Estonia, from 1 January 2024, the standard rate of value-added tax is 22% instead of the previous 20%.

Currently, more legislative changes are planned in the used vehicle market. Amendments to the regulatory framework of Latvia regarding taxation of vehicle operation tax and company car tax are currently being developed. The potential amendments to the law will be aimed at ensuring regular tax payments every year by stipulating a deadline for the payment of the vehicle operating tax. Moreover, potential regulatory amendments will revise current tax rates for vehicle operating. Latvian vehicle tax rates are set as constant numbers and not expressed as a percentage and the rates of this type of tax remain unchanged. Therefore, indexation of current tax rates is planned.

Also, an overall regulatory trend in Europe may be observed that there is increasing progress towards promoting the choice of more environmentally friendly vehicles. The following summarizes regulatory changes affecting the work of the Group.

The existing vehicle operation tax in Latvia already prescribes since 2021 that in the case of cars with lower emissions, lower tax rates are applicable. Thus, tax rates are reduced for more environmentally friendly cars, which serves as a measure to promote change in public habits in the long term and to encourage people to choose cars that are more friendly to the environment and public health.

A similar path has been chosen by Estonia. This summer, the Estonian parliament adopted the Motor Vehicle Tax Act according to which a two-component motor vehicle tax will be established in Estonia effective from 1 January 2025. The tax will consist of two parts – annual tax and registration fee:

- ✓ The annual tax is a component to be paid by motor vehicle owners every year on vehicles registered in the motor register. The rate of vehicle tax for passenger cars will consist of a base component, a specific CO2 emissions component, and a gross weight component. The annual tax rate for passenger cars and vans also depends on the age of the vehicle.
- ✓ The motor vehicle registration fee will have to be paid upon the registration of passenger cars and vans in the motor register. The registration fee is intended to influence future car purchase decisions. In the registration fee formula, the proportion of CO2 is higher to encourage the purchase of less polluting vehicles. The age of the vehicle will also affect the amount of the registration fee.

The motor vehicle tax is aimed at directing people to make more environmentally friendly choices when acquiring new vehicles and to support the use of old cars until the end of their useful life. The tax will make the acquisition and ownership of passenger cars 5 to 15 percent more expensive compared to today.

Moreover, changes have been made regarding natural resources tax in Latvia. Starting from 1 January 2024, natural resources tax has been increased from EUR 55 to EUR 110 for M1 and N1 category vehicles that are permanently registered in Latvia for the first time. Such a change is due to the amount of waste from end-of-life vehicles and the costs incurred in relation to regeneration and recycling.

Considering the above regulatory trends, it may be concluded that regulation aims, directly or indirectly, to change the car market, including the used vehicle retail market. Several changes have affected the market already. However, various other introductions are still expected in the future.

8 LOYALTY PROGRAMME

The Issuer has developed the investor loyalty programme, which may be provided to the investors under the respective Tranche at the sole discretion of the Issuer. The Final Terms of the respective Tranche shall provide confirmation if the investors of the respective Tranche are eligible to participate in the loyalty programme.

Conditions for participation in the loyalty programme:

- 1) The investor purchases the Bonds issued under this Base Prospectus corresponding to the value as indicated below for each benefit level; and
- 2) The investor (as a Bondholder) registers at: <https://www.longo.group> to receive the benefit under the loyalty programme at any time after the Issue Date of the respective Tranche during validity of the Bonds.

Loyalty programme levels:

Value of Bonds purchased	Level	Bondholders who <u>have NOT</u> purchased a car with the Issuer (Longo) until Issue Date of the respective Tranche	Bondholders who <u>HAVE</u> purchased a car with the Issuer (Longo) until Issue Date of the respective Tranche
EUR 500 – EUR 1900	Level 1	EUR 50 (fifty euros) discount for car purchase at Longo	Voucher for car wash
EUR 2000 – EUR 4900	Level 2	EUR 250 (two hundred fifty euros) discount for car purchase at Longo	
EUR 5000 and above	Level 3	EUR 500 (five hundred euros) discount for car purchase at Longo	Polishing and paint protection service

Note: Each bondholder is eligible to receive respective benefit from the specific Level she/he has qualified for. The benefits are not cumulative.

The Issuer will confirm the benefits for each eligible Bondholder under the loyalty programme of this Base Prospectus within 1 (one) month after registration by the Bondholder.

The Bondholders, who will be eligible to participate in the loyalty programme, afterwards will receive a message from the Issuer, confirming the number of points received and instructions for the usage of the respective benefit provided by the Issuer or a third-party service provider engaged by the Issuer.

9 STRATEGY OF THE GROUP

The strategic vision of the Issuer and the Group is to ensure its profitable growth through the transformation of the used car market in the Baltics. The Group plans to significantly increase its market share with an aim to become the undisputed leader of the used car market in the Baltics. To achieve this, the Group plans to increase its offered assortment of cars – both the volume and diversification of the stock, expand its physical presence in the Baltics, as well as Poland, and also continue to invest in its e-commerce platform across all markets. The Issuer is actively working on rollout of structured data-driven consumer sourcing process to realize the further diversification of stock, as well as decrease the time to customer due to easier logistics.

These investments will allow the Group to use economies of scale in both the sourcing and selling parts of the business. As the Group business volumes will increase over time, the Group will be able to negotiate better terms for the sourcing of cars, and at the same time will decrease the average fixed cost per unit sold. The Group plans to offer more supplementary services to its customers that will increase customer satisfaction and will also deliver additional revenue streams to the Group.

To achieve its strategic goals, it is essential the Group achieves the highest standards in all areas of operations. The Group believes its brand, data, IT, and culture are key elements to its long-term success. The Group will continue to invest in its digital capabilities, delivery services, and online marketing. The overall aim is to provide an excellent customer experience and the highest standard products.

The Group has successfully implemented a pilot project in Podlaskie region of Poland, which opens up the possibility for further expansion of Group activities outside the Baltics. The Group has identified six regions in Poland, which are within a feasible distance (cost-time) from its preparation centre in Panevežys, Lithuania, as potential next sales locations.

The Issuer and the Group evaluates the regions that have characteristics suitable for its business:

- ✓ Sizeable but manageable market size;
- ✓ Strong regional focus;
- ✓ Suitable competitive environment in digital marketing.



10 ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

10.1 Governance Structure

The Issuer has a corporate governance structure, which consists of the Management Board, Supervisory Board, and the Shareholders' Meetings as the highest governing body of the Issuer. According to the Commercial Law of Latvia and the Articles of Association, the Management Board is the executive institution of the Issuer, which carries out general and strategic management, as well as representation of the Issuer. The Management Board is elected by the Supervisory Board.

The Supervisory Board is the oversight body of the Issuer, which represents the interests of the Shareholders between the Shareholders' Meetings and supervises the activities of the Management Board in the scope set by the Commercial Law and the Articles of Association. The Supervisory Board is elected by the Shareholders' Meeting.

The Shareholders' Meeting is the supreme governing and decision-making body of the Issuer. Further information on the competence of the Shareholders' Meetings is provided in Section 11.3 "Articles of Association" of this Base Prospectus.

The business address of the members of the Supervisory Board and the Management Board is the registered legal address of the Issuer, which is Mūkusalas street 72A, Riga, LV-1004, Latvia.

Audit Committee

As of the date of this Base Prospectus, the Issuer has not established the audit committee. The audit committee of the Issuer will be elected in the next Shareholders' Meeting of the Issuer which will take place following the date of this Base Prospectus.

The main responsibility of the audit committee will be to oversee the efficiency of the internal control, risk management, and internal audit systems of the Issuer, as far as these relate to the credibility and objectivity of the annual and consolidated annual reports, and to provide suggestions for improvement. The audit committee will carry out its duties according to the audit committee regulations of the Issuer and the mandatory requirements set out in applicable laws and regulations, including the Financial Instruments Market Law of Latvia.

10.2 Management Board

Responsibilities and functions

The Management Board is the responsible institution of the Issuer for the management and supervision of the Issuer's affairs. It is responsible for the operations, accounting, and administration of the Issuer's property, commercial activities, and other duties set by the Articles of Association and the law. The Management Board is elected by the Supervisory Board and the chairperson of the Management Board is appointed by the Supervisory Board from among the Management Board members. The Articles of Association stipulate that the Management Board of the Issuer shall consist of two members who are elected by the Supervisory Board. Each member of the Management Board has the right to represent the Issuer solely.

The Commercial Law provides that the Management Board has the right to adopt decisions if more than half of its members are present in the meeting, meaning that both Management Board members must be present. The Management Board adopts its decisions by a simple majority of votes cast at the meeting. The Management Board has the obligation to report in writing regarding its activities to the Supervisory Board once every quarter, whereas at the end of the year – to the Shareholders' Meeting. The report shall reflect the results of commercial activities, economic conditions, circumstances affecting the economic situation, planned policies for commercial activities in the next accounting period, other significant aspects of the activity of the Issuer, and other matters stipulated by law.

In respect to adopting decisions on significant matters, the Management Board requires the consent of the Supervisory Board as stipulated by the Commercial Law and the Articles of Association. Further information concerning corporate governance provisions is provided in Section 11.3 "Articles of Association" of this Base Prospectus.

List of Management Board members at the date of the Base Prospectus:

First name, last name	Position	Appointment date	Term expiry date
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Edgars Cērps	Chairman of the Management Board, CEO	26 June 2023	26 June 2028
Jacob Willem Hoogenboom	Management Board Member, COO	28 December 2020	28 December 2025

Professional experience and background of Management Board members

**Edgars Cērps
Chairman of the Management Board, CEO**

Edgars Cērps is the Group’s co-founder and CEO, as well as the Chairman of the Management Board of the Issuer with broad experience in the business sector. Mr Cērps has a decade of experience in finance, IT, and operational functions, working for Nokia and Uber in multiple countries globally. He also has strategy consulting and private equity experience gained working at Bain & Company.

Mr Cērps holds an MBA degree from INSEAD and a bachelor’s degree in economics and business administration from the Stockholm School of Economics in Riga.

At the date of this Base Prospectus, Mr Cērps also has duties as:

- ✓ management board member of SIA EC Capital, registration number: 40203137723;
- ✓ management board member of SIA Longo Latvia, registration number: 40203147079;
- ✓ management board member of SIA Longo IP Holdings, registration number: 40203527894;
- ✓ management board member of Longo Poland sp. z o.o, registration number: 9662161899;
- ✓ management board member of Longo Shared Services LLC, registration number: 305217797.

As at the date of this Base Prospectus positions and activities of Mr Cērps outside the Issuer are not significant with respect to the Issuer.



**Jacob Willem Hoogenboom
Management Board Member, COO**

Jacob Willem Hoogenboom has been a member of the Issuer’s Management Board since 2020. Mr Hoogenboom is the Group’s COO. He has multiple years of experience in strategy consulting at Bain & Company in various functions and geographies. Prior to that, he had extensive experience in sales and customer relations management as the head of the representative office of a major international financial institution.

Mr Hoogenboom holds an MBA with distinction from INSEAD as well as a master’s degree in finance (Luxembourg School of Finance) and accounting and control (Vrije Universiteit Amsterdam).

At the date of this Base Prospectus, Mr Hoogenboom also has duties as:

- ✓ management board member of SIA Longo IP Holdings, registration number: 40203527894;
- ✓ management board member of Longo Netherlands B.V., registration number: 71706267;
- ✓ management board member of Longo Belgium B.V., registration number: BE 0881764642;



- ✓ management board member of Maxxus GmbH, registration number: HRB18213;
- ✓ management board member of Longo Estonia OU, registration number: 14554950;
- ✓ management board member of Longo Poland sp. z o.o, registration number: 9662161899;

As at the date of this Base Prospectus positions and activities of Mr Hoogenboom outside the Issuer are not significant with respect to the Issuer.

10.3 Supervisory Board

Responsibilities and functions

The Supervisory Board is the responsible institution of the Issuer for representation of the interests of Shareholders between Shareholders' meetings and supervision of the Management Board in the scope provided by the Commercial Law and the Articles of Association. The key functions of the Supervisory Board, amongst other matters provided by the Commercial Law and Articles of Association, include election and removal of Management Board members, monitoring that the business is conducted in accordance with the law, the Articles of Association, and decisions of the Shareholders' Meeting, examining annual accounts of the Issuer and the proposal of the Management Board for the use of profits. At the date of this Base Prospectus, the Supervisory Board of the Issuer consists of five members, who are elected for a five-year term by the Shareholders' Meeting. Members of the Supervisory Board elect a chairperson of the Supervisory Board and at least one deputy chairperson. A Supervisory Board member may be recalled from office at any time by a decision of the Shareholders' Meeting.

The Supervisory Board is entitled to take decisions if more than half of the members participate in the meeting. The decisions are adopted by a simple majority of the Supervisory Board members present at the meeting, except for the decisions regarding election and recall of members of the Management Board that are adopted if all present members of the Supervisory Board have voted for the adoption. In case of a tie vote, the Chairman of the Supervisory Board has a decisive vote. The Supervisory Board member who is not present at the meeting, may vote in writing by delivering the vote to another member, or over the phone or in any other manner if the means of communication used allow the Supervisory Board members to concurrently participate in discussion of the issue and making of decision and if such activity is recorded respectively documentary. A member of the Supervisory Board has the right to participate in or vote at a meeting of the Supervisory Board using electronic means of communication in accordance with requirements for the identification of the Supervisory Board member, which are delegated to be set by the Supervisory Board.

Meetings of the Supervisory Board are convened according to necessity, but not less than once in each quarter.

List of the Supervisory Board members as at the date of the Base Prospectus:

First name and last name	Position	Appointment date	Term expiry date
Aigars Kesenfelds	Chairman of the Supervisory Board	1 March 2021	1 March 2026
Māris Keišs	Deputy Chairman of the Supervisory Board	1 March 2021	1 March 2026
Kristaps Ozols	Supervisory Board Member	1 March 2021	1 March 2026
Alberts Pole	Supervisory Board Member	1 March 2021	1 March 2026
Jonathan Neil Smith	Supervisory Board Member	1 March 2021	1 March 2026

Professional experience and background of Supervisory Board members

Aigars Kesenfelds
Chairman of the Supervisory Board, Founder

Aigars Kesenfelds is the Chairman of the Supervisory Board of the Issuer. Mr Kesenfelds is an entrepreneur and an investor and 100% shareholder of his family investment company AS ALPPES Capital.

AS ALPPES Capital currently is the largest shareholder of the Issuer, Mintos Marketplace, Eleving Group (previously called Mogo Finance) as well as a financial investor and largest or significant shareholder in other businesses (Merito Partners, AS DelfinGroup, AS Sun Finance Group and others).

Mr Kesenfelds holds a bachelor's degree in economics and business administration from the Stockholm School of Economics in Riga.

At the date this Base Prospectus, Mr Kesenfelds also has duties as:

- ✓ chairman of the management board of AS ALPPES Capital, registration number: 52103097551
- ✓ management board member of SIA Merito Partners, registration number: 40203406410
- ✓ Vice president of Association LATVIJAS TENISA SAVIENĪBA, registration number: 40008009525

- and several other corporate positions in various companies.

As at the date of this Base Prospectus positions and activities of Mr Kesenfelds outside the Issuer are not significant with respect to the Issuer.

Māris Keišs **Deputy Chairman of the Supervisory Board**

Māris Keišs is the Deputy Chairman of the Supervisory Board of the Issuer. Since 2008 Mr Keišs has gained vast experience as a serial entrepreneur specializing in the financial services industry. He is the co-founder of the investment platform Mintos Marketplace and the financial solutions company Eleving Group (previously called Mogo Finance).

Mr Keišs holds a bachelor's degree in economics and business administration from Stockholm School of Economics in Riga.

At the date this Base Prospectus, Mr Keišs also has duties as:

- ✓ management board member of SIA OAK Investments, registration number: 44103132590;
- ✓ management board member of SIA Renen Capital, registration number: 40203472933;
- ✓ supervisory board member of AS CI Holding, registration number: 40203338909;
- ✓ deputy chairman of the supervisory board of AS Puzzle International, registration number: 40203177815;
- ✓ supervisory board member of AS Grenardi Group, registration number: 40203279291;
- ✓ management board member of AS Obelo Capital, registration number: 40103806155;
- ✓ management board member of AS Avole Holdings, registration number: 40103806348.

According to the Commercial Register, Mr Keišs remains listed as the chairman of the supervisory board of AS Puzzle Finance, registration number: 40203011329, since his appointment on 28.06.2019. However, under Article 296(1) of the Commercial Law, the term of a supervisory board is limited to five years, and has expired on 28.06.2024.

As at the date of this Base Prospectus positions and activities of Mr Keišs outside the Issuer are not significant with respect to the Issuer.

Kristaps Ozols **Supervisory Board Member**

Kristaps Ozols is a Supervisory Board member of the Issuer. Mr Ozols has a wide experience in the financial services industry as an entrepreneur and investor. Kristaps is the co-founder of Mintos Marketplace and Eleving Group (previously called Mogo Finance).

Kristaps holds a bachelor's degree in economics and business administration from the Stockholm School of Economics in Riga.

At the date of this Base Prospectus, Mr Ozols also has duties as:

- ✓ chairman of the management board of SIA Renen Capital, registration number: 40203472933;
 - ✓ chairman of the supervisory board of AS ZS Invest Holdings, registration number: 40103893129;
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- ✓ deputy chairman of the supervisory board of AS Sun Finance Group, registration number: 40203205428;
 - ✓ management board member of AS Puzzle International, registration number: 40203177815;
 - ✓ management board member of SIA OAK Investments, registration number: 44103132590;
 - ✓ management board member of SIA EMK Ventures, registration number: 42103100347;
 - ✓ management board member of SIA KME Ventures, registration number: 42103100332;
 - ✓ supervisory board member of AS CI Holding, registration number: 40203338909.

According to the Commercial Register, Mr Ozols remains listed as a supervisory board member of AS Puzzle Finance, registration number: 40203011329, since his appointment on 28.06.2019. However, under Article 296(1) of the Commercial Law, the term of a supervisory board is limited to five years, and has expired on 28.06.2024.

As at the date of this Base Prospectus positions and activities of Mr Ozols outside the Issuer are not significant with respect to the Issuer.

Alberts Pole Supervisory Board Member

Alberts Pole is a Supervisory Board member of the Issuer with wide experience in the financial services industry as an entrepreneur and an investor. Mr Pole is the co-founder of the investment platform Mintos Marketplace and the financial solutions company Eleving Group (previously called Mogo Finance).

Mr Pole holds a bachelor's degree in economics and business administration from the Stockholm School of Economics in Riga.

At the date of this Base Prospectus, Mr Pole also has duties as:

- ✓ management board member and chairman of the management board of SIA Nevija Finance, registration number: 40203193472;
- ✓ management board member of SIA OAK Investments, registration number: 44103132590;
- ✓ management board member of SIA Renen Capital, registration number: 40203472933;
- ✓ supervisory board member of AS CI Holding, registration number: 40203338909;
- ✓ management board member of AS Novo Holdings, registration number: 40103806598;
- ✓ chairman of the supervisory board of AS Puzzle International, registration number: 40203177815;
- ✓ supervisory board member of AS Grenardi Group, registration number 40203279291.

According to the Commercial Register, Mr Pole remains listed as the deputy chairman of the supervisory board of AS Puzzle Finance, registration number: 40203011329, since his appointment on 28.06.2019. However, under Article 296(1) of the Commercial Law, the term of a supervisory board is limited to five years, and has expired on 28.06.2024.

As at the date of this Base Prospectus positions and activities of Mr Pole outside the Issuer are not significant with respect to the Issuer.

Neil Jonathan Smith (Independent) Supervisory Board Member

Neil Jonathan Smith is an independent member of the Supervisory Board of the Issuer. Mr Smith is a seasoned executive of the UK automotive industry with over 15 years of experience.

Mr Smith is a former Imperial Cars operations director. Imperial Cars sales grew from 80 cars a month to 2200 during his activities. Mr Smith was also recognised as one of the top ten influencers in the UK Motor Trade in 2019.

As at the date of this Base Prospectus positions and activities of Mr Smith outside the Issuer are not significant with respect to the Issuer.

10.4 Conflicts of interest and other declarations

At the date of this Base Prospectus, the Issuer is not aware of any conflicts of interest or potential conflicts of interest between the Issuer's duties of the members of the Management Board and their private interests and/or their other duties.

11 SHARE CAPITAL, SHARES, MAJOR SHAREHOLDERS, ARTICLES OF ASSOCIATION

11.1 Share capital and shares

The Issuer's shares have been issued in compliance with the Commercial Law. Any amendments to the rights or scope of the rights attached to these shares, as outlined in the Articles of Association, must follow the procedures specified in the Commercial Law. The Issuer is incorporated and operates as a joint stock company (in Latvian: *akciju sabiedrība*).

The Issuer's share capital is EUR 13 034 872.10, divided into 130 348 721 registered shares, each with a nominal value of EUR 0.10. All shares are fully paid.

Issuer's shares

Share type	Amount	Nominal value	Total nominal value
Registered shares	130 348 721	EUR 0.10	EUR 13 034 872.10

The Articles of Association outline the structure of the Issuer's share capital, which is divided into three distinct classes of shares, each providing its own scope of rights for Shareholders:

- Class A shares (47 500 000 shares)

Each Class A share entitles its holder to dividends, a liquidation quota, and voting rights at the Shareholders' Meeting, with each paid-up share granting one vote. In addition, in the event of a sale of Class A shares to a third party (including another Shareholder), existing Class A Shareholders possess a right of first refusal.

- Class B shares (82 199 256 shares)

Each Class B share grants its holder entitlement to a liquidation quota equivalent to the nominal value of Class B shares, prior to the disbursement of liquidation quotas to holders of other classes of shares. Class B shares do not grant rights to dividends or voting rights at the Shareholders' Meeting, nor do they provide additional liquidation quotas beyond the specified entitlement in the Articles of Association.

- Class C shares (649 465 shares)

Each Class C share entitles the holder to dividends and a liquidation quota but does not confer any voting rights at the Shareholders' Meeting.

