



## **Longo Group JSC**

Unified registration number 42103081417

# Condensed Consolidated Interim Financial Statements

For the period ended 30.06.2023

**Unaudited**

Prepared in accordance with International  
Financial Reporting Standards as adopted by the EU  
Latvia, 2023

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# General Information

Name of the Parent Group	Longo Group								
Legal status of the Parent Group	Joint Stock Company								
Unified registration number, place and date of registration	42103081417, Riga, Latvia, 30 October 2017								
Registered office	Mūkusalas iela 72A, Riga, Latvia								
Shareholders	<table> <tr> <td></td> <td>30.06.2023</td> </tr> <tr> <td>SIA ALPPES Capital</td> <td>45.4%</td> </tr> <tr> <td>Other shareholders</td> <td>54.6%</td> </tr> <tr> <td><b>TOTAL:</b></td> <td><b>100%</b></td> </tr> </table>		30.06.2023	SIA ALPPES Capital	45.4%	Other shareholders	54.6%	<b>TOTAL:</b>	<b>100%</b>
	30.06.2023								
SIA ALPPES Capital	45.4%								
Other shareholders	54.6%								
<b>TOTAL:</b>	<b>100%</b>								
Board Members	<p>Edgars Cērps - Chairman of the Board from 28.12.2020</p> <p>Jacob Willem Hoogenboom - Member of the Board from 28.12.2020</p>								
Council Members	<p>Aigars Kesenfelds - Chairman of the Council from 28.12.2020</p> <p>Māris Keišs - Deputy of the Council from 01.03.2021</p> <p>Alberts Pole - Member of the Council from 01.03.2021</p> <p>Kristaps Ozols - Member of the Council from 01.03.2021</p> <p>Jonathan Neil Smith - Member of the Council from 01.03.2021</p>								
Subsidiaries	<p>Longo Latvia LLC, Latvia (100%)</p> <p>Longo LT LLC, Lithuania (100%)</p> <p>Longo Estonia LLC, Estonia (100%)</p> <p>Longo Shared Services LLC, Lithuania (100%)</p> <p>Longo Netherlands LLC, Netherlands (100%)</p> <p>Longo Belgium LLC, Belgium (100%)</p> <p>Maxxus LLC, Germany (100%)</p> <p>Longo Poland LLC, Poland (100%)</p>								
Financial period	01.01.2023-30.06.2023								
Previous financial period	01.01.2022-30.06.2022								

## Longo's mission is to deliver 3 customer promises:



### Wide assortment

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



### Convenient and safe

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



### Highest standards

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



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

## 01. Sourcing (Car Purchasing) Operations

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



## 02. Preparation Operations

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



## 03. Sales Operations

Longo stores, markets and sells cars in the Baltics and Poland



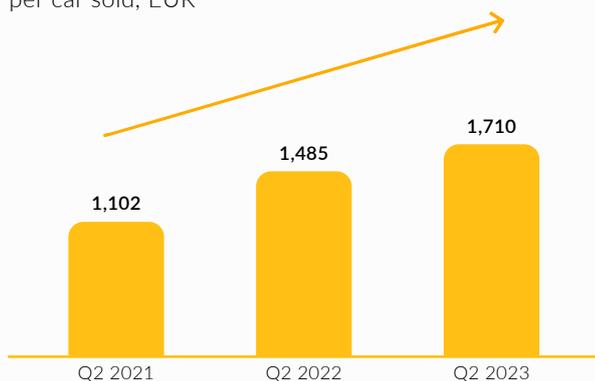
## 04. Aftersales

Longo also provides aftersales warranty and reengages customers for next purchase



