

# Longo Group Corporate Governance Report 2024:



## ABOUT THE JOINT-STOCK COMPANY

### JSC Longo Group

Registration No. 42103081417

Legal address: Mūkusalas street 72A, Rīga, LV-1004

JSC Longo Group is a privately held Latvian company. Its main business activities are the operation of holding companies (NACE 2.0 64.20) and other lending services (NACE 2.0 64.92).

Significant shareholdings in the company are held by:

- AS ALPPES Capital (38.97%)
- SIA EMK Ventures (12.99%)
- SIA Nevia Finance (12.99%)
- AS Obelo Capital (12.99%)
- SIA EC Capital (11.36%)
- SIA ABARU (9.74%)

The ultimate beneficial owner is Aigars Kesenfelds.

## MANAGEMENT OF JSC LONGO GROUP

The management of JSC Longo Group is executed through the shareholders' meeting, the supervisory board, and the management board. Each body has its own duties and powers according to the Articles of Association and the Commercial Law.

### → Shareholders' Meeting

Convenes in cases and procedures set by the Commercial Law. Extraordinary meetings are held when necessary.

#### Decisions of the shareholders' meeting include:

- Approval of the annual report and profit distribution;
- Appointment of supervisory board members, auditors, and liquidators;
- Amendments to the Articles of Association, including changes in share capital (requires at least three-quarters of voting shareholders);
- Issuance and conversion of securities;
- Remuneration policies for board and supervisory board members and general principles for determining such remuneration;
- Granting of options or shares to employees and board members;
- Other matters set out in the Commercial Law.

### → Supervisory Board

Comprises five members elected for a five-year term. The board elects a chair and at least one deputy. Meetings are held as needed but no less than once per quarter.

#### Tasks of the supervisory board:

- Appoint and dismiss management board members and supervise their work;
- Oversee compliance with laws, statutes, and shareholder decisions;
- Approve and monitor general principles, development and financial goals;
- Supervise internal controls and risk management systems;
- Review annual reports and management's profit proposals;
- Perform other tasks defined by law.

### → Management Board

Consists of two members, one of whom is the chair. Members manage the company jointly but represent it individually. They cannot issue shares but may repurchase them. Board members are appointed and dismissed by the supervisory board unanimously.

#### Duties include:

- Joint management and representation of the company;
- Ensuring legal compliance and adherence to internal decisions;
- Asset management, including roles in subsidiaries;
- Execution of company goals and development plans;
- Ensuring annual budget fulfillment.

## LONGO GROUP GOVERNANCE

JSC Longo Group (the "Group") is the largest used car dealer in the Baltics with the widest selection, entering also in Poland market. The main office in Latvia oversees nine subsidiaries in Latvia, Lithuania, Estonia, Poland, the Netherlands, Belgium, and Germany, that are handling procurement, diagnostics, repair, and sales of used vehicles.

The Group's goal since inception has been to set a new quality standard in the used car trade in the Baltics.

### → Corporate Culture and Ethics

The Group follows best practices largely aligned with the Corporate Governance Code approved by the Ministry of Justice's Advisory Board- although not formally adopted. In 2025, the Board began formalizing its implementation.

The governance model separates strategic and operational management, ensuring ethical, transparent, and conflict-of-interest free operations. Members are aware of conflict-of-interest risks and required responses. The Group promotes transparency, honesty, loyalty, fairness, confidentiality, and professionalism.

Subsidiary governance is handled by their respective boards, with members elected by shareholders' meetings or supervisory boards where applicable. Terms of these bodies are indefinite. The Group aims to place highly qualified professionals in its management structures, aligning corporate and individual goals annually.

### → Strategy, Principles, and Transparency

In subsidiaries where JSC Longo Group holds majority shares and full operational and financial control, unified policies and business strategies are applied. The strategy is developed by the board and approved/supervised by the supervisory board.

The Group regularly informs shareholders, investors, and stakeholders about operations, financial results, and governance. Consolidated interim and annual financial reports are available on its website.

### → Internal Control, Risk Management, and Audit

Risk and opportunity identification/management is central to both strategic planning and daily operations. It includes an internal control and risk management system used in financial reporting.

Internal controls are assigned to specific employees and partially documented in a separate document approved in Q4 2024. The system is regularly reviewed to reduce potential loss or reputational harm.

At the Group level, risk management is handled by the management board, while each company board appoints risk owners for each risk type, responsible for executing control measures.

### → External Auditor

Group companies choose auditors based on a price survey, evaluating both cost and the qualifications of audit personnel. The auditor is appointed by the shareholders' meeting.

For 2024, the chosen auditor for the consolidated financial statements is **KPMG Baltics LLC**, license No. 55.