11.2 Shareholders

The Issuer has a diverse group in its Shareholder structure, with each one holding different classes of shares that come with their own set of rights provided by the Articles of Association and the Commercial Law. As of the date of this Base Prospectus, the Issuer's Shareholders are as follows:

Name of the Shareholder	Information on shares					Ultimate beneficial owner
	Class of shares	Number of shares	Shares as % of class	Voting rights	Shares as % of total share capital	
AS ALPPES Capital	A	18 512 498	38.97%	✓	45.34%	Aigars Kesenfelds
	B	40 583 818	49.37%	-		
SIA EMK Ventures	A	6 170 834	12.99%	✓	15.11%	Kristaps Ozols
	B	13 527 940	16.46%	-		
SIA Nevia Finance	A	6 170 834	12.99%	✓	4.73%	Alberts Pole

AS Novo Holdings	B	13 527 940	16.46%	-	10.38%	
AS Obelo Capital	A	6 170 834	12.99%	✓	4.73%	Māris Keišs
AS Avole Holdings	B	13 527 940	16.46%	-	10.38%	
SIA EC Capital	A	5 375 000	11.32%	✓	4.12%	Edgars Cērps
SIA ABARU	A	4 625 000	9.74%	✓	3.55%	Jacob Willem Hoogenboom
SIA BCAP Holding	A	475 000	1%	✓	1.16%	Mārtiņš Baumanis
	B	1 031 618	1.25%	-		
Minority investors	C	649 465	100%	-	0.50%	Including employees
Total		130 348 721			100%	

Control

Control within the Issuer's Shareholder structure is primarily held by the Class A Shareholders, who are provided with voting rights at the Shareholders' Meeting. In total, there are 47 500 000 Class A shares issued at the date of this Base Prospectus, each conferring one vote in the decision-making processes.

At the date of this Base Prospectus, there are seven Class A Shareholders. The largest among them is AS ALPPES Capital, which holds 38.97% of the Class A shares and in total has proportion of 45.34% of the share capital. Aigars Kesenfelds, the Chairman of the Supervisory Board, is the ultimate beneficial owner of AS ALPPES Capital. Other significant Class A Shareholders include SIA EMK Ventures, SIA Nevia Finance, and AS Obelo Capital, each holding 12.99% of the Class A shares. Their respective beneficial owners are Kristaps Ozols (Supervisory Board Member of the Issuer), Alberts Pole (Supervisory Board Member of the Issuer), and Māris Keišs (Deputy Chairman of the Issuer's Supervisory Board).

Additionally, Shareholder SIA EC Capital, with Edgars Cērps (Chairman of the Management Board of the Issuer) as its ultimate beneficial owner, holds 11.32% of the Class A shares, while Shareholder SIA ABARU, with Jacob Willem Hoogenboom (Management Board member) as its ultimate beneficial owner, holds 9.74%. Another minority Class A Shareholder is SIA BCAP Holding, holding 1% of Class A Shares.

No single Shareholder holds controlling influence. The Issuer has a diverse shareholding structure distributed among a broad range of Shareholders. To prevent any potential abuse of control, the Issuer has implemented several measures. One key measure is a balanced corporate governance framework, including a three-tier governance system consisting of the Management Board, the Supervisory Board, and the Shareholders' Meeting, each with specific duties as defined by law and the Issuer's Articles of Association. For further information regarding decision making of the Shareholders' Meeting please see Section 11.3 "Articles of Association" of this Base Prospectus. Additionally, the Issuer is committed to fostering efficient internal communication and actively engaging with relevant external stakeholders, ensuring that all parties are informed and involved in the governance processes.

Employee share incentive scheme (share options)

The Issuer has implemented an employee share option plan, whereby the Group's employees have entered into option agreements with the Issuer. The aim of the share-based options is to retain employees and increase their motivation through the possibility to directly benefit from the growth in the business value.

The share-based option programme provides that the employee shares are granted free of charge to employees with managerial responsibilities of the Group. The standard share option plan has a one year vesting period within the employment relationship. After one year, the employee is entitled to exercise share options partially, twice a year within the timeframe set by the Issuer. This proportion is calculated as follows: after the employee has worked at least one year after granting the share option, for each following work month the employee can exercise 1/48 of the total amount of initially granted options. The Issuer can also set other employment-related criteria for share proportion, based on the performance.

The exercise price for shares amounts to nominal value. The contractual term for share options is until 2028. As of 31 December 2023, the outstanding number of share options is 1 433 362.

11.3 Articles of Association

According to the Articles of Association, the principal economic activities of the Issuer are activities of holding companies (64.20) and other financial service activities, except insurance and pension funding (64.99), as classified under the Statistical Classification of Economic Activities (NACE classifier). The current version of the Articles of Association of the Issuer was approved by the Shareholders' Meeting on 3 July 2024 and is available at <https://www.longo.group>.

Shareholders' Meeting

The Shareholders' Meeting is the highest governing and decision-making body of the Issuer. The competence of the Shareholders' Meeting is set by law. Decisions of the Shareholders can be made only at a duly convened Shareholders' Meeting. According to the Articles of Association, the Meeting can be held in Latvia or abroad and the Shareholders may participate personally or by proxy. If a share is held collectively by several Shareholders, the representative recorded in the register of Shareholders participates in the Shareholders' Meeting. The Shareholders may also participate in or vote at the Meeting using electronic means of communication. The Management Board determines the procedure for electronic participation, voting and identification of Shareholders.

The Shareholders' Meeting is valid if more than 50% of the voting capital is present. Only paid-up Class A shares grant Shareholders voting rights. If the Shareholders' Meeting is unable to take decisions due to lack of a quorum, a new Shareholders' Meeting with the same agenda must be convened within a month and announced no later than 20 days in advance. The re-convened Shareholders' Meeting can make decisions irrespective of the voting share capital present. The Shareholders' Meeting makes decisions by a majority of votes of the Shareholders with voting rights present, except where the law requires a higher number of votes.

Supervisory Board

According to the Articles of Association, the Supervisory Board of the Issuer is composed of five members elected for a term of five years. The Supervisory Board makes decisions by a simple majority of members present at a meeting of the Supervisory Board. However, the Management Board members can be elected or recalled only by an unanimous vote of all Supervisory Board members present. If the votes are tied, the Chairman of the Supervisory Board has the deciding vote.

Members of the Supervisory Board may participate in and vote at the Meeting of the Supervisory Board using electronic means of communication. The Supervisory Board determines the procedure for electronic participation, voting and identification of members of the Supervisory Board. Additional information on the Supervisory Board is available in Section 10.3 "Supervisory Board" of this Base Prospectus.

Management Board

According to the Articles of Association, the Management Board of the Issuer is composed of two members having sole representation rights. The Management Board requires approval of the Supervisory Board to decide on issues of major importance, which are specified in the Commercial Law. Additional information on the Management Board is available in Section 10.2 "Management Board" of this Base Prospectus.

12 SELECTED FINANCIAL INFORMATION AND OPERATING DATA

The financial information contained in this Section is extracted from the consolidated audited financial statements of the Group pertaining to the financial years ending on 31 December 2023 and 31 December 2022 prepared in accordance with Accounting Principles (the “**Audited Financial Reports**”), which are incorporated into this Base Prospectus by reference.

The financial information in this Base Prospectus for the 6-month periods ended 30 June 2024 and 30 June 2023 have been derived or taken from the unreviewed consolidated interim financial statements of the Group for the 6-month periods ended 30 June 2024 and 30 June 2023 prepared in accordance with the Accounting Principles (the “**Interim Financial Report**”).

All Collateral Providers are involved in the consolidation according to IFRS for the purposes of Audited Financial Reports and Interim Financial Statements of the Group. Each Collateral Provider is legally required and compliant to prepare stand-alone financial statements according to applicable laws of Latvia and Lithuania respectively.

The Audited Financial Statements and Interim Financial Statements are further referred to as “**Financial Information**”.

12.1 Consolidated Financial Information of the Group

Consolidated Statement of Comprehensive Income, EUR

The table below sets out selected information from the Group’s consolidated statement of income for years ended 31 December 2023, 2022, and the six-month periods ended 30 June 2024 and 30 June 2023.

Item	Year ended 31 December		Six-month period ended 30 June	
	Audited¹		Unaudited¹	
	2022	2023	2023	2024
Revenue ¹	46 238 761	47 789 608	24 603 948	22 645 033
Cost of sales	(39 743 477)	(40 817 600)	(21 548 001)	(19 191 779)
Gross profit	6 495 284	6 972 008	3 055 947	3 453 254
Selling expenses	(1 102 507)	(1 666 357)	(655 921)	(723 023)
Administrative expenses	(4 576 795)	(4 952 268)	(2 264 071)	(2 615 032)
Other operating expenses	(91 854)	(31 842)	(22 237)	(20 774)
Other income from interest and similar income	-	14 093	-	41 523
Interest expenses and similar expenses	(556 719)	(884 545)	(400 775)	(486 265)
Net operating expenses	(6 327 875)	(7 520 919)	(2 483 352)	(2 663 500)
Profit/Loss before tax	167 409	(548 911)	(287 057)	(350 317)
Income tax	(516)	17 937	47 604	3 664
Net profit/(loss) for the period	166 893	(530 974)	(239 453)	(346 653)
Other comprehensive loss	(149)	4 532	(19 127)	(39 526)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	166 744	(526 442)	(245 559)	(386 179)

¹ Management of the Group has decided to reclassify Commissions revenue (financing of cars, insurance) from Other operating income to Revenue to improve transparency of Financial reporting and financial ratio comparability to industry peers.

Consolidated Statement of Financial Position, EUR

The table below sets out selected information from the Group's consolidated statement of financial position for years ended 31 December 2023, 2022, and the six-month periods ended 30 June 2024 and 30 June 2023.

Item	Year ended 31 December		Six-month period ended 30 June	
	Audited		Unaudited	
	2022	2023	2023	2024
ASSETS				
NON-CURRENT ASSETS				
Intangible assets	690 960	960 060	838 611	1 058 721
Intangible assets development costs	12 474	504	7 290	1 639
Total intangible assets	703 434	960 564	845 901	1 060 360
Right-of-use assets	1 894 801	1 292 304	1 566 983	1 335 973
Property and equipment	421 279	497 312	464 803	467 300
Leasehold improvements	122 074	97 706	111 387	84 487
Construction in progress	145 610	29 406	121 254	12 012
Total tangible assets	2 583 764	1 916 728	2 264 427	1 899 772
Deferred tax assets	323 999	342 518	348 820	346 198
TOTAL NON-CURRENT ASSETS	3 611 197	3 219 810	3 459 148	3 306 330
CURRENT ASSETS				
Goods for resale and raw materials	13 064 264	12 573 927	13 873 103	12 764 512
Work in progress	111 499	85 699	111 277	146 563
Total inventories	13 175 763	12 659 626	13 984 380	12 911 075
Other assets	875 830	657 976	1 034 270	744 953
Prepayments to suppliers and similar	862 064	568 916	1 872 281	1 009 629
Trade and other receivables	161 931	208 724	348 931	375 256
Contract assets	139 848	135 573	158 363	116 537
Total receivables and other current assets	2 039 673	1 571 189	3 413 845	2 246 375
Other investments	-	1 002 666	-	-
Cash and cash equivalents	1 424 762	1 253 098	503 509	1 267 570
TOTAL CURRENT ASSETS	16 640 198	16 486 579	17 901 734	16 425 020
TOTAL ASSETS	20 251 395	19 706 389	21 360 882	19 731 350
EQUITY AND LIABILITIES				
EQUITY				
Share capital	12 969 926	13 017 058	13 017 058	13 017 058
Share premium	250 000	250 000	250 000	250 000
Share-based payment reserve	48 007	12 215	874	12 215
Foreign currency translation reserve	(149)	4 532	(19 276)	(40 403)

<i>Accumulated losses/Retained earnings</i>				
brought forward	(5 048 909)	(4 882 016)	(4 882 016)	(5 412 990)
for the period	166 893	(530 974)	(239 453)	(346 653)
TOTAL EQUITY	8 385 768	7 870 815	8 127 187	7 479 227
LIABILITIES				
Loans and borrowings	6 733 960	8 152 534	7 505 609	3 752 730
Total non- current liabilities	6 733 960	8 152 534	7 505 609	3 752 730
Loans and borrowings	3 856 638	2 430 326	3 914 154	6 936 507
Trade payables	404 840	273 983	594 077	453 156
Taxes payable	465 108	465 596	764 182	642 729
Corporate income tax	817	296	11	21
Other liabilities	106 530	83 978	187 371	190 002
Accrued liabilities	297 734	428 861	268 291	276 978
Total current liabilities	5 131 667	3 683 040	5 728 086	8 499 393
TOTAL LIABILITIES	11 865 627	11 835 574	13 233 695	12 252 123
TOTAL EQUITY AND LIABILITIES	20 251 395	19 706 389	21 360 882	19 731 350

Consolidated Statement of Cash Flows EUR

The table below sets out selected information from the Group's consolidated statement of cash flows for years ended 31 December 2023, 2022 and the six-month periods ended 30 June 2024 and 30 June 2023.

<i>Item</i>	<i>Year ended 31 December</i>		<i>Six-month period ended 30 June</i>	
	<i>Audited</i>		<i>Unaudited</i>	
	<i>2022</i>	<i>2023</i>	<i>2023</i>	<i>2024</i>
Cash flows to/from operating activities				
Profit/Loss before tax	167 409	(548 911)	(287 057)	(350 317)
<i>Adjustments for:</i>				
Amortization and depreciation	828 236	1 047 612	487 687	565 589
Interest expense	551 397	873 804	395 512	476 756
Interest income	-	(14 093)	102	(34 112)
(Gain)/Loss from disposal of property and equipment	14 522	52 586	-	196
Equity settled share-based payment transactions	10 000	11 340	-	-
Income from COVID-19 related rent concession	(2 048)	-	-	-
Cash flow from operating activities before working capital changes	1 569 515	1 422 338	596 244	658 111
(Increase)/ decrease in inventories	(4 947 201)	516 137	(808 617)	(251 449)
(Increase)/ decrease in trade and other receivables	(491 374)	464 209	(1 352 308)	(694 222)
(Decrease)/ increase in advances received and trade payables	132 029	(152 921)	569 152	462 330

(Decrease)/ increase in accrued liabilities	51 706	131 127	(29 444)	(151 883)
(Increase)/ decrease in accrued income	(101 901)	4 275	(18 515)	19 036
Cash flows used in/from operations	(3 787 226)	2 385 165	(1 043 488)	41 923
Interest received	-	-	-	-
Corporate income tax paid	533	(1 098)	(806)	(275)
Net cash flows used in operating activities	(3 786 693)	2 384 067	(1 044 294)	41 648
Cash flows to/from investing activities				
Proceeds from sale of other securities	-	-	-	1 000 000
Other securities acquired	-	(1 000 000)	-	-
Acquisition of property and equipment and other intangible assets	(744 051)	(610 198)	(320 125)	(253 234)
Proceeds of property and equipment and other intangible assets	3 700	-	-	-
Interest received	-	12 527	-	32 307
Payments for acquisition of securities	-	(1 100)	-	4 471
Net cash flows to/from investing activities	(740 351)	(1 598 771)	(320 125)	783 544
Cash flows to/from financing activities				
Repayments of borrowings	(1 000)	-	(32 082)	-
Payments for borrowings issuance costs	(212 410)	(64 481)	-	-
Repayment of liabilities for right-of-use assets	(547 741)	(695 951)	(331 548)	(357 961)
Bonds issued	-	-	1 151 185	-
Borrowing received	1 000 001	-	-	-
Bonds sold	3 320 000	2 250 000	-	-
Bonds repurchased	-	(1 685 000)	-	-
Interest paid	(444 714)	(710 451)	(325 975)	(378 208)
Cash payments for the interest portions of lease liabilities	(53 249)	(55 759)	(18 414)	(30 347)
Net cash flows to/from financing activities	3 060 887	(961 641)	443 166	(766 517)
Change in cash	(1 466 157)	(176 345)	(921 253)	58 676
Effects of currency translation on cash and cash equivalents	-	4 681	-	(44 204)
Cash at the beginning of the period	2 890 919	1 424 762	1 424 762	1 253 098
CASH AT THE END OF THE PERIOD	1 424 762	1 253 098	503 509	1 267 570

12.2 The Group's Financial Indebtedness

The Group's goal is to achieve a balanced financing structure to provide the Group with flexibility and support its growth plans.

The Group's funding structure as of 30 June 2024 (EUR'000)

<i>Funding type</i>	<i>Funding amount 000'EUR</i>	<i>Comment</i>
Share capital	13 017	Paid-in capital, consisting of A, B and C type of shares of the Issuer as further defined in Section 11.1 "Share Capital and Shares" of this Base Prospectus
Share premium	250	Paid-in capital
Losses carried forward and other	(5 788)	Losses carried forward, FX reserve and reserve for employee share options
Subordinated Debt	3 000	Notes with maximum issue size of EUR 12 000 000 (twelve million euros), maturing on 31 December 2029
Total Adjusted Equity	10 479	
Second Existing Secured Notes	4 900	To be refinanced with the Notes issued under this Base Prospectus (please refer to Section 5 "Reasons for Offer and Use of Proceeds")
First Existing Secured Notes	1 515	

12.3 Insight in the Group's Financial Standing

Since its launch in 2018, the Issuer has experienced significant growth, with total revenues nearing EUR 50 000 000 (fifty million euros) in 2023. The Group has consistently demonstrated double-digit growth through to mid-2023 while successfully maintaining its gross profitability. The slow down of growth beyond mid-2023 was mainly driven by the increase in EURIBOR rates and other macroeconomic factors, which reduced consumer confidence, and decrease in the average sales price of cars, reflecting the changed demand dynamics in the market. With a capitalization ratio consistently above 50%, the Group reflects its commitment to maintaining a robust and stable financial foundation.

During last few years there have been noteworthy improvements in main areas of business, especially in sourcing and preparation - enabling the Group to move towards increasing the sales in 2024 and beyond. In July 2024 the Group has finalized a significant deal - it has purchased industrial building complex in Panevėžys, so it can fully customize and adjust it to the needs of car diagnostics and preparation process. The new service center will enable the Group to significantly increase sourcing and consequently sales volumes. The deal is financed by a loan from Citadele Bank.

In the first half of 2024 the Issuer's management team has continued to focus on improving profitability of the Issuer and the Group. The efforts are yielding results and there has been an increase of 13% in gross profit if compared to H1 2023. Q2 2024 discreet gross profit of EUR 1.9 million is 33% larger than Q1 2024, 6% above respective period in 2023. Part of the increase in gross profit is an impressive 33% growth of commission income from sales of financing and insurance products of partners - driven by successful launch of additional warranty sales in 2023 in Lithuania, Latvia and Poland and continuous push in financing sales.

The total revenue was EUR 22.6 million in H1 2024, which is a decrease of 8% compared to the same period in 2023. The decrease in revenues is mainly driven by decrease in average sales price of a car, as the number of cars sold remained fairly stable - 2 009 versus 2 063 cars sold in H1 2023.

Main focus of the Group in the year 2024 and beyond is gaining momentum in sales and returning to growth - both in terms of cars sold and total revenue, while further improving profitability.

The Group has achieved EBITDA of EUR 0.6 million H1 2024. It is EUR 0.1 million improvement compared to H1 2023 - mainly driven by improved gross profitability, including increase in commission income from sales of lease and insurance products of partners. However, the improvement in core metrics has been slightly mitigated by lower sales revenue and increase in marketing spend to secure the return to sales growth in 2024.

As of 30 June 2024, the Group's used car inventory amounted to EUR 12.8 million, representing a slight increase from EUR 12.6 million as of 31 December 2023. A portion of the proceeds from the Notes issue will be allocated to further expanding the inventory, supporting the Group's efforts to drive revenue growth.

The Issuer continues to be committed to executing its set strategy and working hard on the core pillars of operation - procurement, sales, preparation operations and efficient inventory management.

12.4 Alternative performance measures (APM)

This Base Prospectus includes certain references to alternative performance measures (APMs) derived from the Group's Financial Information shown in the table below. This information should be viewed as supplemental to the Group's Financial Information. Investors are cautioned not to place undue reliance on this information and should note that the APMs, as calculated by the Group may differ materially from similarly titled measures reported by other companies including the Group's competitors.

The APMs presented in this Section are not defined in accordance with IFRS. An APM should not be considered in isolation from or as substitute for any analysis of financial measures defined according to IFRS. The following tables present the selected APMs of the Group for the indicated periods or as of the indicated dates:

Selected Alternative Performance Measures (APMs)

APM's	Year ended 31 December		Six-month period ended 30 June	
	Audited		Unaudited	
	2022	2023	2023	2024
Revenue growth %	49%	3%	10%	(8)%
Gross margin %	14.0%	14.6%	12.4%	15.2%
EBITDA EUR'000	1,490	1,694	566	620
EBITDA margin %	3.2%	3.5%	2.3%	2.7%
Net Financial Debt EUR'000	7 192	7 969	9 274	8 023
Net Financial Indebtedness EUR'000	4 425	5 162	6 496	5 147
Net Financial Indebtedness / EBITDA (x)	3.0	3.0	5.5	3.0
Total Liabilities / Equity (x)	1.4	1.5	1.6	1.6
Total Liabilities / Adjusted Equity (x)	0.8	0.8	0.9	0.9
Current ratio (x)	3.2	4.5	3.1	1.9
Financial Covenants				
Capitalization ratio %	56%	55%	52%	53%
Debt Service Coverage Ratio (x)	3.01	2.1	2.01	2.07
Collateral coverage ratio (x)	2.7	2.3	2.2	2.2

Total revenue

Net income from vehicle sales + income from commissions (financing of cars, insurance).

Revenue growth

The revenue growth reflects an increase in revenue compared to the previous year. Revenue consists of Income from vehicle sales where main drivers for the growth are- number of cars sold and average price of one car compared to the previous period, and commission income - where growth drivers are count and value of financing and insurance contracts provided to customers compared to previous period.

Gross margin

Gross margin is a financial metric that measures a company's profitability by calculating the difference between revenue and the cost of goods sold (COGS), expressed as a percentage of revenue. It represents the portion of revenue that exceeds the direct costs associated with producing goods or delivering services.

The Group carefully tracks its gross margin on a regular basis, recognizing its critical role in evaluating key business processes such as vehicle sourcing, preparation costs and pricing strategies. By analysing this metric, the Group can optimize vehicle acquisition, control preparation costs, and fine-tune pricing models to maintain profitability and competitiveness in the used car retail market.

EBITDA and EBITDA margin

EBITDA is calculated as described in the Glossary of this Base Prospectus.

EBITDA margin is expressed as EBITDA as a percentage of revenue.

Net Financial Debt

Net Financial Debt is calculated as all Group's short term and long-term debt, net of Cash and Cash Equivalents of the Group, including subordinated bonds, excluding current and non-current lease liabilities calculated according to IFRS 16. For further information regarding definitions please see the Glossary of this Base Prospectus.

Net Financial Indebtedness

Net Financial Indebtedness is calculated as the Group's Financial Indebtedness net of Cash and Cash Equivalents. This metric excludes Subordinated Debt and current and non-current lease liabilities calculated according to IFRS 16.