## Longo demonstrates strong gross profit increase per car sold

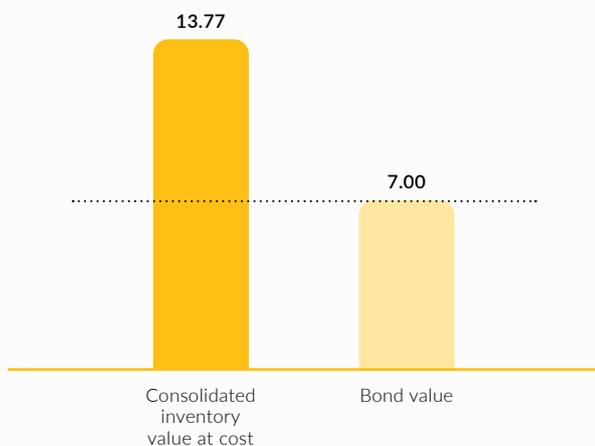
Gross profit, including supplementary income, per car sold, EUR



## Longo current inventory comfortably covers the value of issued bonds

Longo inventory value, in M EUR

As of 30 Jun 2023



# Management Report

07 AUGUST 2023

## Business results

Perpetual development and improvement of processes and dedication of the team, have led Longo to first half of year 2023 revenue of EUR 23.7 million, which is 9.4% up compared to the same period in 2022. Even in harsh market conditions the Group has successfully preserved its leading position across main markets of operation.

First half of the year can be marked as a period of investment in the future of the Group- there have been significant changes and improvements in all areas of business. Most notably - improved processes in preparation center and redesigned marketing strategy of the Group, as well as increased focus on supplementary income channels.

Due to multiple external factors - high inflation and interest rate environment, soaring energy costs, along with weakened customer demand and drop in used car retail prices at the end of the year 2022, total gross profit of Longo in six months is down 12% compared to same period last year to EUR 2.2 million, with gross margin being 9.2%. Longo is on its path to recovering the margins and thus its profitability – each month of first half of year has shown improvement in margin and the positive trend continues in July as well. If comparing Q2 2023 to the same quarter in 2022, gross profit, including supplementary income, per car sold has increased by EUR 226 to EUR 1 710.

The Group 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. In line with its growth strategy, at the beginning of 2023 Longo has opened two new sales branches - in Narva, Estonia and Daugavpils, Latvia. In total now there are 4 branches supporting sales of the main sales locations. Recognizing signs of market stabilization, Longo prudently began expanding its inventory to support the expected increase in demand.

## Future prospects

The Group has ambitious plans for year 2023 and beyond - to become profitable while increasing its revenue even further. It is to be achieved by boosting its brand awareness, expanding its physical network, and increasing the car assortment. There is continuous focus on increasing the capacity of refurbishing center of the Group. Longo continues to successfully sell financing of its partners as well as has introduced new additional service to cater their customer needs - extended warranty insurance provided by its insurance partner. During first six months of 2023 insurance was available in Lithuania and Latvia, during second part of the year it is planned to be launched in Estonia.

### Equity ratio

As of 30 Jun 2023



M EUR	6M 2023	6M 2022
Revenue	23.74	21.71
Gross profit	2.20	2.51
EBITDA	0.57	0.68

“The Group continues to be committed to executing its set strategy and working hard on the core pillars of operation”

**Edgars Cērps**

Group CEO and Co-Founder



**Largest used car dealer in the Baltics**

## Risk management

### *Credit risk*

Receivables of the Group consist mainly of receivables from finance companies. Credit risk of the Group refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. Longo considers all of its material counterparties to be creditworthy as they represent well-established financial institutions. The Group's exposure to credit risk is continuously monitored, in particular, if agreed payments are delayed.

The credit risk on cash and cash equivalents is limited because the counterparties are banks and payment systems. To spread the credit risk, Longo deposits its cash reserves with different banks and payment systems.

### *Interest rate risk*

Longo's interest rate risk arises primarily from its debt. As at 30 June 2023, a long-term debt of EUR 6.51 million is financed:

- EUR 2.87 million at fixed rates (6% on average) for a period of on average 3.5 years;
- EUR 3.64 million at a floating interest rate (6% + 3M EURIBOR) for a period of 2 years.

### *Capital risk*

The Group's objective when managing capital (net debt and total equity) is to ensure the continuity of its operations and within foreseeable future achieve optimal returns to shareholders. Management aims to maintain an optimal capital and funding structure that ensures the lowest cost of capital available to the Group.