Net Financial Indebtedness to EBITDA

Net Financial Indebtedness to EBITDA ratio is calculated as Net Financial Indebtedness of the Group divided by EBITDA, as described in APM Section and Glossary of this Base Prospectus, respectively.

Total Liabilities to Equity

The Total Liabilities to Equity ratio is calculated as the total liabilities of the Group divided by Equity, as classified in the balance sheet.

Total Liabilities to Adjusted Equity

The Total Liabilities to Adjusted Equity ratio is calculated as the total liabilities of the Group divided by Adjusted Equity, as classified in the balance sheet and described in Glossary of this Base Prospectus, respectively.

Current ratio

Current ratio is calculated dividing the Group's current assets with current liabilities.

Capitalization ratio

As described in the Glossary of this Base Prospectus, Capitalization ratio is calculated as the Adjusted Equity to consolidated assets of the Group, according to the most recent Financial Report.

Debt Service Coverage Ratio

As described in the Glossary of this Base Prospectus, Debt Service Coverage ratio is calculated as EBITDA divided by Debt Service Charges over the Relevant Period.

Collateral coverage ratio

As described in the Glossary of this Base Prospectus, Collateral coverage ratio is calculated as the ratio of Collateral Value plus Adjusted Cash divided by Secured Financial Indebtedness, calculated at the end of each calendar quarter.

13 GENERAL TERMS AND CONDITIONS OF THE NOTES

This Section (the "**General Terms and Conditions**") provides an overview of general terms and conditions of the Notes, which together with the applicable Final Terms, constitute the terms and conditions of each Tranche. The General Terms and Conditions included in this Section shall apply to each Tranche. Specific terms and conditions specified in the applicable Final Terms may be different in respect of each individual Tranche. To identify each Tranche, the Final Terms shall stipulate a serial number of the respective Tranche.

The Shareholders' Meeting held on 4 November 2024 authorised the issuance, public offering and listing of the Notes, and authorised the Management Board to approve the General Terms and Conditions, the Base Prospectus, the Final Terms and any of the documents thereto, as well as any amendments and supplements thereof.

Each Final Terms issued in respect of each issue of Notes shall be approved by a separate resolution of the Management Board.

13.1 Type and class of the Notes

The Notes are freely transferable secured notes denominated in euro with the nominal value of EUR 100. The Notes represent secured debt obligation of the Issuer towards the Noteholder.

13.2 Currency and Nominal Value

The Notes will be issued in euro (EUR). The nominal value (face value) of each Note shall be specified in the Final Terms, but it shall amount to at least EUR 100 (one hundred euros).

13.3 Form and Registration

The Notes are dematerialized debt securities in a bearer form and registered with Nasdaq CSD in a book-entry form with the securities settlement system governed by Latvian law. Each Tranche will be assigned a separate ISIN (International Security Identification Number) code, which will be different from the ISIN code of other Tranches. Investors may hold the Notes through Nasdaq CSD participants participating in the Latvian SSS. Before commencement of the Offering of the Tranche, Nasdaq CSD, upon request of the Issuer, will assign to the respective Tranche an ISIN code. The ISIN code of the respective Tranche will be specified in the Final Terms.

13.4 Status of the Notes

Only after registration of the Collateral takes place, the Notes will be first-rank senior secured obligations of the Issuer, which rank above any other secured obligations of the Issuer at the date of this Base Prospectus. The Collateral shall be established in accordance with the terms and conditions of the relevant Collateral Agreement to be concluded between the Collateral Agent as the pledgee and the relevant Collateral Provider as the pledgor. The Collateral shall be established (registered) in the Commercial Pledge Register and Register of Contracts and Liens for enterprise mortgage and in the Register of Real Estate for the real estate mortgage within 90 (ninety) days after the Issue Date of first Tranche under the respective Final Terms.

However, within the scope of Permitted Security, the Issuer is allowed to use the Collateral to secure the obligations under other financing agreements of the Issuer during the validity of this Base Prospectus. In such case, and if allowed under the applicable law, the Notes would then rank *pari passu* with other such senior secured obligations of the Issuer created according to Permitted Security. Where under the applicable law *pari passu* with other such senior secured obligations is not possible, the Notes will rank senior than other such senior secured obligations of the Issuer created according to Permitted Security. If the Notes rank *pari passu* with other such senior secured obligations, then in case of the insolvency of the Collateral Provider, the Noteholders will be entitled to recover their investment on the same terms as other senior secured creditors (if any such senior secured creditor arrangements occur within the scope of Permitted Security) in the respective claims' group according to the relevant applicable laws. Save for mandatory provisions of law, there are no contracts or other transaction documents that would subordinate the claims of the Noteholders to other secured liabilities of the Group.

On the Issue Date, in addition to Existing Secured Notes, the Issuer has Subordinated Notes held by the Issuer's shareholders with maximum Issue amount of EUR 12 000 000 (twelve million euros), an outstanding amount of EUR 3 000 000 (three million euros) with ISIN LV0000802544 and maturity date on 31 December 2029. The Issuer may also increase Subordinated Notes amount in the future subject to the obligations of the Issuer under this Base Prospectus.

13.5 Ratings

The Notes have not been rated by any credit rating agencies.

13.6 Applicable Law and Dispute Resolution

Each Issue of the Notes shall be governed by the laws of Latvia.

Any disputes relating to or arising from the Issue will be settled solely by the courts of the Republic of Latvia of competent jurisdiction. Claims arising from the Notes shall expire in accordance with the statutory terms of Latvian law.

13.7 Delivery and Transferability

The Issuer organises the registration of the Notes in the Nasdaq CSD and their deletion from Nasdaq CSD upon their redemption. Only persons who have securities accounts (whether directly or via a nominee structure) with Nasdaq CSD can subscribe for or purchase the Notes.

There are no restrictions on the transfer of the Notes as they are described in the applicable Latvian law. However, any Noteholder wishing to transfer the Notes must ensure that any offering related to such transfer would not be qualified as an offering requiring the publication of a prospectus in the meaning of the applicable law. Ensuring that any offering of the Notes does not require publication of a prospectus under the applicable law is the obligation and liability of the Noteholder.

The Notes can be transferred from one securities account to another by the registrar of Nasdaq CSD by way of debiting the first securities account and crediting the other securities account in the amount of the corresponding number of securities. Ownership of a Note is deemed to have changed in respect of the Issuer as from the moment a relevant entry is made in Nasdaq CSD, i.e., when a Note is transferred to the securities account of the respective Noteholder.

13.8 Collateral of the Notes

Each Tranche of the Notes will be secured as follows:

- 1) in Latvia the Collateral Provider will provide a first rank commercial pledge over all assets of the Collateral Provider (SIA "Longo Latvia") as an aggregation of property at the moment of pledging, as well as its future components as a first rank pledge; and in Lithuania the Collateral Provider will provide a first rank enterprise mortgage over all assets of the Collateral Provider (Longo LT UAB) as a first rank mortgage (both together the "**Commercial Pledge**"); and
- 2) in Lithuania the Mortgage Provider will provide first rank mortgage over the Real Estate owned by the Mortgage Provider (the "**Mortgage**") (the Commercial Pledge and Mortgage together the "**Collateral**").

The amount of secured claim of the Collateral (consisting of Commercial Pledge and Mortgage) will be up to EUR 24 800 000 (twenty four million eight hundred thousand euros) on each of the Collateral Providers and Mortgage Provider for the benefit of the Noteholders.

The amount of secured claim of the Collateral comprises the principal amount of EUR 20 000 000 (twenty million euros) plus EUR 4 800 000 (four million eight hundred thousand euros) as auxiliary claims, which correspond to EUR 2 000 000 (two million euros) as annual interest, EUR 1 000 000 (one million euros) as provisional Collateral realisation costs and EUR 1 800 000 (one million eight hundred thousand euros) as default interest. The respective amounts are provisionally estimated at the date of this Base Prospectus and do not include any other costs and expenses which may arise under this Base Prospectus. This calculation is for illustration purposes only, and does not imply that other costs are not secured (which they are), but the stated amounts represent a simple provisional estimate.

The Collateral shall be established in accordance with the terms and conditions of the relevant Collateral Agreement to be concluded between the Collateral Agent as the pledgee and the relevant Collateral Provider as the pledgor. The Collateral shall be established (registered) in the Commercial Pledge Register and Register of Contracts and Liens for enterprise mortgage and in the Register of Real Estate for the real estate mortgage within 90 (ninety) days after the Issue Date of first Tranche under the respective Final Terms.

Collateral Agent will hold the Collaterals for the benefit of the Noteholders and the Collateral Agent as far as it relates to the fees and costs of the Collateral Agent, and the Collateral Agent is authorised to act with the Collaterals in favour of all the Noteholders, and the Collateral Agent as far as it relates to the fees and costs of the Collateral Agent, in accordance with the Base Prospectus, Final Terms, Collateral Agreements, the Collateral Agent Agreement and its amendments. According to Financial Instrument Market Law, the purpose of appointing a Collateral Agent is to facilitate the satisfaction of claims arising from the Notes towards the Noteholders. By exercising the rights and obligations of the Collateral Agent provided in this Base Prospectus, Final Terms, Collateral Agreements, the Collateral Agent Agreement and its amendments, the Collateral Agent acts in its own name, but in the interests of the Noteholders.

Noteholders have no rights to act with the Collateral directly, yet at the same time there are no restrictions set for Noteholders' right to use any right that the law or the Base Prospectus or Final Terms provide and create and/or authorise an organisation/person that represents and acts on behalf of all Noteholders or

part thereof. In case of the insolvency of the Issuer or the Collateral Provider or the Mortgage Provider, every Noteholder has the right to represent their own interests in creditors' meetings. The Noteholders will have equal rights for satisfaction of their claims with other creditors ranking in the same claims' group. The Collateral Provider and Mortgage Provider shall be responsible for all the costs related to the notary approval and registration in the relevant public register and any amendments, assignment or novations thereto, as well as any related enforcement costs as specified herein.

At the date of this Base Prospectus, the Commercial Pledge is pledged for the benefit of the Existing Noteholders under the Existing Secured Notes, whereas the Mortgage over Real Estate is pledged for the benefit of Citadele Bank under the Citadele Bank Loan. Within 45 (forty five) days after the Issue Date under the Final Terms of the first Tranche, the Collaterals will be released and within 90 (ninety) days after the Issue Date under the Final Terms of the first Tranche pledged for the benefit of the Noteholders, and the Collateral Agent as far as it relates to the fees and costs of the Collateral Agent, under this Base Prospectus.

13.9 Release of Mortgage

The Issuer may arrange for the Mortgage Provider to release the Real Estate on which a Mortgage has been registered for the benefit of the Noteholders, and the Collateral Agent as far as it relates to the fees and costs of the Collateral Agent, provided that after such release the Issuer will be compliant with the Collateral Coverage Ratio, as defined under Clause 13.23.1 (a).

The Collateral Agent is required to consent to the release of the Mortgage on the Real Estate and to duly execute all required and necessary documents to effect the release on behalf of the Noteholders (and provided that the Issuer or the respective Collateral Provider shall first compensate the Collateral Agent for all Collateral Agent's fees and costs in relation to such release), if the Issuer confirms in writing to the Collateral Agent that after the release of the Mortgage, the Issuer will remain compliant with the Collateral Coverage Ratio, as defined under Clause 13.23.1 (a). The Collateral Agent is not responsible for monitoring, supervising, or otherwise verifying the Issuer's compliance with the Collateral Coverage Ratio at any time during the term of the Issuer's obligations hereunder.

13.10 Permitted Security

The Notes issued under this Base Prospectus upon issuance shall be with a first rank.

While the Notes remain outstanding, the Issuer may pledge and may request that the Collateral Providers pledge (i) the same Collateral currently pledged for the benefit of the Noteholders; and (ii) the collateral of other Subsidiaries that are not Collateral Providers at the date of this Prospectus, to secure the obligations:

- 1) under other secured debt instrument issuances except for that specified in this Base Prospectus;
- 2) under Refinancing agreements entered into by the Issuer with financial institutions;
- 3) under other financing agreements entered into by the Issuer with financial institutions;

only provided that as a result of such additional pledge registration, the Issuer remains compliant with the Collateral Coverage Ratio, as defined under Clause 13.23.1 (a) with the exception set forth in Clause 13.23.4 ("**Permitted Security**"). In such case, the Notes become *pari passu* with other obligations of the Issuer created under Permitted Security, if under the applicable law *pari passu* with other such senior secured obligations is not possible, the Note will rank senior than other such senior secured obligations of the Issuer created according to Permitted Security.

Notwithstanding the above preconditions for Permitted Security, the Issuer and Collateral Providers are free to register second rank securities at their sole discretion (such as commercial pledges, enterprise mortgages, mortgages) and such securities are also considered Permitted Securities.

Ranking and Distributions

If the Permitted Security is registered on a *pari passu* basis with the Collateral securing the Notes, then, upon enforcement, any distributions, including but not limited to those arising from insurance proceeds, shall be made to the creditors (via the Collateral Agent), including the Noteholders and the Collateral Agent, on a *pro-rata* basis, proportionate to their respective secured amounts, as measured in EUR. In the event that the Permitted Security is registered with a subordinate ranking, and the Notes maintain seniority, any proceeds derived from the enforcement of the respective Collateral shall first be applied to satisfy the claims of the Noteholders and secured claims of the Collateral Agent in full. Only after the complete satisfaction of the Noteholders' claims and secured claims of the Collateral Agent shall any remaining proceeds be distributed to other secured creditors holding lower-ranking security interests. Any ranking and distribution not expressly provided for in this Clause shall require the prior written approval of the Majority Noteholders.

Intercreditor Agreement

Upon the Issuer's request, the Collateral Agent, acting solely as an administrative agent of the Noteholders and without exercising discretion or independent judgment, shall execute an intercreditor agreement in connection with the registration of any Permitted Security. The intercreditor agreement shall be prepared and provided by the Issuer or its legal counsel and must include, at a minimum, the following provisions:

- 1) clear and explicit provisions governing the ranking of claims among all secured creditors, leaving no ambiguity or discretion of the Collateral Agent in determining such priorities, namely, that the any such other claims of other secured creditors are at least *pari passu* or lower to the claims of Noteholders under the Notes;
- 2) provisions detailing the manner in which payment and proceeds from the Collateral shall be allocated and distributed among the secured creditors, ensuring the Collateral Agent is not responsible for interpreting or determining the order of payments;
- 3) comprehensive terms regarding the collateral, security interests, and the rights of secured creditors, ensuring the Collateral Agent is not required to monitor, review, or validate the sufficiency, enforceability, or legality of any security interests;
- 4) explicit consent and procedures for the registration of new collateral for the benefit of any financial institution or noteholders under other secured debt instrument issuance under the Permitted Security, ensuring that the Collateral Agent is not responsible for evaluating or approving such registrations.

The Intercreditor Agreement and any other transaction documents shall be governed by Latvian law. The Collateral Agent shall also duly execute any other documentation reasonably necessary to effectuate pledges under Permitted Security, provided that the Issuer submits a written confirmation, supported by the corresponding calculations, evidencing that the Issuer will remain compliant with the Collateral Coverage Ratio, following the registration of Permitted Security and provided that the Issuer or the respective Collateral Provider shall first compensate the Collateral Agent for all Collateral Agent's fees and costs in relation to such release. The Collateral Agent is not responsible for monitoring, supervising, or otherwise verifying the Issuer's compliance with the Collateral Coverage Ratio at any time during the term of the Issuer's obligations hereunder.

For avoidance of doubt, the Collateral Agent is not entitled to verify, audit or inspect the calculations provided by the Issuer (if any) and the Collateral Agent will rely solely on the calculations made by the Issuer and the Issuer's confirmation that the Issuer will remain compliant with the Collateral Coverage Ratio, as defined under Clause 13.23.1 (a) with the exception set forth in Clause 13.23.4. However, the Issuer's calculations must clearly include the Issuer's statement that the Issuer will be able to maintain the Collateral Coverage Ratio after registration of Permitted Security, but the Collateral Agent will not verify the correctness and completeness of this statement.

The Collateral Agent shall not be required to act under this Clause unless all of the above conditions have been satisfied, and under no circumstances shall the Collateral Agent bear any responsibility for determining compliance with the terms of the intercreditor agreement, assessing the impact of the Permitted Security on the Collateral, or resolving disputes among creditors.

Following the registration of Permitted Security in the relevant pledge registries, the Issuer shall be required to disclose such information on the Nasdaq Riga information portal and on its own website (<https://www.longo.group>).

13.11 Additional Collateral of the Notes

The Issuer shall: (a) procure that any Subsidiary of the Issuer which is not a Collateral Provider as of the Issue Date shall enter into transaction security documents with the Collateral Agent substantially equivalent to the existing Collateral Agreement (an "**Additional Collateral Provider**") and provided that the terms of such new security document are reasonable, and the Collateral Agent shall have no obligation to execute or enter into any documents unless such terms are reasonable; and (b) shall grant, or procure the grant of, a pledge over assets of such Additional Collateral Provider to the Collateral Agent if the Issuer independently has determined that the existing Collateral might no longer be sufficient to cover the requirements of the Collateral Coverage Ratio as under the Clause 13.23.1 (a) for the subsequent quarter. Such Additional Collateral Provider shall thereafter become a "Collateral Provider" for the purposes of this Base Prospectus and such new transaction security documents shall become "Collateral Agreement" for the purposes of this Base Prospectus.

The Issuer shall compensate the Collateral Agent in advance for all fees, costs, and expenses related to the execution, review, and administration of any transaction security documents or pledges associated with the Additional Collateral Provider. The Collateral Agent shall have no obligation to act or execute any documentation until it has received full compensation for such fees, costs, and expenses.

Notwithstanding the foregoing, the Issuer shall not be obligated to ensure that a Subsidiary grants the Collateral to the extent such new Additional Collateral would reasonably be expected to give rise to or result in a violation of applicable law which, in any case, cannot be prevented or otherwise avoided through measures reasonably available to the Issuer or the Subsidiary or any liability for the officers, directors or shareholders of a new subsidiary.

13.12 Parallel Debt

- 13.12.1 Notwithstanding any other provision of the General Terms and Conditions, for the purpose of ensuring and preserving the enforceability of the Collateral, the Issuer irrevocably and unconditionally undertakes to pay to the Collateral Agent, as creditor in its own right and not as representative of the Noteholders and as a solidary creditor together with the Noteholders for the purposes of Latvian applicable laws, sums equal to and in the currency of each amount payable by the Issuer to each of the Noteholders (whether present or future and whether actual or contingent) in accordance with these General Terms and Conditions and the Final Terms for each Tranche as and in case the amount falls due for payment under these General Terms and Conditions and the Final Terms for each Tranche.
- 13.12.2 The Collateral Agent shall be entitled to act as a joint creditor (jointly with the Noteholders) of each and every Note (whether present or future and whether actual or contingent) of the Issuer to the Noteholders or any of them and, accordingly, the Collateral Agent shall have its own independent right to demand performance by the Issuer of any of those obligations (in any case in accordance to the procedure stated in these General Terms and Conditions, the Collateral Agreement or the Collateral Agent Agreement).
- 13.12.3 For the avoidance of doubt, the aggregate amount due by the Issuer under the Parallel Debt will be decreased to the extent the Issuer has paid any amounts to the Noteholders under these General Terms and Conditions and the Final Terms for each Tranche.
- 13.12.4 For the avoidance of doubt, to the extent the Issuer has paid any amounts to the Collateral Agent under the Parallel Debt the aggregate amount due by the Issuer to the Noteholders under these General Terms and Conditions and the Final Terms for each Tranche will be decreased accordingly.
- 13.12.5 To the extent the Collateral Agent receives any amount in payment of the Parallel Debt following its respective specific written claim made to the Issuer, the Collateral Agent shall transfer such amount to the Noteholders in accordance with Clause 13.17.1 of these General Terms and Conditions and other sections (if any).
- 13.12.6 For the avoidance of doubt, the Parallel Debt shall become due and payable at the same time and to the same extent as the obligations of the Issuer to the Noteholders under these General Terms and Conditions and the Final Terms for each Tranche have become due and payable.

13.13 Noteholders and the Collateral Agent

- 13.13.1 By submitting a subscription order or acquiring the Notes on the secondary market, each Noteholder:
- (a) appoints the Collateral Agent to act solely as its agent for the limited purposes of performing the obligations and exercising the rights specifically set forth in this Base Prospectus, the Collateral Agreement and the Collateral Agent Agreement and authorises the Collateral Agent to exercise only the rights, powers, authorities and discretions expressly and unambiguously given to the Collateral Agent under or in connection with this Base Prospectus, the Collateral Agreement, and the Collateral Agent Agreement. The Collateral Agent shall have no duty and no right to investigate, monitor, or assess the assets pledged under the Collateral, nor any obligation or right to take any discretionary or fiduciary action except as expressly required by the terms of the applicable agreements. The Collateral Agent's duties and rights shall be strictly administrative, and it shall not bear any responsibility for evaluating, interpreting, or enforcing any provisions of the Collateral Agreement or related documents that are not clearly defined. The above does not limit in any many manner the Collateral enforcement by the Collateral Agent under the Collateral Agreement or applicable laws;
 - (b) acknowledges the Issuer has concluded the Collateral Agent Agreement with the Collateral Agent;
 - (c) confirms the fact that the Collateral securing, inter alia, the Issuer's obligations towards the Collateral Agent does not constitute any conflict of interests between the Collateral Agent and the Noteholder (for the avoidance of doubt, the Collateral Agent has the right to withhold the proceeds necessary for satisfying the fees, costs, expenses, damages

and claims of the Collateral Agent in accordance with Clause 13.17.2 and other relevant provisions of this Base Prospectus or to withhold performance of any Collateral Agent's actions, including the enforcement or realization of the Collateral, until the Collateral Agent's fees and costs are fully paid or compensated). Each Noteholder acknowledges the fact that the Collateral securing, inter alia, the Issuer's obligations towards the Collateral Agent does not impede or prevent the Collateral Agent from fulfilling its obligations and exercising its rights in accordance with this Base Prospectus and the Collateral Agent Agreement, subject to the Collateral Agent's right to receive full compensation for its services and expenses;

- (d) agrees that in performing its obligations and exercising its rights in connection with the Collateral, the Collateral Agent shall be entitled to act at its sole discretion, taking into account the collective and general interests of the Noteholders as a whole, rather than the interests of any individual Noteholder), unless specifically instructed otherwise by the Noteholders in accordance with Clause 13.15.6 of this Base Prospectus and without prejudice to Clause 13.15.15 of these General Terms and Conditions;
- (e) agrees that the Collateral Agent shall have the right to advise the Issuer or any other third person and to provide any services to the Issuer or any other third person in any matters and in any fields of activity which do not directly relate to the performance of obligations of the Collateral Agent set forth in this Base Prospectus, and the Noteholder does not consider this to cause any potential or actual conflict of interests, as well as expressly waive any claim or concern in this regard;
- (f) each private individual or legal entity as well as their authorized representatives upon the request of the Collateral Agent, are obliged to disclose to the Collateral Agent all information and documents on these private individuals or the legal entities and as well as their authorized representatives and the Collateral Agent is entitled to receive this information and documents for the purposes of performance of duties of the Collateral Agent. This information and documents also include those documents and information that are necessary to the Collateral Agent in order to fulfil the Collateral Agents obligations regarding AML and sanctions compliance (e.g., information and documents on the ultimate beneficial owner).

13.14 Scope of Obligations of the Collateral Agent

- 13.14.1 The functions and obligations of the Collateral Agent are limited to those expressly specified in the Collateral Agent Agreement, the Collateral Agreements and this Base Prospectus and, notwithstanding any other provisions of this Base Prospectus, such functions are limited to the exercise of those rights which belong to the Collateral Agent in its capacity as the holder of the Collateral (pledgee). The Collateral Agent is required to perform its obligations in relation to the Collateral only if the Collateral Provider establishes the Collateral in the interests of the Noteholders and the Collateral Agent as far as it relates to the fees and costs of the Collateral Agent and under the name of the Collateral Agent (as the holder of the Collateral (pledgee)) in accordance with this Base Prospectus to secure the Notes.
- 13.14.2 The Collateral Agent does not have any obligation or right (without limiting in any way manner the Collateral enforcement by the Collateral Agent under the Collateral Agreement or applicable laws):
 - (a) to take any action (including, without limitation, to commence legal proceedings, compulsory enforcement proceedings, bankruptcy proceedings or any other proceedings) with the purpose to satisfy any claims arising under these General Terms and Conditions in connection with any assets of the Issuer, except for enforcing the Collateral in accordance with these General Terms and Conditions and the Collateral Agreements upon the Collateral becoming enforceable and receiving the relevant instructions from the Majority Noteholders;
 - (b) to ensure the existence, enforceability or validity of the Collateral or to preserve the Collateral or its value or to assess any rights arising from or relating to the Collateral (except for the validity of the Collateral after its establishment to the extent within the control or sphere of influence of the Collateral Agent and to the extent within the scope of its obligations under these General Terms and Conditions; for the sake of clarity, the Collateral Agent shall have no duty or right to investigate, monitor, or assess the assets pledged under the Collateral);
 - (c) to inform the Noteholders or the Issuer about any circumstances relating to the Collateral except to the extent such obligation to provide information is explicitly set forth in these General Terms and Conditions; and

- (d) to provide any advice to the Noteholders in legal, accounting, tax or other matters for free; and
 - (e) to monitor whether the Issuer complies with any provisions of these General Terms and Conditions of the Notes or any ratios, including Collateral Coverage Ratio, as well as correctness and completeness of any statements that the Issuer submits to the Collateral Agent, including, need to establish of Additional Collateral of the Notes, as per Clause 13.11 of these General Terms and Conditions to cover the requirements of the Collateral Coverage Ratio.
- 13.14.3 The Noteholders shall not have any independent power to enforce the Collateral or to exercise any rights or powers arising under the Collateral Agreement. Noteholders may exercise their rights in relation to the Collateral only through the Collateral Agent pursuant to these General Terms and Conditions.
- 13.14.4 Upon the performance of its obligations and exercising its rights, the Collateral Agent shall act at its sole discretion, but on the account of the Noteholders, taking into account the collective and general interests of the Noteholders as a whole, rather than the interests of any individual Noteholder, without having any independent interests of its own except payment or compensation of its fees and costs as per the Collateral Agent Agreement and as per the Collateral Agreements (for the avoidance of doubt, the Collateral Agent has the right to withhold the proceeds necessary for satisfying the fees, costs, expenses, damages and claims of the Collateral Agent in accordance with Clause 13.14.11 of these General Terms and Conditions or to withhold performance of any Collateral Agent's actions, including the enforcement or realization of the Collateral, until the Collateral Agent's fees and costs are fully paid or compensated) and without any obligation to consider any interests of the Issuer and without any right of the Issuer to give any instructions to the Collateral Agent. In particular, in accordance with these General Terms and Conditions, the Collateral Agent shall be entitled to decide at its sole discretion as to what would be in the best interests of the Noteholders upon failure to obtain instructions from the Majority Noteholders. However, the Collateral Agent shall not start the enforcement of the Collateral without instructions provided by the Majority Noteholders as described in Clause of these General Terms and Conditions of the Notes.
- 13.14.5 Upon receiving notification from the Issuer pursuant to Clause 13.24.12 or Majority Noteholders Instruction pursuant to Clause 13.15.6., the Collateral Agent, acting under the authority granted through the power of attorney issued by the Collateral Provider SIA "Longo Latvia," shall include all vehicles owned by the Collateral Provider SIA "Longo Latvia" that are registered with CSDD in the pledge amendment application and submit this amendment registration application of the pledge to the Commercial Pledge Register of Latvia so that the amendments to commercial pledge of SIA "Longo Latvia" assets is amended and the list of the vehicles registered within the CSDD is included in the asset pledge. After each 14 (fourteen) calendar days the Issuer submits to the Collateral Agent updated list with new vehicles registered within the CSDD and the Collateral Agent amends the pledge and includes new vehicles in the asset pledge. The Collateral Agent amends the pledge and releases the pledge over practical vehicle upon the Collateral Provider's request to the Collateral Agent to release the pledge over particular vehicle and with the Collateral Provider's confirmation in writing that the sale of the vehicle was within ordinary course of business, of fair market value and on standard market terms. The Collateral Agent shall only proceed with registration of the respective vehicles or release of the pledge as the Collateral as stipulated in this clause, only after the Collateral Agent has received the necessary payment from the Issuer, any other Group entity or third party, for effecting the relevant changes within the Commercial Pledge Register of Latvia, without delay.
- 13.14.6 The Collateral Agent is not a party to the legal relationship between the Issuer and the Noteholders and is under no circumstances liable for the performance of the obligations of the Issuer or impossibility to enforce the Collateral in accordance with these General Terms and Conditions and any Final Terms and the Collateral Agreements or any restrictions or delays thereof.
- 13.14.7 Upon the performance of its obligations and exercising of its rights hereunder the Collateral Agent shall have the right at its sole discretion to use the services of third parties and to appoint third-party representatives (including, during the performance of its tasks and acts as stipulated in these General Terms and Conditions, the Final Terms, the Collateral Agent Agreement and the Collateral Agreement). In case of use of the services of third parties and/or appointment of third-party representatives, the Collateral Agent shall evaluate and appoint only reputable third parties having professional expertise for the fulfilment of the tasks and acts as stipulated in these General Terms and Conditions, any Final Terms, the Collateral Agent

Agreement and the Collateral Agreement. In case of use of the services of third parties and/or appointment of third-party representatives, the Collateral Agent shall also ensure: (i) no conflict of interest exists in respect to the Issuer; (ii) the fees, costs and expenses of such 13.15.6 third party services are in the Collateral Agent's opinion at a reasonable market price; (iii) the fees, costs and expenses for using the services of third parties and/or appointment of third-party representatives would not exceed costs, fees and expenses of the Collateral Agent if the latter would perform its obligations under these General Terms and Conditions, the Final Terms, the Collateral Agreements and the Collateral Agent Agreement on its own; and (iv) involvement of third parties and/or appointment of third-party representatives does not entirely replace the Collateral Agent for performing its collateral agent's services (or the substantial part thereof) under these General Terms and Conditions, the Final Terms, the Collateral Agreement and the Collateral Agent Agreement and not of the appointed third-party. In case the use of services of third parties or appointment of third-party representatives is required for the fulfilment of obligations arising from these General Terms and Conditions, the Final Terms, using the Collateral Agreement or the Collateral Agent Agreement, Clause 13.14.11 of these General Terms and Conditions is applicable. The Collateral Agent shall not be responsible for the losses and damage caused by the acts and omissions by third parties.

- 13.14.8 At the request of the Collateral Agent, the Noteholder shall provide the Collateral Agent with any information required for the purposes of identification of the Noteholder and/or for the performance of other obligations arising from applicable laws and regulations. The Collateral Agent may refuse the payment to the Noteholder until respective information is submitted to the Collateral Agent.
- 13.14.9 At the request of the Collateral Agent, the Issuer shall provide the Collateral Agent with an updated list of Noteholders specifying the outstanding Nominal Value of the Notes each of them is holding, the respective Tranche of Notes and their latest known email addresses if such information is available. Furthermore, the Issuer agrees to and authorizes the Collateral Agent to directly request from Nasdaq CSD any information and documents concerning the Noteholders, private individuals, legal entities, and their authorized representatives for the purpose of fulfilling the duties of the Collateral Agent in accordance with these General Terms, Final Terms, the Collateral Agreement and the Collateral Agent Agreement.
- 13.14.10 The Collateral Agent is not liable for any circumstances relating to or affecting the validity, enforceability, or perfection of the Collateral, to the extent that such matters are outside the direct control of the Collateral Agent. This includes, but is not limited to, any deficiencies in the creation, registration, or maintenance of the Collateral, or any external factors such as changes in law, regulatory actions, or third-party actions or omissions that may impair the Collateral's validity or enforceability. The Collateral Agent shall bear no responsibility for monitoring, verifying, or ensuring the sufficiency or legality of the Collateral, except as expressly required by the terms of this Base Prospectus or the Collateral Agent Agreement.
- 13.14.11 The Collateral Agent shall have the right to receive fees and advance payments of the Collateral Agent's fees or payment of particular costs from the Issuer and to be compensated by the Issuer for the costs relating to the performance of its obligations under this Base Prospectus, the Collateral Agent Agreement and the Collateral Agreements in accordance with the Collateral Agent Agreement and shall have the right to withhold or stop the performance of its duties and obligations in case of delay of payment of the relevant fees and costs. As regards the costs, the Issuer shall compensate or pay to the Collateral Agent also all payments made or necessary to be made by the Collateral Agent to third parties for the purposes of establishment, amendment, termination, assignment, novation and enforcement of the Collateral in accordance with these General Terms and Conditions, the Collateral Agent Agreement and the Collateral Agreement (including, without limitation, state fees and taxes, other fees and payments established by laws and regulations, costs and expenses incurred by the Collateral Agent), as well as all damages incurred by the Collateral Agent in relation to the same. This provision prevails over any provision in these General Terms and Conditions. Notices and documents to the Collateral Agent shall be valid only if made and forwarded in writing either by post or e-mail by using the contact details set forth in these General Terms and Conditions. All notices of the Noteholder to the Collateral Agent shall be sent in writing (letter and email) to the Collateral Agent and copied to the Issuer and the Arranger. If the Collateral Agent has doubts that a notice from a Noteholder has not been sent to the Issuer, then the Collateral Agent shall immediately forward such notice to the Issuer.
- 13.14.12 The Collateral Agent has the right unilaterally to terminate the Collateral Agent Agreement in case: (a) the Collateral described in Clause 13.8 of these General Terms and Conditions has not been established within the relevant term stipulated in Clause 13.15.1 of these General Terms and Conditions; and/or (b) the Collateral Agent withdraws from performance of the

tasks set out in these General Terms and Conditions on the grounds set out in Clause 13.16.1 or 13.16.3 of these General Terms and Conditions. Fees and payments already paid to the Collateral Agent shall not be refunded in the event of termination of the Collateral Agent Agreement.

- 13.14.13 Notwithstanding any other provision of the General Terms and Conditions, Base Prospectus, Collateral Agent Agreement and any other agreement/document, the Issuer, provided that the Collateral Agent has not already initiated enforcement of the Collateral, has the right to terminate the Collateral Agent Agreement in case the Issuer decides not to proceed with the Notes issue and/or if in Issuer's opinion the Collateral Agent allows gross negligence/malicious intent in exercising their rights, abuses in any way its discretionary powers, the foundation of trust between the Issuer and the Collateral Agent has been damaged or compromised or the Collateral Agent does not act honestly. In such case the Issuer must send a notice on termination per email to the Collateral Agent at least one business day prior to the intended termination date. The Collateral Agent Agreement is then terminated on the termination date regardless of whether the Collateral Agent agrees to the underlying circumstances/legal basis of the termination and is not entitled to challenge the termination. From the time of submission of such notice the Collateral Agent shall have no further obligation to perform any duties or obligations under these General Terms and Conditions, the relevant Collateral Agreement, the Collateral Agent Agreement or any other agreement, except for actions explicitly required by Applicable Laws to effect the release (discharge) of the Collateral, as well as the power of attorney issued to the Collateral Agent by SIA "Longo Latvia" automatically terminates. The Issuer must appoint a new Collateral Agent immediately but no later than within 30 (thirty) calendar days as of sending termination notice to the Collateral Agent by choosing a reputable services provider for collateral agent functions with prior experience in capital markets transactions. The Issuer secures that the new collateral agent is, to the extent possible under applicable law, registered as the second rank Collateral holder. After a new collateral agent is appointed and to the extent possible under applicable law registered as the second rank Collateral holder, but in any case no later than within 60 (sixty) days as of sending termination notice to the Collateral Agent, the retiring Collateral Agent must release (deregister) the Collateral and is entitled to request the Issuer to cover in advance the costs related to Collateral release as well as outstanding invoices not objected to by the Issuer within 14 business days as of receipt. For avoidance of doubt, provisions of this clause have priority over all other provisions, including those that claim priority.

13.15 Establishment, Release and Enforcement of the Collateral

- 13.15.1 For the purpose of constituting security for the due and timely payment, discharge and performance of the Notes, the Collateral shall be established in the interests of Noteholders and the Collateral Agent as far as it relates to the fees and costs of the Collateral Agent and under the name of the Collateral Agent (as the holder of the Collateral (pledgee)) under the Collateral Agreement which, in legal terms, serves as security for the Notes of the Issuer and the Collateral Agent Agreement towards the Collateral Agent. The Issuer shall ensure the Collateral Providers will conclude the relevant Collateral Agreements to secure the Notes with the Collateral Agent and ensure the respective Collateral is registered in the Commercial Pledge Registers regarding the Commercial Pledge and in the Land Register regarding the Mortgage over the Real Estate within 90 (ninety) calendar days from the Issue Date. If a Promissory Note (or similar document of a technical nature) is required to register the respective Collateral, the Issuer and the Collateral Agent shall conclude such Promissory Note in the form suitable to the Commercial Pledge Registers or the Land Register, as may be applicable. For the avoidance of doubt, a Promissory Note does not constitute an independent or separate claim and the Collateral Agent may demand payment of any sum under a Promissory Note only in the amount and to the extent such equivalent sum has become due and payable to Noteholders under this Base Prospectus and any Final Terms. For the avoidance of doubt, a Promissory Note is required only if the respective Collateral has not been registered in the Commercial Pledge Registers or the Land Register, as may be applicable, within 90 (ninety) calendar days from the Issue Date due to refusal of the Commercial Pledge Registers or the Land Register, as may be applicable, to register the Collateral in favour of the Collateral Agent. For the sake of clarity, upon issuance of additional Tranche under these General Terms and Conditions, the Collateral Agent will submit the respective Final Terms to the Commercial Pledge Registers, as may be applicable, to register amendments to the Collateral for the benefit of the Noteholders of the respective Tranche within 90 (ninety) calendar days from the Issue Date of the respective Tranche.
- 13.15.2 The Issuer shall provide written confirmation on the registration of the Collateral in the Commercial Pledge Registers and the Land Register to the Collateral Agent within 3 (three) Business Days after registration has taken place.

- 13.15.3 By subscribing to the Notes, each Noteholder acknowledges and confirms that the Issuer and Subsidiaries may, within their ordinary course of business, sell their assets provided that, in the Issuer's reasonable opinion, the sale is arranged via fair market value and on standard market terms. The Noteholders further acknowledge that the Collateral Agent shall have no responsibility or obligation to assess, monitor, or verify whether any such sale of the assets is within the Issuer's or the Subsidiaries' ordinary course of business, or whether the terms of any sale meet fair market value or standard market conditions. The Collateral Agent shall rely solely on the Issuer's representations in this regard and shall not be held liable for any actions taken in reliance on such representations.
- 13.15.4 By subscribing to the Notes, each Noteholder acknowledges and confirms that in case until Maturity Date of any Notes a merger between any two Collateral Providers occurs, the Issuer and Collateral Agent is not required to receive Noteholder consent to effect the changes which are related to the underlying Collateral as a result of such merger, provided that in the Issuer's reasonable opinion in any such case the object of the Collateral (*object of the pledge*) and the maximum amount of the claims secured by the Collateral is not decreased. The Collateral Agent shall have no obligation to investigate, monitor, or ensure compliance with these conditions and shall not bear any liability for any consequences arising from such mergers, provided it acts in accordance with its obligations under the Base Prospectus and Collateral Agent Agreement. The Collateral Agent undertakes, at the Issuer's request, to sign all necessary documents and perform necessary activities to register the changes to the Collateral with the relevant registries and provided that before that the Issuer fully compensates the Collateral Agent for all fees and costs that will be incurred in relation to such registrations in advance. The Collateral Agent shall have no obligation to take any action or execute any documents until such fees and costs have been paid in full, and it shall not be liable for any delays or consequences resulting from the Issuer's failure to provide timely compensation.
- 13.15.5 Upon receipt of a notification by the Issuer that an Event of Default has occurred pursuant to Clause 13.26.1, the Issuer shall have the right to submit the proposed action plan within 20 (twenty) Business Days in respect to the claim settlement to the Noteholders ("**Action Plan**"). The Issuer shall act in accordance with Clause 13.31 of these General Terms and the Majority Noteholders may vote for the approval of the Action Plan.
- 13.15.6 If the Majority Noteholders have not approved the Action Plan, the Issuer shall act in accordance with Clause 13.31 "Noteholders' Meetings and Decisions" of these General Terms and Majority Noteholders shall vote on whether to instruct the Collateral Agent to enforce the Collateral or/and to amend the Collateral as per Clause 13.14.5 ("**Instruction**"). The Noteholders agree that the Collateral Agent will enforce and/or amend the Collateral upon receipt of the Instruction. The Instruction shall be clear, specific, and in full compliance with the terms and conditions set forth in this Base Prospectus, the Collateral Agreements, and the Collateral Agent Agreement.
- 13.15.7 If the Majority Noteholders in accordance with Clause 13.15.6 of these General Terms and Conditions have provided to the Collateral Agent the Instruction, the Collateral Agent shall immediately notify by (by letter or e-mail) the Collateral Providers, the Issuer and all Noteholders of receipt of the Instruction, and the Issuer shall publish the received information on its website (<https://www.longo.group>) and on Nasdaq Riga information system.
- 13.15.8 Upon receipt of the Instruction to enforce the Collaterals, the Collateral Agent shall commence enforcement of the Collaterals in accordance to applicable laws, the Collateral Agreements and the Collateral Agent Agreement.
- 13.15.9 The Collateral Agent may assume that no violation of the Notes has occurred unless the Collateral Agent has received a written notice (letter or e-mail) to the contrary from the Issuer or the Majority Noteholders. For the avoidance of doubt, the Majority Noteholders shall have such right only if the Notes are not performed in accordance with these General Terms and Conditions and any Final Terms.
- 13.15.10 The Collateral Agent shall be entitled (but is not under any circumstances obliged) to request instructions, or clarification of any direction, from the Noteholders as to whether, and in what manner, the Collateral Agent should exercise or refrain from exercising any rights, powers and discretions with regard to the enforcement of Collaterals or the performance of any other obligations or the exercise of any other rights of the Collateral Agent under these General Terms and Conditions, the Collateral Agreement or the Collateral Agent Agreement. Upon such request, the Noteholders' Meeting shall be convened in accordance with the terms of these General Terms and Final Terms and accordingly give their instructions or clarifications to the Collateral Agent within the time period specified in the Collateral Agent's request for instructions or clarifications, such a time period is to be at least 10 Business Days. If the

Noteholders' Meeting is not convened in 10 Business Days, the Collateral Agent can convene the Noteholders' Meeting. The Collateral Agent may refrain from acting unless and until Majority Noteholders have provided the Collateral Agent with requested instructions or clarifications. For the avoidance of doubt, the Collateral Agent shall not incur any liability, and the Noteholders hereby waive any claims against the Collateral Agent, for any actions taken or omitted in reliance on the instructions or lack of instructions from the Noteholders, or for any delays in taking action resulting from the Noteholders' failure to provide timely instructions or clarifications.

- 13.15.11 Without prejudice to Clause 13.15.8, if, under Clause 13.15.9 of these General Terms and Conditions or following the request of the Collateral Agent submitted under Clause 13.15.10 of these General Terms and Conditions, the Majority Noteholders have duly instructed the Collateral Agent, the Collateral Agent is obligated to comply with these instructions. If the instructions are unclear or incomplete, the Collateral Agent shall promptly notify the Noteholders and may refrain from taking any action until further instructions or clarifications are received from the Majority Noteholders. In such cases, the Collateral Agent shall not be liable for any delays, omissions, or failures to act while awaiting clear instructions. Any such instructions from the Majority Noteholders will be binding on all Noteholders of the Issue. The Collateral Agent shall not be liable for any consequences or damages that result from complying with the instructions.
- 13.15.12 Notwithstanding Clause 13.15.11 of these General Terms and Conditions, the Collateral Agent may refrain from doing anything which in its opinion will or may be contrary to these General Terms and Conditions, any Final Terms, the Collateral Agreement, the Collateral Agent Agreement or applicable laws and regulations or otherwise render it liable to any person and may do anything which is in its opinion necessary to comply with such legislation. The Collateral Agent may refrain from acting in accordance with the instructions of the Majority Noteholders until it has received such indemnification or security as it may require for all costs, claims, losses, expenses (including but not limited to legal fees) and liabilities which it will or may expend or incur in complying with such instructions. The Collateral Agent shall not be liable for any consequences or damages that result from such refrainment.
- 13.15.13 Without prejudice to Clauses 13.15.10, 13.15.11, 13.15.12 of these General Terms and Conditions, the Collateral Agent may (but is not obligated to) act (or refrain from acting) as it in its own discretion reasonably believes is in the best interests of the Noteholders. The Collateral Agent shall not be liable to Noteholders for acting (or refraining from acting) as described in these General Terms and Conditions or any Final Terms or in accordance with the instructions of the Noteholders and/or applicable laws.
- 13.15.14 The Collateral Agent shall not be liable to Noteholders for the outcome of the enforcement of the Collateral, provided the Collateral Agent has acted in accordance with these General Terms and Conditions, the Final Terms, the Collateral Agent Agreement and the Collateral Agreement.
- 13.15.15 The Collateral Agent shall, at all times, act in good faith and in a commercially reasonable manner to ensure fair and equal treatment of all Noteholders, acting solely within the scope and limits of the Collateral Agent Agreement. The Collateral Agent shall not favor or give preferential treatment to any individual Noteholder or group of Noteholders over others, and shall take all necessary actions to protect the rights and interests of all Noteholders collectively, in accordance with this Base Prospectus, Collateral Agent Agreement, Collateral Agreements, and applicable law. The Collateral Agent shall not be required to take any action, nor shall it be liable for any inaction, except as expressly provided for in the Collateral Agent Agreement or as required by applicable law.