The Group monitors equity capital on the basis of the capitalization ratio as defined in Bond prospectus. This ratio is calculated as Ratio of Adjusted Equity (the aggregate book value of the Group's total equity on a consolidated basis, increased by Subordinated Debt) to consolidated assets of the Group. Ratio as at June 30, 2023 was 52%. Overall management of the borrowings is driven by monitoring and complying with the lender imposed covenants as well as planning the further borrowing needs to ensure business development of the Group.

### *Liquidity risk*

Prudent liquidity risk management of Longo means maintaining sufficient cash reserve to cover planned liabilities of the Group.

## Events after the reporting period

There have been no significant events after the end of the reporting period.

Signed on behalf of the Group on 07 August 2023 by:

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### **Edgars Cērps**

Chairman of the Board

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# Consolidated Financial Statements

# Consolidated Statement of Comprehensive Income

	Notes	01.01.2023-30.06.2023 EUR	01.01.2022-30.06.2022 EUR
Revenue from vehicle sales		23,744,296	21,705,496
Cost of sales		(21,548,001)	(19,198,969)
<b>Gross profit</b>		<b>2,196,295</b>	<b>2,506,527</b>
Selling expenses		(655,921)	(493,361)
Administrative expenses	1	(2,264,071)	(2,358,209)
Other operating income		859,652	689,210
Other operating expenses		(22,237)	(29,744)
Interest expenses and similar expenses	2	(400,775)	(205,765)
<b>Net operating expenses</b>		<b>(2,483,352)</b>	<b>(2,397,869)</b>
<b>Profit before tax</b>		<b>(287,057)</b>	<b>108,658</b>
Income tax		47,604	15,404
<b>Net profit/(loss) for the year</b>		<b>(239,453)</b>	<b>124,062</b>
<b>EBITDA</b>		<b>565,988</b>	<b>679,247</b>
<b>Other comprehensive loss</b>			
<i>Items that are or may be reclassified subsequently to profit or loss</i>			
Translation of financial information of foreign operations to presentation currency		(19,127)	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>(258,580)</b>	<b>124,062</b>

The accompanying notes on pages 15 to 19 are an integral part of these consolidated financial statements.

Signed on behalf of the Group on 07 August 2023 by:

**Edgars Cērps**  
Chairman of the Board

**Jevgenijs Sokolovs**  
Chief Accountant

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# Consolidated Statement of Financial Position

## ASSETS

NON-CURRENT ASSETS	Notes	30.06.2023 EUR	31.12.2022 EUR
<b>Intangible assets</b>			
Intangible assets		838,611	690,960
Intangible assets development costs		7,290	12,474
<b>Total intangible assets</b>		<b>845,901</b>	<b>703,434</b>
<b>Tangible assets</b>			
Right-of-use assets		1,566,983	1,894,801
Property and equipment		464,803	421,279
Leasehold improvements		111,387	122,074
Construction in progress		121,254	145,610
<b>Total tangible assets</b>		<b>2,264,427</b>	<b>2,583,764</b>
Deferred tax assets		348,820	323,999
<b>Total non-current financial assets</b>		<b>348,820</b>	<b>323,999</b>
<b>TOTAL NON-CURRENT ASSETS</b>		<b>3,459,148</b>	<b>3,611,197</b>
<b>CURRENT ASSETS</b>			
<b>Inventories</b>			
Goods for resale and raw materials	3	13,873,103	13,064,264
Work in progress	3	111,277	111,499
<b>Total inventories</b>		<b>13,984,380</b>	<b>13,175,763</b>
<b>Receivables and other current assets</b>			
Other assets		1,034,270	875,830
Trade and other receivables		348,931	161,931
Prepayments to suppliers and similar	4	1,872,281	862,064
Contract assets		158,363	139,848
<b>Total receivables and other current assets</b>		<b>3,413,845</b>	<b>2,039,673</b>
<b>Cash and cash equivalents</b>		<b>503,509</b>	<b>1,424,762</b>
<b>TOTAL CURRENT ASSETS</b>		<b>17,901,734</b>	<b>16,640,198</b>
<b>TOTAL ASSETS</b>		<b>21,360,882</b>	<b>20,251,395</b>

The accompanying notes on pages 15 to 19 are an integral part of these consolidated financial statements.