13.16 Replacement of the Collateral Agent

- 13.16.1 The Collateral Agent shall have the right to unilaterally terminate the performance of its duties described in these General Terms and Conditions in accordance with the Collateral Agreements and the Collateral Agent Agreement (including, without limitation, terminate the enforcement of the Collateral) in case:
- (a) In the reasonable opinion of the Collateral Agent: (a) (further) enforcement of the Collateral on reasonable terms is not possible or feasible due to the commencement of insolvency or reorganisation proceedings of the Issuer or the relevant Collateral Provider, or enforcement of the Collateral on reasonable terms may not be possible for any other reason; or (b) the estimated proceeds of the enforcement of the Collateral will not be sufficient to cover the claims under Clause 13.17.1(a) and/or
 - (b) in the opinion of the Collateral Agent, the Collateral (or the substantial part thereof) ceases to exist for any reason and /or

- (c) the Issuer or any Collateral Provider, any of their management board or supervisory board member, beneficial owner(s) or shareholder(s) is recognized as subject of Sanctions and/or;
 - (d) the Issuer or any Collateral Provider, any of their management board or supervisory board member, beneficial owner(s) or shareholder(s) violates the laws, regulations on money laundering and prevention of financing terrorism or proliferation or the Sanctions.
- 13.16.2 In order to exercise its right of termination under Clause 13.16.1 of these General Terms and Conditions, the Collateral Agent shall submit a respective written notice stating the basis of exercising the right of termination to the Issuer and all of the Noteholders. The duties and obligations of the retiring Collateral Agent shall be deemed to have terminated from the moment when the respective written notice is submitted to the Issuer and all of the Noteholders. From the moment when the respective written notice is submitted to the Issuer and all of the Noteholders, also the power of attorney issued by the Collateral Provider SIA "Longo Latvia" automatically terminates. For the avoidance of doubt, from the time of submission of such notice, the Collateral Agent shall have no further obligation to perform any duties or obligations under these General Terms and Conditions, the relevant Collateral Agreement, the Collateral Agent Agreement or any other agreement, except for actions explicitly required by applicable laws to effect the release (discharge) the Collateral as a result of the termination under Clause 13.16.1 (including to submit the necessary applications to delete Collateral registrations with the relevant registers and/or to submit notification to stop further enforcement of the Collateral).
- 13.16.3 The Collateral Agent shall have the right to resign due to reasons other than stated in Clause 13.16.1 of these General Terms and Conditions by submitting a respective written notice to the Issuer. The duties and obligations of the Collateral Agent shall be deemed to have terminated from the moment when the respective written notice is submitted to the Issuer. For the avoidance of doubt, from the time of submission of such notice, the Collateral Agent shall have no further obligation to perform any duties or obligations under these General Terms and Conditions, the relevant Collateral Agreement, the Collateral Agent Agreement or any other agreement, except for actions explicitly required by Applicable Laws to effect the release (discharge) the Collateral as a result of the termination under Clause 13.16.1 (including to submit the necessary applications to delete Collateral registrations with the relevant registers as per Clauses 13.16.4, 13.16.5, and 13.16.6 below and/or to submit notification to stop further enforcement of the Collateral). From the moment when the respective written notice is submitted to the Issuer and all of the Noteholders, also the power of attorney issued by the Collateral Provider SIA "Longo Latvia" automatically terminates.
- 13.16.4 No later than 45 (forty five) calendar days after the receipt of the relevant notice under Clause 13.16.1 (a) or (b) of these General Terms and Conditions by the Issuer a successor Collateral Agent must be designated by the Issuer and the Majority Noteholders under the Programme, who must take over the obligations of the retiring Collateral Agent. If a successor Collateral Agent has not been appointed and necessary pledgee registration changes are not registered within these 45 (forty five) calendar days, the retiring Collateral Agent is entitled to submit necessary applications and to perform all necessary actions to delete Collateral registrations with the relevant registers.
- 13.16.5 No later than 14 (fourteen) calendar days after the receipt of the relevant notice under Clause 13.16.1(c) of these General Terms and Conditions by the Issuer a successor Collateral Agent complying with criteria listed in this Base Prospectus must be designated by the Issuer under the Programme, who must take over the obligations of the retiring Collateral Agent. If a successor Collateral Agent has not been appointed and necessary pledgee registration changes are not registered within these 14 (fourteen) calendar days, the retiring Collateral Agent is entitled to submit necessary applications and to perform all necessary actions to delete Collateral registrations with the relevant registers.
- 13.16.6 No later than 90 (ninety) calendar days after the receipt of the relevant notice under Clause 13.16.3 of these General Terms and Conditions by the Issuer a successor Collateral Agent must be designated by the Issuer and the Majority Noteholders under the Base Prospectus, who must take over the obligations of the retiring Collateral Agent. If a successor Collateral Agent has not been appointed and necessary pledgee registration changes are not registered within these 90 (ninety) calendar days, the retiring Collateral Agent is entitled to submit necessary applications to delete Collateral registrations with the relevant registers.
- 13.16.7 Each Noteholder and the Issuer expressly waives any and all claims against the retiring Collateral Agent for any actions or omissions in relation to the Collateral after the termination

of its performance under any event in accordance with this Section (including rights unilaterally to submit necessary applications to delete Collateral registrations with the relevant registers), except for the obligation in relation to replacing the successor Collateral Agent in accordance to these General Terms and Conditions. .

- 13.16.8 The Collateral Agent shall evaluate that no conflict of interest exists with regard to the Issuer; however, the existence of conflict of interest shall not prevent the Collateral Agent from fulfilling its obligations to the extent and scope as described in these General Terms and Conditions, in the Collateral Agreements and in the Collateral Agent Agreement.
- 13.16.9 The Issuer shall promptly notify the Bondholders on occurrence of any event listed in Clauses 13.16.1 or 13.16.3 where the Collateral Agent has submitted to the Issuer the notice in terminating its activities.

13.17 Application of the Proceeds from Enforcement of the Collateral

- 13.17.1 The proceeds from the enforcement of Collateral shall be applied in the following order of priority:
- (a) as the first priority: to the satisfaction and payment of all fees, costs and expenses and damages (including, without limitation, state duties, notary fees, valuation costs and fees, costs and expenses of third parties engaged in by the Collateral Agent pursuant to conditions set out, inter alia, in Clauses 13.14.7 and 13.14.11 of these General Terms and Conditions) related to performance of its duties by, or otherwise payable to, the Collateral Agent under these General Terms and Conditions, the Final Terms, the Collateral Agent Agreement and the Collateral Agreement securing the Issuer's obligations relating to the Issue, including but not limited to the establishment, amendment, termination, assignment, novation and enforcement of the Collateral incurred by the Collateral Agent or any of the third parties engaged by the Collateral Agent, provided that the fees, costs and expenses have occurred on a reasonable market price and pursuant to conditions specified in Clause 13.14.7 and/or Clause 13.14.11;
 - (b) as the second priority (after full satisfaction, payment and deduction of all claims and amounts set forth in Clause 13.17.1(a) of these General Terms and Conditions): in payment of the claims of the Noteholders arising under the General Terms and Conditions and the respective Final Terms in accordance with the applicable law.
- 13.17.2 The Collateral Agent shall withhold the proceeds necessary for satisfying the fees, costs, expenses, damages and claims of the Collateral Agent specified in Clause 13.17.1(a) of these General Terms and Conditions and transfer the remaining proceeds to the Noteholders for satisfying the claims under Clause 13.17.1(b) of these General Terms and Conditions. The Collateral Agent shall return the proceeds from the enforcement of the Collateral remaining after satisfying all claims set forth in Clause 13.17.1 of these General Terms and Conditions to the relevant Collateral Provider.
- 13.17.3 In case the proceeds remaining after covering the fees, costs, expenses, damages and claims under Clause 13.17.1(a) of these General Terms and Conditions do not cover the claims of the Noteholders under Clause 13.17.1(b) of these General Terms and Conditions in full, these claims of the Noteholders shall be satisfied pro rata in accordance with the applicable law.
- 13.17.4 The Collateral Agent is not obliged to pay to the Noteholders or any other persons any interest on the proceeds from the enforcement of the Collateral (whether deposited or not).
- 13.17.5 In case the Collateral Agent is required, under applicable laws, to withhold or pay any taxes in connection with payments to be made by the Collateral Agent hereunder, the amount to be paid by the Collateral Agent shall be reduced by the amount of respective taxes and only the net amount shall be paid by the Collateral Agent.

13.18 Rights and restrictions connected with the Notes issue

- 13.18.1 Any Noteholder has the right to receive Interest and Nominal Value payments in accordance with the Clause 13.19 "Interest", Clause 13.21 "Maturity" of these General Terms and Final Terms of the respective Tranche, as well as exercise other rights fixed in these General Terms and Conditions and applicable laws of the Republic of Latvia.
- 13.18.2 The Issuer has the right to purchase the Notes on the secondary market directly from the Noteholders. The Notes that are purchased by the Issuer are held in Issuer's financial instruments' custody account and the Issuer has the right to sell the purchased Notes to potential Investors and other Noteholders. The Issuer cannot cancel the purchased Notes held in the Issuer's financial instruments' custody account, therefore decreasing the size of the Notes issue.

- 13.18.3 The Notes owned by the Issuer and/or its Related Parties are not eligible to participate in the voting in accordance with these General Terms and Conditions.

13.19 Interest

- 13.19.1 The Notes shall bear annual interest rate (the "**Interest**") which shall be determined by the Issuer and specified in the Final Terms. In case the Notes of respective Tranche will have a floating rate component, the respective information will be indicated in the Final Terms of the Tranche. The floating rate shall be EURIBOR or market equivalent which will be stipulated by the Issuer as may be relevant at the time.
- 13.19.2 The Interest shall be paid on the dates specified in the Final Terms (the "**Interest Payment Date**") until the Maturity Date.
- 13.19.3 Interest shall accrue for each interest period from and including the first day of the interest period to (but excluding) the last day of the interest period on the principal amount of Notes outstanding from time to time. The first interest period commences on the Issue Date and ends on the first Interest Payment Date. Each consecutive interest period begins on the previous Interest Payment Date and ends on the following Interest Payment Date. The last interest period ends on the Maturity Date.
- 13.19.4 Interest shall be calculated on 30E/360 basis. The interest payment shall be determined according to the following formula:
CPN = $F * C * n/360$ where:
CPN – amount of an interest in EUR;
F – principal amount of Notes outstanding;
C – annual interest rate payable on the Notes;
n – number of days since the Issue Date or the last Interest Payment Date (as applicable) calculated on 30-day month basis.
- 13.19.5 Interest on the Notes shall be paid through the Nasdaq CSD in accordance with the applicable rules of the Nasdaq CSD. The Noteholders list eligible to receive the interest on the Notes will be fixed at the end of the 5th (fifth) Business Day immediately preceding the Interest Payment Date.
- 13.19.6 Should any Interest Payment Date fall on a date which is not a Business Day, the payment of the interest due will be postponed to the next Business Day. The postponement of the payment date shall not have an impact on the amount payable.

13.20 Early Redemption at the option of the Issuer (call option)

- 13.20.1 If the maturity of the Notes is up to and including 3 (three) years, the Issuer shall be entitled to full or partial early redemption (call option) starting:
- (a) one year after the Issue Date by paying 101% (one hundred and one percent) of the Nominal amount plus accrued and unpaid interest;
 - (b) from the last six months before Maturity Date by paying 100% (one hundred percent) of the Nominal amount plus accrued and unpaid interest.
- 13.20.2 If the maturity of the Notes is more than 3 (three) years, the Issuer shall be entitled to full or partial early redemption (call option) starting:
- (a) one year after the Issue Date by paying 102% (one hundred and two percent) of the Nominal amount plus accrued and unpaid interest;
 - (b) two years after the Issue Date by paying 101% (one hundred and one percent) of the Nominal amount plus accrued and unpaid interest;
 - (c) from the last six months before Maturity Date by paying 100% (one hundred percent) of the Nominal amount plus accrued and unpaid interest.
- 13.20.3 Each Final Terms shall specify exact dates when the the procedure for Issuer's right to exercise the early redemption (call option) as stipulated in Clause 13.20.1(a) to (b) or Clause 13.20.2 (a) to (c) above, whichever applicable.
- 13.20.4 The Issuer can carry out call option in full or partial amount of total outstanding Notes under respective Tranche. The Issuer can exercise the full or partial early redemption (call option) of the Notes on any date.

- 13.20.5 Beginning 6 (six) months prior to the Maturity Date of the respective Tranche, the Issuer may exercise the early redemption (call option) of the Notes at any time until the Maturity Date, subject to the Noteholder notification requirements outlined in Clause 13.20.7.
- 13.20.6 If the Issuer elects to partially redeem the Notes under a particular Tranche, such partial redemption shall be in a minimum amount of no less than 10% (ten percent) of the then-outstanding principal amount of the Notes under the respective Tranche. Any additional amount redeemed beyond the minimum threshold must be in increments of five percent 5% (five percent) of the outstanding principal amount under the respective Tranche.
- 13.20.7 If the Issuer takes a decision on full or partial early redemption of the Notes, the Issuer shall notify the Noteholders at least 20 (twenty) Business Days prior to the redemption date of the Notes of the respective Tranche by publishing information on the website <https://www.longo.group> and Nasdaq Riga information system.
- 13.20.8 If the Issuer redeems the Notes, the Issuer will pay the redemption payment in accordance with Nasdaq CSD intermediary and applicable Nasdaq CSD regulations. The Nasdaq CSD regulations applicable on the day of preparation of these General Terms and Conditions are the Nasdaq CSD Rulebook and Corporate Action Service Description. The list of the Noteholders eligible to receive the redemption payment will be fixed at the end of the previous Business Day before the redemption payment date.

13.21 Maturity

- 13.21.1 Each Tranche of the Notes shall have a maturity up to 5 (five) years starting from the Issue Date. The Notes shall be repaid in full at their nominal value on the maturity date, which will be specified in the Final Terms (the "**Maturity Date**"), or on the early redemption date.
- 13.21.2 The Issuer will pay the Nominal Value in accordance with Nasdaq CSD intermediary and applicable Nasdaq CSD regulations. The Nasdaq CSD regulations applicable on the day of preparation of the Base Prospectus are Nasdaq CSD Rulebook and Corporate Action Service Description. The Nominal Value will be paid on the Maturity Date. The list of the Noteholders eligible to receive the Nominal Value will be fixed at the end of the previous Business Day before Maturity Date.
- 13.21.3 If the Maturity Date of the Notes is not a Business Day, the Issuer will pay the Nominal Value of the Notes on the next Business Day after the Maturity Date. In this case, the interest accrues for the days prior to the next Business Day (actual redemption of the Notes).
- 13.21.4 If the Issuer has failed to make Nominal Value payment in accordance with the deadlines specified in the General Terms and Conditions, the Noteholders shall have the right to submit claims regarding the repayment of the Nominal Value not earlier than after 10 (ten) Business Days following the Maturity Date.

13.22 Representations and Warranties of the Issuer

The Issuer represents and warrants to the Noteholders that at the Issue Date and for as long as any Notes are outstanding:

- (a) the Issuer is a duly registered joint stock company (in Latvian: *akciju sabiedrība*) operating in compliance with the laws of Latvia;
- (b) all the Issuer's obligations assumed under this Base Prospectus are valid and legally binding to the Issuer and performance of these obligations is not contrary to the Issuer's Articles of Association, laws or any agreement concluded by the Issuer;
- (c) the Issuer has all the rights and sufficient authorisations to issue the Notes, and fulfil obligations arising from issuing the Notes, and the Issuer has performed all the formalities required for issuing the Notes;
- (d) the Collateral Providers and Mortgage Provider have all the rights and sufficient authorisations to provide the respective Collaterals securing the obligations of the Issuer under the Notes, and to register the Collaterals in the Commercial Pledge Register(s) and the Land Register, respectively;
- (e) all information that is provided by the Issuer to the Noteholders is true, accurate, complete and correct as of the date of presenting the respective information and is not misleading in any material respect;
- (f) the Issuer, the Collateral Providers and the Mortgage Provider is solvent, able to pay their debts as they fall due, there are no liquidation, compulsory execution, reorganization (except for any sale, disposal, merger, demerger, amalgamation, reorganization or restructuring

between the Subsidiaries, Collateral Providers, or Mortgage Provider within the Group), or bankruptcy proceedings pending or initiated against the Issuer, the Collateral Providers or the Mortgage Provider;

- (g) there are no court or arbitration proceedings pending or initiated against the Issuer or the Collateral Providers, the Mortgage Provider where an unfavourable decision would, according to reasonable assessment of the Issuer, have a material adverse impact on the economic condition of the Issuer, the Collateral Providers and the Mortgage Provider;
- (h) the Collateral Provider SIA "Longo Latvia" has issued duly executed power of attorney to the Collateral Agent which allows the Collateral Agent upon receiving notification from the Issuer in accordance with Clause 13.24.12 to register with the Commercial Pledge Register of Latvia amendments or novations to SIA "Longo Latvia" commercial pledge over SIA "Longo Latvia" assets, to list all vehicles owned by Subsidiary SIA "Longo Latvia" that are registered with the CSDD for the purposes of the Collateral securing the Notes. In case of replacement of the Collateral Agent, the Collateral Provider SIA "Longo Latvia" shall issue a new power of attorney for the successor (appointed) Collateral Agent.

13.23 Financial Covenants

- 13.23.1 From the Issue Date of the Notes and as long as any Note is outstanding, the Issuer and the Group shall comply with the following financial covenants:
 - (a) to maintain consolidated Collateral Coverage Ratio of at least 1.3x (one point three times), calculated for the Relevant Period at the end of each quarter;
 - (b) to maintain consolidated Capitalization Ratio at least 30% (thirty percent) calculated for the Relevant Period at the end of each quarter;
 - (c) to maintain consolidated Debt Service Coverage Ratio of at least 1.2x (one point two times), calculated for the Relevant Period at the end of each quarter.
- 13.23.2 Financial covenants set forth in Clauses 13.23.1 (a) to (c) above shall be tested at the end of each quarter and proof of compliance with these covenants shall be included in every Financial Report of the Group.
- 13.23.3 The Issuer may in its sole discretion choose to calculate the financial covenants under Clauses 13.23.1 (a) to (c) in accordance with the Accounting Principles.
- 13.23.4 If the Issuer and the Collateral Providers are required to provide Permitted Security to initiate the Refinancing process, the Issuer shall no longer be obligated to maintain the Collateral Coverage Ratio; provided, however, that the Notes have been redeemed in accordance with Clause 13.20 within 60 (sixty) days following the registration of the Permitted Security for the Refinancing process in the relevant registers or the Issuer ensures that the Permitted Security is deleted from the relevant register.

13.24 General Covenants

From the Issue Date of the Notes and as long as any Note is outstanding, the Issuer and the Group shall undertake the following:

- 13.24.1 not declare or pay any dividends, exercise early redemption of Subordinated Notes, or make other distribution of profits to its shareholders and/or entities directly or indirectly owned by them in form of a loan, investment or any other distribution, except interest payments on Subordinated Debt and Bridge Loans and repayment of Bridge Loans ("**Distribution**") to its Shareholders until the Maturity Date of the first Tranche of Notes as indicated in the Final Terms. Following the Maturity Date of the first Tranche of Notes as indicated in the Final Terms, Distribution is permitted in accordance with the following principles: (i) up to 50% (fifty percent) of the cumulative consolidated profit earned starting from 1 January 2025 according to the Financial Reports for the respective period, provided that the Capitalization Ratio, following such Distribution, is no less than 30% (thirty percent); or (ii) up to 100% (one hundred percent) of the cumulative consolidated profit earned starting from 1 January 2025 according to the Financial Reports for the respective periods, provided that the Capitalization Ratio, following such Distribution, is no less than 40% (forty percent);
- 13.24.2 no Change of Control;
- 13.24.3 not sell, dissolve, or liquidate any Material Subsidiary, except where a merger between two or more Material Subsidiaries is undertaken;

- 13.24.4 not to commence any new type of economic activity outside the scope of Permitted Business except if revenue from such activity does not exceed 5% (five percent) of consolidated revenue;
- 13.24.5 not to sell, present, change, rent, license, invest, or otherwise transfer into utilization the right to use the trademarks of the Issuer and its Subsidiaries;
- 13.24.6 not initiate, nor permit the initiation of, any liquidation, dissolution, or similar proceedings in respect of the Issuer, nor shall the Issuer reduce its share capital, except in the event of a conversion of Class B shares as provided by Articles of Association of the Issuer into additional Subordinated Notes. Such conversion shall be permitted commencing from 1 July 2025 in the amount not exceeding the cumulative consolidated profit for the period, starting from 1 January 2025, as according to the Financial Reports for the respective period. Further information on Class B shares of the Issuer is available in Clause 11.1 "Share capital and shares" of this Base Prospectus;
- 13.24.7 any transactions with Related Parties shall be at Fair Market Value;
- 13.24.8 the Issuer and the Collateral Providers shall not create or permit to subsist any Security other than Permitted Security, upon the whole or any part of its present or future business, undertaking, assets or revenues to secure any Financial Indebtedness;
- 13.24.9 to engage a licenced independent third-party property appraiser to provide and external valuation of the fair value of the Real Estate at least once in (Collateral Valuation Report) every 24 (twenty-four) months, as long as the Real Estate is included in the Collateral Value for the purposes of the calculation of the Collateral Coverage Ratio;
- 13.24.10 all existing and future liabilities of the Issuer, including loans, notes, and other obligations, to any Related Parties shall be junior and fully subordinated to the Notes issued by the Issuer, with the sole exception of Bridge Loans. Bridge Loans may be repaid exclusively from the cash flow generated by the Issuer or the Group. For the avoidance of doubt, under no circumstances shall the proceeds from the issuance of the Notes be utilized by the Issuer for the repayment of any Bridge Loans. For the avoidance of doubt, as of the date of this Base Prospectus no Bridge Loans have been provided to the Issuer;
- 13.24.11 the Collateral Providers shall not sell, pledge or otherwise encumber vehicles outside ordinary course of business operations;
- 13.24.12 the Issuer is required to immediately notify in writing the Collateral Agent by providing a full list of vehicles owned by Subsidiary SIA "Longo Latvia" and registered within CSDD (by listing the following information of each vehicle: (i) brand and model of the vehicle, (ii) vehicle registration number with CSDD, (iii) vehicle identification number) in case of breach of any covenant under this Base Prospectus which cannot be remedied or is chosen not to be cured by the Issuer or if the Issuer or any Collateral Provider is expected to be declared insolvent;
- 13.24.13 the Notes of each Tranche are admitted to trading on Nasdaq Riga within 3 (three) months from the placement of respective Tranche.

13.25 Covenant Cure

- 13.25.1 The Issuer and shareholders of the Issuer may cure or prevent a breach of the financial covenants in Clause 13.23.1. (and any Event of Default arising a result therefrom) if, prior to or within 90 (ninety) calendar days of the earlier of (i) the date on which the relevant Financial Report is to be published pursuant to these General Terms and Conditions and (ii) the date that such Financial Report was in fact published pursuant to the General Terms and Conditions for any Relevant Period in which such failure to comply was (or would have been) first evidenced ("**Breach Period**"), the Group received the cash proceeds of new shareholder injections from the shareholders of the Group (the "**Equity Cure**"), in an amount at least sufficient to ensure the financial covenants set forth under Clause 13.23.1 (a) and (b) would be complied with if tested again as at the last date of the Breach Period.
- 13.25.2 Any new equity and/or Subordinated Debt provided in respect of such Breach Period shall be deemed to have been provided during the Breach Period (without double counting) in all relevant covenant calculations until the date it was deemed provided falls outside any subsequent Relevant Period.
- 13.25.3 If after the adjustment the requirement of the relevant financial covenant is met, then the requirement thereof shall be deemed to have been satisfied as at the relevant original date of determination of any default, Event of Default, occasioned thereby shall be deemed to have been remedied for the purposes of these General Terms and Conditions.

- 13.25.4 Additionally, the Issuer and the shareholders of the Issuer may cure or prevent breach of financial covenant set forth under Clause 13.23.1(a) by way of providing additional collateral in a manner as described in Clause 13.11.

13.26 Events of Default

- 13.26.1 The Noteholders representing at least 10 (ten) per-cent of the principal amount of all outstanding Notes may in accordance with Clause (Notices) notify the Issuer about the occurrence of an Event of Default. This notification is notification required under applicable laws to enforce the Collateral. Subject to Clause 13.26.2, within 30 (thirty) days after receipt of notification regarding the occurrence of an Event of Default, the Issuer shall prepay all Noteholders the outstanding principal amount of the Notes and the Interest accrued on the Notes, but without any premium or penalty. Interest on the Notes accrues until the prepayment date (excluding the prepayment date).
- 13.26.2 If the Issuer is unable to make payments in accordance with Clause 13.26.1 of the General Terms and Conditions of the Notes, the Issuer shall immediately, but in any case not later than within 20 (twenty) Business Days following receipt of notification regarding occurrence of an Event of Default, notify the Noteholders in accordance with Clause 13.29 thereof.
- 13.26.3 If the Issuer has failed to prepay all Noteholders the outstanding principal amount of the Notes and the Interest accrued on the Notes within a term specified in Clause 13.26.1 of the General Terms and Conditions or within a term specified in Clause 13.26.2 of the General Terms and Conditions and has notified the Noteholders that it is unable to make payments in accordance with Clause 13.26.1 of the General Terms and Conditions, the Noteholders may act in accordance with Clause 13.15 "Establishment, Release and Enforcement of the Collateral".
- 13.26.4 Each of the following events shall constitute an event of default (an "**Event of Default**"):
- (a) **Non-Payment:** Any amount of Interest on principal of the Notes has not been paid within 10 (ten) Business Days from the relevant due date;
 - (b) **Breach of Covenants:** The Issuer or the Group has violated the conditions of the Clause 13.23 "Financial Covenants" and has failed to remedy such violation as according to Clause 13.25 "Covenant Cure", or the Issuer does not perform or comply with any one or more of its other obligations set out in Clause 13.24 "General Covenants", and the Issuer fails to remedy such a breach within 30 (thirty) calendar days from the date of the breach, unless such a default is incapable of being remedied;
 - (c) **Breach of Other Obligations:** The Issuer does not comply with the General Terms and Conditions in any other way than as set out under item (a) Non-Payment; and (b) Breach of Covenants above, unless the non-compliance (i) is capable of being remedied; (ii) is remedied within 20 (twenty) Business Days after the Issuer becoming aware of the non-compliance;
 - (d) **Cross Default:** If for the Issuer, the Mortgage Provider or any of the Collateral Providers:
 - i. any Financial Indebtedness is neither paid when due nor within any applicable grace period;
 - ii. any Financial Indebtedness is declared to be or otherwise becomes due and payable prior to its specified maturity, as a result of an event of default (however described);
 - iii. any commitment for any Financial Indebtedness is cancelled or suspended by a creditor, as a result of an event of default (however described);
 - iv. any creditor becomes entitled to declare any Financial Indebtedness due and payable prior to its specified maturity, as a result of an event of default (however described); or
 - v. any security securing Financial Indebtedness over any asset is enforced by secured creditor.
- Provided, however, the aggregate amount of such Financial Indebtedness or commitment for Financial Indebtedness falling within paragraphs (i) to (v) above exceeds a total of EUR 500 000 (five hundred thousand euros or the equivalent thereof in any other currency); provided it does not apply to any Financial Indebtedness owed to a Subsidiary of the Group or Related Parties, or Subordinated Debt and other than proceedings or petitions which are being disputed in good faith and are discharged, stayed or dismissed within 90 calendar days of commencement or, if earlier.
- (e) **Insolvency:** If the Issuer, the Mortgage Provider or any of the Collateral Providers:

- i. is declared insolvent or bankrupt by a court of competent jurisdictions or admits inability to pay its debts in case of lawful claims save for claims by Related Parties or claims within Group;
- ii. an application to initiate insolvency or legal protection proceedings or similar proceedings of the Issuer or any other proceedings for the settlement of the debt of the Issuer is submitted to any court in any jurisdiction by the Issuer.

Other than: (a) proceedings or petitions which are being disputed in good faith and are discharged, stayed or dismissed within 90 (ninety) calendar days of commencement or, if earlier, the date on which it is advertised; and (b), in relation to the Issuer, solvent liquidations) in relation to: (a) the suspension of payments, winding-up, dissolution, administration or reorganisation (by way of voluntary agreement, scheme of arrangement or otherwise) of the Issuer; (b) the appointment of a liquidator, receiver, administrator, administrative receiver, compulsory manager or other similar officer in respect of the Issuer or any of its assets; or (c) any analogous procedure or step is taken in any jurisdiction in respect of the Issuer.

13.27 Force Majeure

The Issuer shall be entitled to postpone the fulfilment of its obligations hereunder, in case the performance is not possible due to continuous existence of any of the following circumstances:

- (a) action of any authorities, war, rebellion or civil unrest;
- (b) disturbances in postal, telephone or electronic communications which are due to circumstances beyond the reasonable control of the Issuer and that materially affect operations of the Issuer;
- (c) any interruption of or delay in any functions or measures of the Issuer as a result of fire or other similar disaster;
- (d) any industrial action, such as strike, lockout, boycott or blockade affecting materially the activities of the Issuer; or
- (e) any other similar force majeure or hindrance which makes it unreasonably difficult to carry on the activities of the Issuer.

In such case the fulfilment of the obligations may be postponed for the period of the existence of the respective circumstances and shall be resumed immediately after such circumstances cease to exist, provided that the Issuer shall put all best efforts to limit the effect of the above referred circumstances and to resume the fulfilment of its obligations as soon as possible.

13.28 Further Issues

The Issuer may, from time to time and without the consent of the Noteholders, create and issue further Notes under the Programme during the validity term of this Base Prospectus, provided that the aggregate total amount of outstanding Notes under the Programme at any time does not exceed EUR 20 000 000 and Issuer has complied with Financial Covenants under this Base Prospectus and Final Terms.

13.29 Notices

For so long as the Notes are not admitted to trading on Nasdaq Riga, all notices and reports to the Noteholders shall be published on the website of the Issuer (<https://www.longo.group>). Any notice or report published in such manner shall be deemed to have been received on the same Business Day when it is published.

As of the day when the Notes are admitted to trading on Nasdaq Riga, all notices and reports to the Noteholders shall be published on Nasdaq Riga information system, as well as on the website of the Issuer (<https://www.longo.group>). Any notice or report published in such manner shall be deemed to have been received on the same Business Day when it is published.

13.30 Representation of the Noteholders

Rights of the Noteholders to establish and/or authorize an organization/person to represent interests of all or a part of the Noteholders are not set forth, but on the other hand these are not restricted. The Noteholders should cover all costs/fees of such representative(s) by themselves.

13.31 Noteholders' meetings and decisions

General provisions

- 13.31.1 The decisions of the Noteholders (including decisions on amendments of this Base Prospectus, these General Terms and Conditions, the Collateral Agreement, on termination of the Collateral

Agent Agreement (and change the Collateral Agent (if applicable)) granting of consent or waiver or instructions to the Collateral Agent) shall be passed at the Noteholders' Meeting or in Procedure in Writing at the choice of the Issuer. However, the Issuer shall have a right to amend the technical procedures relating to the Notes (including any manifest errors or other inconsistencies) without the decision of the Noteholders, if such amendments are not prejudicial to the interests of the Noteholders.

- 13.31.2 The Issuer convenes the Noteholders' Meeting or instigate a Procedure in Writing at any time and shall do so following a written request from the Collateral Agent or Noteholders who, on the day of the request, represent not less than one-tenth of the principal amount of the Notes outstanding or the principal amount of the Notes of the respective Tranche outstanding as applicable (excluding the Issuer and the Related Parties)
- 13.31.3 The Issuer may refrain from convening the Noteholders' Meeting or instigating the Procedure in Writing if (i) the suggested decision does not fall under the competence of the Noteholders, or (ii) the suggested decision is not in accordance with the applicable laws.
- 13.31.4 In case convening of the Noteholders' Meeting or instigation of the Procedure in Writing is requested to the Issuer by the Collateral Agent or Noteholders, the Issuer shall be obliged to convene the Noteholders' Meeting or instigate the Procedure in Writing within 1 (one) month after receipt of the respective Collateral Agent's or Noteholders' written request.
- 13.31.5 All expenses in relation to the convening and holding the Noteholders' Meeting or a Procedure in Writing shall be covered by the Issuer.
- 13.31.6 Only those investors who were appearing in Nasdaq CSD as the Noteholders by the end of the 5th (fifth) Business Day prior to convening the Noteholders' Meeting and only those were appearing in Nasdaq CSD as the Noteholders by the end of the 5th (fifth) Business Day after publishing an announcement on instigation of the Procedure in Writing or proxies authorised by such Noteholders, may exercise their voting rights at the Noteholders' Meeting or in the Procedure in Writing. The voting rights of the Noteholders will be determined on the basis of the principal amount of the Notes held.
- 13.31.7 Without amending or varying these General Terms and Conditions, the Issuer may prescribe such further regulations regarding the convening and holding of the Noteholders' Meeting or the Procedure in Writing as the Issuer may deem appropriate. Such regulations may include e.g. a possibility for Noteholders to vote without attending the meeting in person, holding the Noteholders' Meeting in the form of a video conference etc.
- 13.31.8 If the adopted decision of the Noteholders refers to specifications of the Notes and/or Interest calculation method, as well as the procedure of Interest payments and/or repayment of the Nominal Value, the Issuer shall inform Nasdaq CSD on these changes according to the regulation determined in the Nasdaq CSD rules.

Noteholders' Decisions

- 13.31.9 A Noteholders' Meeting or a Procedure in Writing may make decisions that are binding on the Noteholders on a matter relating to these General Terms and Conditions. Consent of the Majority Noteholders is required to adopt any decision.
- 13.31.10 Notes held by the Issuer, its direct or indirect shareholders and the Related Parties will not carry the right to vote at the Noteholders' Meetings and will not be considered in determining how many Notes are outstanding for the purposes of the present Section of this Base Prospectus.
- 13.31.11 The Noteholders' Meeting and the Procedure in Writing can authorise a named person to take any necessary actions to enforce the decisions of the Noteholders' Meeting or the Procedure in Writing.
- 13.31.12 A matter decided at the Noteholders' Meeting or the Procedure in Writing is binding on all Noteholders of the outstanding Notes or regarding the respective Tranche (as explained below), irrespective of whether they were present at the Noteholders' Meeting or participated in the Procedure in Writing. Decisions made at the Noteholders' Meeting or in the Procedure in Writing are deemed to have been received by the Noteholders at the time (i) they have been entered in the issue account maintained by Nasdaq CSD, or (ii) notified to the Noteholders by a notice published in English and Latvian on the Issuer's website <https://www.longo.group> and the Nasdaq Riga information system (any such notice shall be deemed to have been received by the Noteholders when sent or published in the manner specified in this Clause), provided that a failure to do so shall not invalidate any decision made or voting result achieved. In addition, the Noteholders are obliged to notify subsequent transferees of the Notes of the decisions taken at the Noteholders' Meeting or the Procedure in Writing.

- 13.31.13 Information about decisions taken at the Noteholders' Meeting or the Procedure in Writing shall be provided to the Noteholders in English and Latvian on the Issuer's website <https://www.longo.group> and the Nasdaq Riga information system (any such notice shall be deemed to have been received by the Noteholders when sent or published in the manner specified in this Clause).
- 13.31.14 Consent of the Majority Noteholders of the aggregate principal amount of the Notes outstanding **under the Programme** is required to:
- (a) amend the Base Prospectus,
 - (b) approve the Action Plan;
 - (c) approve and issue of the Instruction to the Collateral Agent to start the enforcement of the Collaterals;
 - (d) decide on any other matters, except the matters provided for in the Clause 13.31.15.
- 13.31.15 Consent of the Majority Noteholders of the aggregate principal amount of the outstanding Notes **of the respective Tranche** is required for the following decisions:
- (a) agreement with the Issuer to change the date, or the method of determining the date, for the payment of principal, interest or any other amount in respect of the relevant Tranche, to reduce or cancel the interest payable on any date in respect of the respective Tranche or to change the method of calculating the amount of interest or any other amount payable on any date in respect of the relevant Tranche;
 - (b) approval of any other matters of technical nature relevant solely to the respective Tranche.
- 13.31.16 The Issuer shall inform the Collateral Agent on the results of the and the status of the relevant decision adopted by Noteholders.

Procedure in Writing

- 13.31.17 The Issuer may apply for a consent itself or through the intermediary of an authorised person (the "**Agent**").
- 13.31.18 If a decision of the Noteholders is intended to be passed by the Procedure in Writing, then a respective communication of the Procedure in Writing shall be provided to the Collateral Agent and the Noteholders in English and Latvian on the Issuer's website <https://www.longo.group> and the Nasdaq Riga information system (any such notice shall be deemed to have been received by Noteholders when sent or published in the manner specified in this Clause). Communication to the Noteholders shall include:
- (a) each request for a decision by the Noteholders;
 - (b) a description of the reasons for each request;
 - (c) a specification of the Business Day on which a person must be registered as a Noteholder in order to be entitled to exercise voting rights;
 - (d) information on where to receive a form for replying to the request (such form to include an option to vote "yes" or "no" for each request), as well as a form of a power of attorney;
 - (e) instructions how to execute and submit a form for replying to the request;
 - (f) the stipulated time period within which the Noteholder must reply to the request (such time period to last at least 10 (ten) Business Days from the communication pursuant this Clause) and a manner of a reply.
- 13.31.19 When the requisite consents have been received in a Procedure in Writing, the relevant decision shall be deemed to be adopted even if the time period for replies in the Procedure in Writing has not yet expired.
- 13.31.20 If the Noteholder does not notify the Issuer or the Agent about its decision on the respective matter submitted for approval within the term specified in the application, a Noteholder shall be deemed as not having voted the respective decision.
- 13.31.21 The Issuer or the Agent shall count the received votes in Procedure in Writing and notify the Noteholders of the results of the voting within 1 (one) Business Day after the deadline for submitting the voting forms by publishing a relevant announcement on the Issuer's webpage and on the Nasdaq Riga information system.
- 13.31.22 The Noteholders shall submit signed voting forms to the Issuer, the Agent or their respective Custodian by a deadline set in the application of the consent (waiver). The consent (waiver) is deemed to be granted, if the Majority Noteholders (excluding the Notes owned by the Issuer, direct and indirect shareholders of the Issuer and Related Parties) have voted for granting the consent (waiver).

Noteholders' meeting

- 13.31.23 If a decision of the Noteholders is intended to be passed at the Noteholders' Meeting, then a respective notice of the Noteholders' Meeting shall be provided to the Collateral Agent and the Noteholders on the Issuer's website <https://www.longo.group> and the Nasdaq Riga information system (any such notice shall be deemed to have been received by the Collateral Agent and Noteholders when sent or published in the manner specified in this Clause) no later than 10 (ten) Business Days prior to the meeting. Furthermore, the notice shall specify the time, place and agenda of the meeting, as well as any action required on the part of the Collateral Agent and Noteholders that will attend the meeting. No matters other than those referred to in the notice may be resolved at the Noteholders' Meeting.
- 13.31.24 The Noteholders' Meeting shall be held in Riga, Latvia, and its chairperson shall be appointed by the Noteholders' Meeting based on the proposal from the Issuer.
- 13.31.25 The Noteholders' Meeting shall be held in English. Representatives of the Issuer and persons authorised to act for the Issuer may attend and speak at the Noteholders' Meeting. The Collateral Agent shall have a right to participate in all Noteholders' Meetings.
- 13.31.26 Minutes of the Noteholders' Meeting shall be kept, recording the day and time of the meeting, attendees, their votes represented, matters discussed, results of voting, and resolutions which were adopted. The minutes shall be signed by the keeper of the minutes, which shall be appointed by the Noteholders' Meeting. The minutes shall be attested by the chairman of the Noteholders' Meeting, if the chairperson is not the keeper of the minutes, as well as by one of the persons appointed by the Noteholders' Meeting to attest the minutes. The minutes from the relevant Noteholders' Meeting shall at the request of a Noteholder or the Collateral Agent be sent to it by the Issuer.

14 GENERAL TERMS AND CONDITIONS OF THE OFFERING

14.1 General Structure of the Offering of Notes

- 14.1.1 The Programme consists of (i) a public offering ("**Retail Offering**") of the Notes to retail investors and institutional investors (each a "**Retail Investor**") in the Republic of Latvia, the Republic of Lithuania, the Republic of Estonia; and (ii) private placement ("**Private Placement**") of the Notes to institutional investors ("**Institutional Investor**") in certain Member States of the European Economic Area ("**EEA**") and to other selected Investors in each case pursuant to an exemption under Article 1 of the Prospectus Regulation; and (iii) a public exchange offer ("**Exchange Offering**") addressed to the holders of the Existing Secured Notes ("**Existing Noteholder**") in relation to their exchange with the Notes as further described in the respective Final Terms and below. The Retail Offering, the Private Placement and the Exchange Offering together are referred to as the Offering. The Retail Investor, the Institutional Investor and the Existing Noteholder together are referred to as Investors.
- 14.1.2 The Noteholders shall be prohibited to resell, transfer or deliver the Notes to any person in a manner that would constitute a public offer of securities.
- 14.1.3 For the purposes of the Retail Offering, only such prospective Investors will be eligible to participate in the offering who at or by the time of placing their orders have opened securities accounts with entities of their choice, which are licensed to provide such services within the territory of the Republic of Latvia, of the Republic of Lithuania or of the Republic of Estonia and are members of Nasdaq Riga or have relevant arrangements with a member of Nasdaq Riga ("**Custodian**").
- 14.1.4 For the purposes of the Offering the Issuer may appoint sales agent ("**Sales Agent**"), to act as a Sales Agent in relation to the Offering of particular Tranche. The Sales Agent may act as a distributor and offer the Notes of particular Tranche, including assist the Issuer with the relevant investor and marketing materials and approach the investor base concerning the Notes offered under these General Terms and Conditions and Final Terms of particular Tranche. In any case, the particular Sales Agent information shall be indicated in the Final Terms of respective Tranche, if appointed.

14.2 Subscription for the Notes

- 14.2.1 The subscription period (the "**Subscription Period**") for each Tranche shall be specified in the Final Terms. The Issuer may decide on shortening or lengthening the Subscription Period.
- 14.2.2 The Investors wishing to subscribe for and purchase the Notes shall submit their orders to acquire the Notes (the "**Subscription Orders**") at any time during the Subscription Period.
- 14.2.3 At the time of placing a Subscription Order, each Investor shall make a binding instruction for depositing the Notes in a securities account maintained in its name and opened with a Custodian of their choice.
- 14.2.4 Upon submission of the Subscription Order the Investor shall authorise the Nasdaq CSD, Nasdaq Riga and the Issuer to process, forward and exchange information on the identity of the Investor and the contents of respective Investor's Subscription Order before, during and after the Subscription Period.
- 14.2.5 An Investor shall be allowed to submit a Subscription Order either personally or via a representative whom the Investor has authorised (in the form required by the applicable law) to submit the Subscription Order. An Investor shall ensure that all information contained in the Subscription Order is correct, complete and legible.
- 14.2.6 The Issuer reserves the right to reject any Subscription Order that is incomplete, incorrect, unclear or ineligible or that has not been completed and submitted and/or has not been supported by the necessary additional documents, requested by the Issuer, during the Subscription Period and in accordance with all requirements set out in the General Terms and Conditions of the Notes.
- 14.2.7 All expenses associated with the acquisition and custody of the Notes shall be the responsibility of the Noteholder, in accordance with the price list of the credit institution or investment service provider through which the Noteholder purchases and holds the Notes. The Issuer is not obligated to compensate for any such expenses incurred by the Noteholder.
- 14.2.8 Any consequences of form of a Subscription Order for the Notes being incorrectly filled out will be borne by the Investor.
- 14.2.9 All Subscription Orders shall be binding and irrevocable commitments to acquire the allotted Notes, with the exceptions stated below. The Subscription Orders shall not be considered valid

and shall not be processed in case the purchase amount indicated in the Subscription Orders is less than the Minimum Investment Amount or the Subscription Orders were received after the Subscription Period. The Issuer has no obligation to inform the Investors about the fact that their Subscription Orders are invalid.

14.3 Retail Offering

- 14.3.1 In order to subscribe to the Notes, Retail Investor in the Republic of Latvia, the Republic of Estonia and the Republic of Lithuania must have a securities account with a Custodian. A Retail Investor wishing to subscribe for Notes should contact its Custodian and submit the Subscription Order using the Subscription Order forms and methods (e.g., physically, over the internet or by other means) made available by the financial institution. Subscription Orders by the Custodians shall be filed through the Nasdaq Riga Auction System.
- 14.3.2 The total amount of the Notes to be acquired and indicated in each Subscription Order shall be for at least the Minimum Investment Amount. The procedure of submission of the Subscription Orders shall be specified in the Final Terms if any additional information shall be provided.

14.4 Private Placement

- 14.4.1 In respect of the Private Placement of the Notes Institutional Investors wishing to purchase the Notes may submit their Subscription Orders to the Arranger or the Sales Agent if appointed according to Final Terms, or their Custodian, which in turn shall submit the orders to the Arranger.
- 14.4.2 Institutional Investors shall submit their own Subscription Orders or Subscription Orders received from other Investors, if any, to the Arranger or the Sales Agent if appointed according to Final Terms.
- 14.4.3 Institutional Investors shall be entitled to place multiple Subscription Orders.
- 14.4.4 Institutional Investors shall contact the Arranger or the Sales Agent if appointed according to Final Terms, for information on detailed rules governing the placement of Subscription Orders, in particular the documents required if an order is placed by a statutory representative, proxy or any other person acting on behalf of an Investor.

14.5 Exchange Offering

- 14.5.1 The exchange period (the "**Exchange Period**") for each Tranche, if any, shall be specified in the Final Terms. The Issuer may decide on shortening or lengthening the Exchange Period. However, in any case, the Exchange Period cannot be longer than the Subscription Period of the respective Tranche of Notes.
- 14.5.2 By filling a respective corporate event notification to the Nasdaq CSD, within the Exchange Period of each Tranche the Issuer may offer to all Existing Noteholders to exchange the Existing Secured Notes with the Notes, as specified in the respective Final Terms. For the avoidance of doubt, in each Final Terms it will be further specified which of the Existing Secured Notes (i.e., First Existing Secured Notes and/or Second Existing Secured Notes) can be exchanged for the Notes.
- 14.5.3 The Exchange Period for exchange of the Existing Secured Notes with the Notes shall not be shorter than 10 (ten) Business Days.
- 14.5.4 The exchange ratio shall be one-to-ten and any number of the Existing Secured Notes may be used for the exchange.
- 14.5.5 Existing Noteholders wishing to exchange the Existing Secured Notes can submit their instructions with their Custodian in writing using the offer form provided by the Custodian stating the number of the Existing Secured Notes to be exchanged (the "**Exchange Instruction**").
- 14.5.6 The Custodian shall in turn inform the Nasdaq CSD on the total number of the Existing Secured Notes to be exchanged with the Notes of the respective Tranche and the Existing Noteholders who requested the exchange by the end of the Exchange Period.
- 14.5.7 The deadlines set by the Custodian or the Nasdaq CSD might also be earlier than the end of the Exchange Period.
- 14.5.8 Every Existing Noteholder participating in the Exchange Offer is entitled to a fee as compensation for the accrued interest on the Existing Secured Notes for the period from last interest payment date of the Existing Secured Notes until the Issue Date of the respective Tranche of these Notes. The specific amount of fee shall be specified in the Final Terms of each respective Tranche. The fee is payable within 10 (ten) Business Days after the Issue Date

and the record date for the fee of the respective Tranche. For tax purposes the fee is treated as interest payment.

- 14.5.9 The Arranger assumes no warranty or liability regarding the receipt of Exchange Instructions placed before the end of the Exchange Period.
- 14.5.10 By submitting an Exchange Instruction for the exchange of the respective Existing Secured Notes with the Notes, each Existing Noteholder shall authorise and instruct the Custodian to immediately block the total number of the respective Existing Secured Notes to be exchanged with the Notes on the Investor's securities account until the settlement for the transaction is completed or until the respective Existing Secured Notes are released.
- 14.5.11 The number of the Existing Secured Notes on the Existing Noteholder's securities account to be blocked shall be ten times less, meaning that for one Existing Secured Note the Existing Noteholder will receive ten Notes. An Existing Noteholder may submit an Exchange Instruction only when there is a sufficient number of the respective Existing Secured Notes on the Existing Noteholder's securities account. If the number of the respective Existing Secured Notes which are blocked is insufficient, the Exchange Instruction shall be deemed valid only in respect to the amount of a sufficient number of the respective Existing Secured Notes that are on the Existing Noteholder's securities account. For the sake of clarity, the Existing Noteholder will have the option to exchange one Existing Secured Note for 10 (ten) Notes. If the Existing Noteholder holds more than one Existing Secured Note, it may exchange only a certain amount of Existing Secured Notes and not exchange others. However, the Existing Noteholder will not be able to exchange one Existing Secured Note for fewer than 10 Notes and receive the surplus as a cash payment.

14.6 Withdrawal of the Subscription Orders

- 14.6.1 An Investor may withdraw a Subscription Order for the Notes of the respective Tranche by submitting a written statement to the credit institution or investment brokerage firm where the subscription was made at any time until the end of the Subscription Period of the respective Tranche.
- 14.6.2 Additionally, as set forth in Article 23 of the Prospectus Regulation, an Investor may withdraw a Subscription Order for the Notes of the respective Tranche by submitting a written statement to the Custodian where the subscription was made at any time until the end of the Subscription Period of the respective Tranche if any supplement or amendment to the Base Prospectus is made public concerning an event or circumstances occurring before the allocation of the Notes, of which the Issuer became aware prior to allocation of the Notes, within 2 (two) Business Days as from the date of the publication of the supplement or amendment to the Base Prospectus.
- 14.6.3 An Investor shall be liable for payment of all fees and costs charged by a credit institution or an investment brokerage firm used by the Investor for the Subscription of the Notes in connection with the withdrawal or amendment of the Subscription Order.
- 14.6.4 Following withdrawal of a Subscription Order, the repayments shall be made (or blocked funds shall be released) in accordance with the Subscription Order within 3 (three) Business Days following submission of a statement regarding withdrawal of the Subscription Order.

14.7 No Assignment or Transfer

The rights arising out of this Base Prospectus in relation to the subscription for the Notes (including, without limitation, pre-emption rights, rights arising from any Subscription Orders or any acceptance thereof) are not assignable, tradable or transferable in any way and any assigned or transferred rights will not be recognised by the Issuer and will not be binding on the Issuer.

There are no pre-emption rights associated with the Notes. Therefore, no procedure for the exercise of any right of pre-emption has been adopted or produced for the purposes of the Offering. In addition, subscription rights are non-negotiable and non-tradeable, thus no procedures have been adopted or specific treatment provided thereof.

14.8 Payment for the Notes

- 14.8.1 By submitting a Subscription Order, each Retail Investor shall authorise and instruct the Custodian operating the Retail Investor's cash account connected to the Retail Investor's securities account to immediately block the whole subscription amount on the Retail Investor's cash account until the payment for the allotted Notes is completed or until the funds are released in accordance with this Base Prospectus. The subscription amount to be blocked will be equal to the Offer Price multiplied by the amount of the Notes, the respective Retail Investor

wishes to subscribe for. A Retail Investor may submit a Subscription Order only when there are sufficient funds on the cash account connected to the securities account. If the blocked funds are insufficient, the Subscription Order will be deemed null and void to the extent funds are insufficient.

- 14.8.2 The Retail Investors who have not been allotted any Notes or whose Subscriptions have been reduced will receive reimbursements of the payment made upon placing the Subscription Order (or the blocked funds will be released) in accordance with instructions provided by each such Retail Investor, as required under the procedures applicable in the investment firm or credit institution with which the Subscription Order was placed. The reimbursement will take place (or the blocked funds will be released) within 10 (ten) Business Days as from the end of the Subscription Period or from the date of the publication of the supplement to this Base Prospectus on the cancellation of the Offering. The payments shall be returned (or the blocked funds will be released) without any reimbursement for costs incurred by the Retail Investors in the course of subscribing for the Notes and shall be net of all transfer expenses and without interest.
- 14.8.3 In respect of Private Placement of the Notes the Institutional Investor shall consent to the obligation to ensure the subscription amount on the settlement date on the Delivery Versus Payment terms in accordance with Nasdaq CSD rules.
- 14.8.4 Payments for the Notes are interest free.

14.9 Allotment

- 14.9.1 On the next Business Day following the end of the Exchange Offer Period and Subscription Period the Issuer will decide whether to proceed with the Offering of the Notes of a Tranche or cancel the Offering of the respective Tranche.
- 14.9.2 In case the Offering of the Notes of a Tranche is cancelled, the Issuer will publish an announcement on its website as well as submit this information to the Bank of Latvia.
- 14.9.3 In case the Issuer decides to proceed with the Offering of the Notes of a Tranche the following actions shall be taken on the next 3 Business Days following the Subscription Period or about that date.

Allotment of the Notes to the Investors

- 14.9.4 The Issuer will establish the exact number of the Notes to be allotted to the Existing Noteholders who have participated in the Exchange Offer, by submitting their Exchange Instructions. All Existing Noteholders who have elected to participate in the Exchange Offer shall be allotted the Notes fully, observing the exchange ratio.
- 14.9.5 To ensure the participation in the loyalty programme as described in Section 8 "Loyalty Programme" of this Base Prospectus the Investors will be allocated at least 5 (five) Notes if subscribed for at least 5 (five) Notes (the exact procedure will be further specified in Final Terms of the Respective Tranche).
For the avoidance of doubt, the Issuer in the Final Terms will also indicate whether loyalty programme is applicable to that respective Tranche. If the respective Tranche will not be eligible for the loyalty programme, then the afore-mentioned allocation principles will not be applied. For loyalty program participation purposes, the Investor may be required to provide information (for instance, confirmation from securities account of Notes held), confirming its holding of the Notes.
- 14.9.6 The Issuer will establish the exact amount of the Notes to be allotted with respect to each Subscription Order.
- 14.9.7 As a general principle, if the total number of the Notes subscribed for (including the Notes exchanged during the Exchange Offer) is equal to or less than the number of the Notes and the Issuer decides to proceed with the Offering of the respective Tranche of Notes, the Notes will be allotted based on the Subscription Orders placed.
- 14.9.8 In case the total number of the Notes subscribed for is higher than the number of the Notes and the Issuer decides to proceed with the Offering, the Notes may be allocated to them in an entirely discretionary manner of the Issuer.
- 14.9.9 If any additional provisions would be applied to the allocation of the separate Tranche Notes, these will be specified in the Final Terms for the Offering of the relevant Tranche.
- 14.9.10 The division of Notes between the retail and institutional investors has not been predetermined. The Issuer will determine the exact allocation at its sole discretion.
- 14.9.11 Under the same circumstances, all Investors shall be treated equally, whereas depending on the number of Investors and interest towards the Offering, the Issuer may set minimum and

maximum number of the Notes allocated to one investor, which will apply equally to both – the Retail Investors and the Institutional Investors. If such approach is chosen, it will be further specified in the respective Final Terms.

- 14.9.12 The allocation shall be aimed to create a solid and reliable Investor base for the Issuer.
- 14.9.13 The Issuer shall be entitled to prefer its Existing Noteholders to other Investors.
- 14.9.14 Possible multiple Subscription Undertakings submitted by an Investor shall be merged for the purpose of allocation.

Confirmations

- 14.9.15 After completion of the allotment, the Investor shall receive a notification about partial or full satisfaction or rejection of the Subscription Order submitted by the Investor and the number of Notes allotted to the investor if any. A confirmation shall be provided by the Custodian where an Investor has submitted his/her/its Subscription Order, the Arranger or Sales Agent if appointed according to Final Terms.

Information about the Results of the Offering

- 14.9.16 Information about the results of the Offering of each Tranche (amount of the Notes issued and an aggregate principal amount of the respective Tranche) shall be published on the Issuer's website <https://www.longo.group> as well as at www.nasdaqbaltic.com. The exact date on which announcement will take place of the results of the Offering of particular Tranche, will be included in the Final Terms of the respective Tranche.

14.10 Cancellation, Suspension or Postponement of the Offering

- 14.10.1 The Issuer may cancel the Offering of the Notes of any Tranche at any time prior to the Settlement Date without disclosing any reason for doing so. The Issuer may also change the dates of opening and closing of the Subscription Period, or decide that the Offering of any of the Tranches will be postponed and that new dates of the Offering will be provided by the Issuer later.
- 14.10.2 In such an event, Subscriptions for the Notes that have been made will be disregarded, and any Subscription payments made will be returned (or the blocked funds will be released) without interest or any other compensation.
- 14.10.3 Any decision on cancellation, suspension, postponement or changes of the dates of the Offering will be published in a manner compliant with applicable regulations, as well as market practices in Latvia.

14.11 Settlement and Delivery

- 14.11.1 The settlement of the Offering will be carried out by Nasdaq CSD. The Notes allocated to Retail Investors and Institutional Investors will be transferred to their securities accounts through the "delivery versus payment" method pursuant to the applicable rules of Nasdaq CSD simultaneously with the transfer of payment for such Notes. The title to the Notes will pass to the relevant Retail Investors and Institutional Investors when the Notes are transferred to their securities accounts. If Retail Investor or Institutional Investor has submitted several Subscription Orders through several securities accounts, the Notes allocated to such Retail Investor or Institutional Investor will be transferred to all such securities accounts proportionally to the number of the Notes indicated in the Subscription Orders submitted for each account, rounded up or down as necessary. The settlement will take place on the Issue Date. All paid up Notes shall be treated as issued.
- 14.11.2 For all the Existing Secured Notes to be exchanged with the Notes, the Nasdaq CSD will instruct the relevant Nasdaq CSD member to transfer the total number of the Notes to its clients, which in turn will transfer specific number of the Notes to each of the Investors.
- 14.11.3 On the Issue Date the Nasdaq CSD will delete a number of the Existing Secured Notes that were exchanged for the Notes from each of its members accounts.
- 14.11.4 Dealing with the Notes may begin when the Notes allocated to Investors are transferred to their securities account which will take place on the date indicated in the Final Terms of the respective Tranche.

14.12 Listing and Admission to Trading

- 14.12.1 The Issuer shall submit an application to list and admit to trading each Tranche of the Notes on Nasdaq Riga Baltic Bond List.
- 14.12.2 The decision as to the listing and admission of Notes to trading on Nasdaq Riga shall be adopted by the Board of Nasdaq Riga. The Issuer shall take all the measures, established in Nasdaq

rules, needed that the Notes would be admitted to trading on Nasdaq Riga as soon as practicably possible.

- 14.12.3 The Issuer expects that the Notes of the respective Tranche shall be admitted to trading on Nasdaq Riga within 3 (three) months as from placement thereof to the investors at the latest. Disregarding this, the Issuer will put its best endeavours so that these terms would be as short as practicable possible.
- 14.12.4 The Issuer shall also put its best efforts to ensure that the Notes remain listed on the Nasdaq Riga. The Issuer shall, following a listing or Admission to trading, take all reasonable actions on its part required as a result of such listing or trading of the Notes.
- 14.12.5 The Issuer will cover all costs, which are related to the Listing of the Notes on Nasdaq Riga.

14.13 Taxation

Tax legislation of the investor's member state and of the Issuer's country of incorporation may have an impact on the income received from the Notes. The following is a general summary of certain tax considerations in the Republic of Latvia in relation to the Notes. It is not exhaustive and does not purport to be a complete analysis of all tax consequences relating to the Notes, as well as does not take into account or discuss the tax implications of any country other than the Republic of Latvia. The information provided in this Section shall not be treated as legal or tax advice; and prospective investors are advised to consult their own tax advisors as to the tax consequences of the subscription, ownership and disposal of the Notes applicable to their particular circumstances.

This summary is based on the laws of Latvia as in force on the date of this Base Prospectus and is subject to any change in law that may take effect after such date, provided that such changes could apply also retroactively.

Latvia has entered into a number of tax conventions on elimination of the double taxation (Double Taxation Treaties), which may provide more favourable taxation regime. Therefore, if there is a valid Double Taxation Treaty with the country of a non-resident prospective investor, it should be also examined. The procedures for application of Double Taxation Treaties are provided in the Republic of Latvia Cabinet of Ministers' Regulations No. 178 "Procedures for Application of Tax Relief Determined in International Agreements for Prevention of Double Taxation and Tax Evasion" of 30 April 2001.

14.13.1 Taxation of the Noteholders individuals

Resident individuals

An individual will be considered as a resident of Latvia for taxation purposes:

- if the individual's declared place of residence is in the Republic of Latvia; or
- if the individual stays in the Republic of Latvia 183 days or more within any 12-month period, starting or ending in the taxation year; or
- if the individual is a citizen of the Republic of Latvia employed abroad by the government of the Republic of Latvia.

In accordance with the Law on Personal Income Tax (in Latvian – *Likums "Par iedzīvotāju ienākuma nodokli"*) the interest income and interest equivalent income from the Notes for resident individuals are subject to 20 per-cent withholding tax, deductible by the Issuer before the payment.

The capital gains from the sale of the Notes are subject to 20 per-cent tax, but the tax is payable by the individual him/herself. Special rules apply if the transactions with the Notes are made through an investment account within the meaning of the Law on Personal Income Tax (in Latvian – *Likums "Par iedzīvotāju ienākuma nodokli"*). In such case taxation of income is deferred until the moment when the amount withdrawn from the investment account exceeds the contributed amount.

Non-resident individuals

An individual will be considered as a non-resident of Latvia if the individual does not qualify as a resident individual under Latvian laws.

In accordance with the Law on Personal Income Tax (in Latvian – *Likums "Par iedzīvotāju ienākuma nodokli"*) the interest income from the Notes being circulated publicly as well as income from the alienation of the publicly circulated Notes are not subject to tax in Latvia.

Each non-resident individual, however, should always seek professional advice and determine if any tax obligations with regards to taxation and reporting are applicable under the domestic law of his/her country of residence.

14.13.2 Taxation of the Noteholders entities

Resident entities

An entity will be considered as a resident of Latvia for tax purposes if it is or should have been established and registered in the Republic of Latvia in accordance with the legislative acts of the Republic of Latvia. This also include permanent establishments of foreign entities in Latvia.

Interest (coupon) income and a capital gain from the Notes constitute a part of the beneficiary's – Latvian company's – overall income. The CIT obligation is deferred to the moment of profit distribution (dividends, interim dividends) or deemed profit distribution (e.g., deemed dividends, non-business expenditure, bad debts provisions/write-off, loans to the related persons, transfer pricing adjustments, liquidation quota) of the beneficiary – Latvian company. The tax is assessed and paid based on the CIT Return filed for a taxation period (a month or year).

Profit distributions are taxed at the rate of 20% of the gross amount of the distributions (tax base is divided by 0.8 and then tax applied at the rate of 20% resulting in the effective rate of 25%).

Non-resident entities

An entity will be considered as a non-resident of Latvia if the entity does not qualify as a resident entity under Latvian laws.

In accordance with the Corporate Income Tax Law of Latvia (in Latvian – *Uzņēmumu ienākuma nodokļa likums*) the interest income and income from the alienation of the Notes for non-resident entities, generally, is not taxable in Latvia. Non-resident entity interest (coupon) income and a capital gain from the Notes in Latvia may under certain circumstances be subject to CIT if obtained from pursued economic activity, such as security and commodity contracts brokerage, or activities related thereto, especially by using permanent establishment in Latvia.

Each non-resident entity should determine if any tax obligations with regards to taxation and reporting are applicable under the domestic law of its country of residence.

14.13.3 Taxation of low-tax non-residents

In general, payments (including interest payments) to non-residents located, registered or incorporated in a no-tax or low-tax country or territory as defined in the Regulations of the Cabinet of Ministers No. 333 "List of Low-Tax or No-Tax Countries and Territories", adopted on 27 June 2023; effective as of 1 July 2023 ("**Low-Tax Non-Latvian Residents**") are subject to withholding tax of 20 per-cent if the payer is a Latvian legal entity or 23 per-cent if the payer is a Latvian individual resident having obligation to withhold tax.

However, pursuant to Article 5(6) of the Corporate Income Tax Law (in Latvian – *Uzņēmumu ienākuma nodokļa likums*) payments by Latvian legal entities to Low-Tax Non-Latvian Residents for securities publicly circulated in the EU or EEA are exempt from withholding tax if made at the market price. The State Revenue Service of the Republic of Latvia in a legally non-binding explanation in the context of an issue of debt notes by another issuer has confirmed that, pursuant to Article 5(6) of the Corporate Income Tax Law (in Latvian – *Uzņēmumu ienākuma nodokļa likums*), there shall be no withholding tax also on the interest payments made by an issuer to the holders of the notes publicly circulated in the EU or EEA who are Low-Tax Non-Latvian Residents, provided that the payments are made at the market price.

15 FORM OF FINAL TERMS

Set out below is the form of Final Terms which will be completed for each Tranche of Notes issued under the Base Prospectus

Final Terms dated [●] AS Longo Group

Issue of EUR [●] Tranche No. [●] of Notes due [●] under the Programme for the Issuance of Notes in total amount of up to EUR 20 000 000

Terms used herein shall be deemed to be defined as such for the purposes of the General Terms and Conditions of the Notes set forth in the Base Prospectus dated [●] (the "Base Prospectus") for the purposes of Regulation (EU) 2017/1129 (the "**Prospectus Regulation**").

This document constitutes the Final Terms of the Notes described herein for the purposes of the Prospectus Regulation and must be read in conjunction with the Base Prospectus. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus.

The Base Prospectus has been published on the Issuer's website <https://www.longo.group>. A summary of the individual issue is annexed to these Final Terms.

- | | |
|--|---------------------------|
| 1. Issuer: | AS Longo Group |
| 2. Currency: | EUR |
| 3. Tranche number: | [●] |
| 4. ISIN: | [[●]] |
| 5. Aggregate principal amount: | EUR [●] |
| 6. Number of Notes: | [●] |
| 7. Nominal amount of the Note: | EUR 100 |
| 8. Issue Date: | [●] |
| 9. Annual Interest Rate: | [●] |
| 10. Interest Payment Dates: | [●] |
| 11. Maturity Date: | [●] |
| 12. Call Option Dates: | |
| 13. Minimum Investment Amount: | [●] |
| 14. Issue Price of the Note: | [●] |
| 15. Subscription Period: | [●] |
| 16. Procedure for submission of Subscription Orders: | [●] |
| 17. Exchange Period: | [[●] / [Not applicable.]] |
| 18. Exchange Ratio: | [[●] / [Not applicable.]] |
| 19. Accrued interest payable to Existing Noteholders per one Note: | [●] |
| 20. Procedure for submission of Exchange Instructions: | [[●] / [Not applicable.]] |
| 21. Procedure for allocation of the Notes and settlement: | [●] |
| 22. First Existing Secured Notes subject to exchange: | |

23. Estimated total expenses of the issue of the Notes: [●]
24. Estimated net amount of the proceeds from the Issue of the Notes: [●]
25. Name of the Arranger: Signet Bank AS, registration number: 40003043232, legal address: Antonijas iela 3, Riga, LV-1010, Latvia.
26. Name of the Sales Agent [[●] / [Not applicable.]]
27. Rating: The Notes to be issued have not been rated.
28. Information about the securities of the Issuer that are already admitted to trading: [[●] / [Not applicable.]]
29. Eligibility for participation in the investor loyalty programme: [Yes / No]

These Final Terms have been approved by the Management Board of the Issuer at its meeting on [date] [month] [year].
Riga, [date] [month] [year]

[●]

16 GLOSSARY

The following definitions will apply throughout this Base Prospectus unless the context requires otherwise. They are not intended as technical definitions and are provided purely for assistance in understating certain terms used in this Base Prospectus.

Accounting Principles	International Financial Reporting Standards (IFRS) within the meaning of Regulation 1606/2002/EC (or as otherwise adopted or amended from time to time).
Adjusted Cash	The sum of the Group's Cash and Cash Equivalents and Confirmed Tax, according to the most recent Financial Report.
Adjusted Equity	The aggregate book value of the Group's total equity on a consolidated basis, increased by Subordinated Debt, according to the most recent Financial Report.
AML	Anti-money laundering.
Arranger	Signet Bank AS, registration no. 40003076407, legal address at: Antonijas iela 3, LV-1010, Riga, Latvia.
Articles of Association	Articles of Association of the Issuer effective as of the date of this Base Prospectus.
Audited Financial Reports	Consolidated audited financial statements of the Group pertaining to the financial years ending on 31 December 2023 and 31 December 2022 prepared in accordance with Accounting Principles.
Auditor	The audit firm KPMG Baltics SIA, registration number: 40003235171, legal address: Roberta Hirša iela 1, Rīga, LV-1045, Latvia, is the Group auditor for the accounting period covered by the historical (consolidated) financial information contained in this Base Prospectus. KPMG Baltics SIA is a certified auditor (license No. 55) and a member of the Latvian Association of Certified Auditors.
B2B	Business to business.
Bank of Latvia	The Bank of Latvia (in Latvian: <i>Latvijas Banka</i>) with its registered office in Riga, Latvia. The Latvian financial supervision authority.
Bank of Lithuania	The Bank of Lithuania (in Lithuanian: <i>Lietuvos bankas</i>) with its registered office in Vilnius, Lithuania. The Lithuanian financial supervision authority.
Business Day(s)	Business Day is a day when the Nasdaq CSD system is open and operational to effectuate T2S-eligible securities settlement transactions.
Bridge Loan	Unsecured loan provided for short-term working capital financing.
Capitalization Ratio	Ratio of Adjusted Equity to consolidated assets of the Group calculated according to the most recent Financial Report.
Cash and Cash Equivalents	Cash and cash equivalents of the Group according to the most recent Financial Report.
Change of Control	The occurrence of an event or series of events whereby, a person (natural person or legal entity) or group of persons acting in concert (directly or indirectly) acquires the influence (whether by way of ownership of shares, contractual arrangement or otherwise) to: <ul style="list-style-type: none"> (a) cast or control the casting of more than 50% (fifty percent) of the maximum number of votes that might be cast at a General Meeting of the Shareholders of the Issuer (including Subsidiaries) or (b) appoint or remove or control the appointment or removal of a majority of the management board or supervisory board

	<p>members or other equivalent officers of the Issuer ((including Subsidiaries).</p> <p>For the sake of clarity, a Change of Control does not take place if:</p> <ul style="list-style-type: none"> (a) change of control takes place between existing Shareholders and/or their related parties (including where any changes to the Management Board or Supervisory Board members or other equivalent officers of the Issuer takes place); or (b) existing Shareholders each individually lose control over the Issuer and no other person gains power to cast or control the casting of more than 50% (fifty percent) of the maximum number of votes that might be cast at a General Meeting of the Shareholders of the Issuer (including where any changes to the board or supervisory board members or other equivalent officers of the Issuer takes place); or (c) initial public offering of shares (IPO) of the Issuer occurs, whereby shares of the Issuer are offered to the public for subscription and/or purchase and subsequently listed on any EU stock exchange, including but not limited to exchanges such as Nasdaq Riga and Nasdaq First North.
CIT	Latvian Corporate Income Tax.
Citadele Bank	AS Citadele banka, registration number: 40103303559, legal address: Republikas laukums 2A, Riga, LV-1010, Latvia.
Citadele Bank Loan	Loan of the Issuer secured by Mortgage over the Real Estate with an outstanding amount of EUR 800 000 (eight hundred thousand euros) issued by Citadele Bank (agreement No. KS/24-147).
Collateral	The Commercial Pledge and the Mortgage together, as described in Clause 13.8 "Collateral of the Notes", which serves as security for the fulfilment of the Issuer's obligations to the Noteholders in accordance with the Base Prospectus, including that collateral if created pursuant to Clause 13.11 "Additional Collateral of the Notes" under this Base Prospectus.
Collateral Agent	A person holding the Collateral on behalf of the Noteholders, but in its own name, and authorized to act with the Collaterals in favour of all the Noteholders in accordance with the Base Prospectus, the Collateral Agreement and the Collateral Agent Agreement, initially Sorainen ZAB SIA, a law firm registered with the Latvian Bar Association and registered with the Commercial Register with registration no: 50203349641, legal address: Krišjāņa Valdemāra iela 21 – 11, Riga, LV-1010, Latvia.
Collateral Agent Agreement	The agreement concluded between the Issuer and the Collateral Agent which stipulates the rights and obligations of the Collateral Agent in relation to the establishment, maintenance, and enforcement of the Collateral, as defined in the Base Prospectus, in the interests of the Noteholders, as well as the Collateral Agent's compensation. A copy of the Collateral Agent Agreement is available for inspection upon request to the Issuer.
Collateral Agreement	The collateral agreement concluded or to be concluded on the provision of the Collateral referred to in Clause 13.8 "Collateral of the Notes" and Clause 13.11 "Additional Collateral of the Notes" (as may be applicable) between the Collateral Agent and the relevant Collateral Provider or Mortgage Provider together with all appendices and amendments that may be concluded from time to time. Copies of the Collateral Agreements are available for inspection upon request from the Issuer.
Collateral Coverage Ratio	The ratio of Collateral Value plus Adjusted Cash divided by Secured Financial Indebtedness, calculated at the end of each calendar quarter.

Collateral Providers	<p>Initially the following Group entities of the Issuer:</p> <ol style="list-style-type: none"> 1) In Latvia - SIA "Longo Latvia", with registration No.: 40203147079, and with legal address at: Mūkusalas iela 72A, Riga, Latvia; and 2) In Lithuania - Longo LT UAB, with registration No.: 304837699, and with legal address at: Perkūnkiemio g. 13-91, LT-12114, Vilnius, Lithuania. <p>From time to time Collateral Providers may change subject to Clauses 13.8, 13.9 and 13.11. of this Base Prospectus.</p>
Collateral Value	The sum of Pledged Assets and Real Estate calculated at the end of each financial quarter and derived from the respective financial reports of each Collateral Provider and the most recent Collateral Valuation Report, respectively.
Collateral Valuation Report	A valuation report of Pledged Real Estate, prepared by independent asset appraisers at least once in every 24 (twenty four) months.
Commercial Law	Commercial Law of Latvia, adopted on 13 April 2000.
Commercial Pledge	<ol style="list-style-type: none"> 1) In Latvia - a first rank commercial pledge over all assets of the Collateral Provider (SIA "Longo Latvia") as an aggregation of property at the moment of pledging, as well as its future components as a first rank pledge; and 2) In Lithuania - a first rank commercial pledge over all assets of the Collateral Provider (Longo LT UAB) as an aggregation of property at the moment of pledging, as well as its future components as a first rank pledge at the time of the pledge entry is made or the property which the Collateral Provider acquires after the pledge entry.
Commercial Pledge Register(s)	In respect of commercial pledge granted by SIA "Longo Latvia" - the commercial pledge register of the Enterprises Register of Latvia (In Latvian: <i>Komerckīlu reģistrs</i>), in respect of commercial pledge granted by Longo LT UAB - the Register of Contracts and Legal Restrictions of Lithuania (In Lithuanian: <i>Sutarčių ir teisių suvaržymų registras</i>).
Commercial Register	Commercial Register maintained by Register of Enterprises of Latvia.
Confirmed Tax	Value added tax and Private motor vehicle and motorcycle tax (BPM) receivable based on declarations submitted by Subsidiary Longo Netherlands and Subsidiary Longo Belgium to respective Tax regulating bodies.
CPF	Counter Proliferation Financing.
Custodian	A Nasdaq CSD participant directly or licensed credit institution or investment brokerage company that has a financial securities' custody account with Nasdaq CSD participant.
Debt Service Charges	The sum of the Group's scheduled principal payments pursuant to the agreements on Financial Indebtedness and interest payments, including: (a) interest rate swap payments on Financial Indebtedness; and (b) interest payments on Subordinated Debt (if payable), calculated for the Relevant Period.
Debt Service Coverage Ratio or DSCR	Measures the ability of the Group to service its Financial Indebtedness and is calculated as EBITDA divided by Debt Service Charges over the Relevant Period.
Delegated Regulation	Regulation (EU) 2019/980 of 14 March 2019 supplementing Prospectus Regulation as regards the format, content, scrutiny and approval of the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Commission Regulation (EC) No 809/2004.

Double Taxation Treaty	General reference to any applicable tax treaty for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income that is concluded by Latvia, Estonia or Lithuania.
EBITDA	Consolidated net profit of the Group for the Relevant Period calculated according to the most recent Financial Reports: <ul style="list-style-type: none"> (a) before deducting any amount of tax on profits, gains or income paid or payable by any Group company; (b) before deducting any Net Finance Charges; (c) before taking into account any exceptional items which are not in line with the ordinary course of business; (d) not including any accrued interest owing to any Group company; (e) before taking into account any gains or losses on any foreign exchange gains or losses; and (f) after adding back any amount attributable to the amortisation, depreciation or depletion of assets.
ERS	The Estonian Register of Securities, operated by Nasdaq CSD SE Estonian Branch, address Maakri 19/1, 10145 Tallinn, Estonia.
Estonia	The Republic of Estonia.
Estonian Financial Supervision Authority	The Estonian Financial Supervision Authority, a financial supervision institution with autonomous competence and a separate budget which conducts supervision over credit institutions, insurance companies, insurance intermediaries, investment firms, management companies, investment and pension funds as well as the payment service providers, e-money institutions and the securities markets that have been authorised by the Financial Supervision Authority in the name of the state and which is independent in its activities and decisions.
EU	The European Union.
EUR	Euro, the official currency of eurozone countries, including Latvia, Estonia, and Lithuania.
Eurozone	The economic and monetary union of the European Union member states, which have adopted euro as their single official currency.
Existing Noteholders	Noteholders of First Existing Secured Notes and Second Existing Secured Notes.
Existing Secured Notes	First Existing Secured Notes and Second Existing Secured Notes of the Issuer together, i.e.: <ol style="list-style-type: none"> 1) Secured debt securities due on 30 November 2024 with ISIN LV0000860062, with an outstanding amount of EUR 1 515 000 (one million five hundred fifteen thousand euros); 2) Secured debt securities due on 30 June 2025 with ISIN LV0000860096, with an outstanding amount of EUR 4 900 000 (four million nine hundred thousand euros).
Fair Market Value	With respect to any asset, the value that would be paid by a willing buyer to an unaffiliated willing seller in a transaction not involving any distress of either party, determined in good faith by the management board of the Issuer.
Final Terms	Document were specific terms of Notes of the respective Tranche are included, please refer to Section 15 "Form of Final Terms".
Financial Indebtedness	Any interest-bearing financial indebtedness of the Group including: <ul style="list-style-type: none"> (a) monies borrowed and debt balances at banks or other financial institutions;

	<p>(b) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument, including these Notes and Existing Secured Notes;</p> <p>(c) the amount of any liability in respect of any financial lease;</p> <p>(d) Bridge Loans;</p> <p>(e) any amount raised under any other transaction (including any forward purchase or sale agreement) having the commercial effect of a borrowing and treated as a borrowing under the Accounting Principles.</p> <p>(f) any derivative transaction based on mark-to-market value.</p>
Financial Reports	The annual audited consolidated financial statements of the Group and the quarterly interim unaudited consolidated reports of the Group prepared in accordance with the Accounting Principles.
First Existing Secured Notes	Secured debt securities due on 30 November 2024 with ISIN LV0000860062, with an outstanding amount of EUR 1 515 000 (one million five hundred fifteen thousand euros).
General Meeting	Meeting of the Issuer's shareholders, the highest governing body of the Issuer.
Group	The Issuer and its Subsidiaries.
IAS	International Accounting Standards.
IFRS	International Financial Reporting Standards.
Interim Financial Report	Unreviewed consolidated interim financial statement of the Group for the 6-month period ended 30 June 2024 prepared in accordance with the Accounting Principles.
Investor	Retail investor, Institutional Investor and Existing Noteholder.
ISIN	International Securities Identification Number.
Issue Date	The issue date of each Tranche.
Issuer	AS Longo Group, registration number: 42103081417, legal address: Mūkusalas iela 72A, Rīga, LV-1004, Latvia.
Land Register	An official public database of the Republic of Lithuania that records land ownership, boundaries, and legal rights related to real estate in Lithuania.
Latvia	The Republic of Latvia.
Latvian Association of Certified Auditors	Association of Certified Auditors of the Republic of Latvia.
Listing	Listing of Notes on Nasdaq Riga Baltic Bond List.
Lithuania	The Republic of Lithuania.
Majority Noteholders	<p>Noteholders who collectively (excluding the Issuer, its direct and/or indirect Shareholders and the Related Parties holding any Notes) hold in aggregate the Notes with the Nominal representing at least 1/2 (one half) of the aggregate nominal of all outstanding Notes or the respective Tranche (as applicable) plus at least one additional Note (excluding the Issuer, its direct and/or indirect Shareholders and the Related Parties holding any Notes (if such Notes exist)).</p> <p>For the avoidance of doubt, Notes held by the Issuer, its direct and/or indirect Shareholders and the Related Parties shall not give them rights provided to the Majority Noteholders in accordance with this Base Prospectus.</p>
Management Board	The Management Board of the Issuer.

Material Subsidiary	Any future Subsidiary of the Issuer with at least EUR 2 000 000 (two million euros) in assets on the basis of unaudited financial statements of the Subsidiary at the end of each financial year.
Maturity Date	The date when the Notes shall be repaid in full at their Nominal Value under the respective Tranche.
Member States	The Member States of the European Union.
MIFID II	Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU.
Mortgage	Mortgage to be established in favour of the Collateral Agent over the Real Estate owned by Mortgage Provider. Under certain conditions set forth in Clause 13.9, the Mortgage over the Real Estate may be released from Collateral package.
Mortgage Provider	Longo Shared Services UAB, with the registration No.: 305217797, legal address at: Pramonės g. 8 K23, LT-35100, Panevėžys, Lithuania.
Nasdaq CSD	Nasdaq CSD SE (<i>Societas Europaea</i>), the regional Baltic central securities depository (CSD), registration No. 40003242879, registered address Valņu iela 1, Rīga LV-1050, Latvia.
Nasdaq Riga	Nasdaq Riga AS, registration No. 40003167049, registered address at Valņu iela 1, Rīga, LV-1050.
Net Finance Charges	All recurring debt related charges of the Group for the Relevant Period calculated according to the most recent Financial Reports: (a) including cash interest expense on Financial Indebtedness (after deducting any interest income relating to Cash and Cash equivalents); and (b) including cash interest expense on Subordinated Debt; and (c) excluding any payment-in-kind interest capitalized on loans from Related Parties and/or Subordinated Debt.
Notes	Secured notes denominated in EUR with a fixed interest rate of the Issuer.
OFAC	The Office of Foreign Assets Control of the United States Department of the Treasury.
Offer Price	The price at which each Note is to be issued or sold under the Offering.
Offering	The Retail Offering and the Institutional Offering jointly.
Permitted Business	Any businesses, services or activities that are the same as, or reasonably related, ancillary or complementary to, any of the businesses, services or activities in which the Group is engaged on the Issue Date, and reasonable extensions, developments or expansions of such businesses, services or activities, including outside the Baltic states.
Permitted Security	Permitted Security under this Base Prospectus according to the terms of Clause 13.10.
Pledged Assets	Current and future Assets of the Group that are pledged in favour of the Noteholders in accordance with the Collateral Agreement.
Private Placement	The non-public offering of the Notes in Latvia and in selected member states of the European Economic Area to qualified investors within the meaning of Article 2(e) of the Prospectus Regulation and other types of investors in reliance on certain exemptions available under the laws of each jurisdiction where the Offering is being made.

Promissory Note	An agreement between the Issuer and the Collateral Agent where the Issuer reassures it owes any sums due under the Base Prospectus to the Collateral Agent and which may be used, if necessary, for the purposes of registration and enforcement of the Collateral.
Prospectus Regulation	Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC.
Refinancing	The process by which Notes issued under this Base Prospectus are replaced or repaid through the procurement of a loan or other financing arrangement from a financial institution.
Regulated Market	The official bond list (the Baltic Bond List) of Nasdaq Riga, which is a regulated market for the purposes of the MIFID II.
Real Estate	<p>Real Estate, which comprises:</p> <ol style="list-style-type: none"> 1) Land plot comprising 9567 square meters, unique number: 4400-0383-7358, with state leasehold property rights (for Republic of Lithuania), and 2) Buildings and premises - 2421.62 square meters industry building, unique number: 2797-4007-5099. Subject building is divided into 3 premises: 817.67 square meters of production premises, unique number: 2797-4007-5099:000, with freehold property rights (owner – Longo Shared Services UAB); 874.44 square meters of production premises, unique number: 2797-4007-5099:0002, with freehold property rights (owner – Longo Shared Services UAB) and 729.51 square meters of production premises, unique number: 2797-4007-5099:0003, with freehold property rights (owner – Longo Shared Services UAB). <p>560,86 sqm Shot blasting workshop. Unique No. 4400-1769-3219. Property rights – freehold (owner – Longo Shared Services UAB).</p> <p>504,21 sqm Administrative-domestic building. Unique No. 4400-1769-3236. Property rights – freehold (owner – Longo Shared Services UAB).</p>
Related Parties	Any person (natural person or legal entity) in relation to the Issuer or the Group defined as a “reporting entity” by the International Accounting Standards (IAS 24 - Related Party Disclosures).
Relevant Period	Each period of 12 (twelve) consecutive calendar months, fixed at the end of each calendar quarter.
Sanctions	Restrictive measures, namely, restrictions or prohibitions imposed pursuant to international public law, including restrictive measures adopted by the United Nations Security Council (UN), the European Union (EU), Office for Foreign Assets Control (OFAC) and by the Republic of Latvia.
Second Existing Secured Notes	Secured debt securities due on 30 June 2025 with ISIN LV0000860096, with an outstanding amount of EUR 4 900 000 (four million nine hundred thousand euros).
Secured Financial Indebtedness	Means the aggregate principal amount of all outstanding Financial Indebtedness of the Group (including these Notes) that is secured by the same security (including Collaterals and Mortgage) over the same assets of the Group and ranking <i>pari passu</i> with the security interests over the same assets provided to the Noteholders and Existing Noteholders derived from the most recent Financial Report.
Section	A Section of this Base Prospectus.
Shareholder	Natural or legal person(s) holding the Share(s) of the Issuer at any relevant point in time.

Subordinated Debt	<p>Unsecured debt of the Group in the form of Subordinated Notes or subordinated loans from Shareholders with maturity after the Maturity Date. The debt is subordinated to other more senior debts or notes (including these Notes and Existing Secured Notes) with respect to claims on assets or earnings and is fully or partly repayable only if:</p> <ul style="list-style-type: none"> a) the Group's existing and future financial and other covenants are met after the repayment; and/or b) settlement of all obligations under the Existing Secured Notes and Notes are made.
Subordinated Notes	<p>Subordinated Notes currently held by the Issuer's shareholders at the date of this Base Prospectus, with a maximum amount of up to EUR 12 000 000 (twelve million euros) with ISIN LV0000802544 and maturity date on 31 December 2029. The amount of the Subordinated Notes may be increased in the future.</p>
Subscription Order	<p>Order to acquire the Notes submitted by the Investor to its Custodian or the Arranger.</p>
Subscription Period	<p>The subscription period for each Tranche as specified in the Final Terms.</p>
Subsidiaries	<p>At the date of this Base Prospectus the following entities are direct Subsidiaries (with 100% ownership) of the Issuer included in the consolidation:</p> <ol style="list-style-type: none"> 1) SIA "Longo Latvia", registration number: 40203147079; 2) SIA "Longo IP Holdings", registration number: 40203527894; 3) Longo LT UAB, registration number: 304837699; 4) Longo Estonia OU, registration number: 14554950; 5) Longo Shared Service UAB, registration number: 305217797; 6) Longo Netherlands B.V., registration number: 71706267; 7) Longo Belgium B.V., registration number: BE 0881764642; 8) Maxxus GmbH, registration number: HRB18213; 9) Longo Poland sp. z o.o., registration number: 9662161899.
Summary	<p>The summary of this Base Prospectus.</p>
Supervisory Board	<p>The Supervisory Board of the Issuer.</p>
The Baltic States, the Baltics	<p>The Republic of Latvia, the Republic of Estonia, and the Republic of Lithuania as a whole.</p>
Tranche	<p>Notes may be issued in tranches.</p>
UN	<p>The United Nations.</p>

THE ISSUER
AS Longo Group

(registration No. 42103081417, legal address: Mūkusalas iela 72A, Rīga, LV-1004, Latvia)



ARRANGER
Signet Bank AS

(registration No. 40003043232, legal address: Antonijas iela 3, Rīga, LV-1010, Latvia)



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