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Chairman of the Board

**Jevgenijs Sokolovs**  
Chief Accountant

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# Consolidated Statement of Financial Position

## EQUITY AND LIABILITIES

EQUITY	Notes	30.06.2023 EUR	31.12.2022 EUR
Share capital		13,017,058	12,969,926
Share premium		250,000	250,000
Share-based payment reserve		874	48,007
Foreign currency translation reserve		(19,276)	(149)
Accumulated losses/Retained earnings			
brought forward		(4,882,016)	(5,048,909)
for the period		(239,453)	166,893
<b>TOTAL EQUITY</b>		<b>8,127,187</b>	<b>8,385,768</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Loans and borrowings	5	7,505,609	6,733,960
<b>Total non-current liabilities</b>		<b>7,505,609</b>	<b>6,733,960</b>
<b>Current liabilities</b>			
Loans and borrowings	5	3,914,154	3,856,638
Trade payables		594,077	404,840
Taxes payable		764,182	465,108
Corporate income tax		11	817
Other liabilities		187,371	106,530
Accrued liabilities		268,291	297,734
<b>Total current liabilities</b>		<b>5,728,086</b>	<b>5,131,667</b>
<b>TOTAL LIABILITIES</b>		<b>13,233,695</b>	<b>11,865,627</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>21,360,882</b>	<b>20,251,395</b>

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Chief Accountant

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# Consolidated Statement of Changes in Equity

	Share capital	Share premium	Foreign currency translation reserve	Other reserves	Retained earnings / Accumulated loss	Total
<b>Balance at 01.01.2022</b>	<b>12,969,926</b>	<b>250,000</b>	<b>-</b>	<b>38,007</b>	<b>(5,048,909)</b>	<b>8,209,024</b>
<i>Total comprehensive income</i>						
Profit for the period	-	-	-	-	124,062	124,062
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>124,062</b>	<b>124,062</b>
<b>Balance at 30.06.2022</b>	<b>12,969,926</b>	<b>250,000</b>	<b>-</b>	<b>38,007</b>	<b>(4,924,847)</b>	<b>8,333,086</b>
<b>Balance at 01.01.2023</b>						
<b>Balance at 01.01.2023</b>	<b>12,969,926</b>	<b>250,000</b>	<b>(149)</b>	<b>48,007</b>	<b>(4,882,017)</b>	<b>8,385,767</b>
<i>Total comprehensive income</i>						
Profit for the period	-	-	-	-	(239,453)	(239,453)
Other comprehensive income	-	-	(19,127)	-	-	(19,127)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>(19,127)</b>	<b>-</b>	<b>(239,453)</b>	<b>(258,580)</b>
<i>Transactions with owners of the Group</i>						
Issues of ordinary shares	47,133	-	-	(47,133)	-	-
<b>Total transactions with owners of the Group</b>	<b>47,133</b>	<b>-</b>	<b>-</b>	<b>(47,133)</b>	<b>-</b>	<b>-</b>
<b>Balance at 30.06.2023</b>	<b>13,017,059</b>	<b>250,000</b>	<b>(19,276)</b>	<b>874</b>	<b>(5,121,470)</b>	<b>8,127,187</b>

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Chairman of the Board

**Jevgenijs Sokolovs**

Chief Accountant

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# Consolidated Statement of Cash Flows

Cash flows to/from operating activities	Notes	01.01.2023-30.06.2023 EUR	01.01.2022-30.06.2022 EUR
Profit before tax		(287,057)	108,658
Adjustments for:			
Amortization and depreciation		487,687	394,925
Interest expense	2	395,512	203,869
(Gain)/Loss from disposal of property and equipment		102	-
Income from COVID-19 related rent concession		-	(7,110)
<b>Cash flow from operating activities before working capital changes</b>		<b>596,244</b>	<b>700,342</b>
(Increase)/ decrease in inventories		(808,617)	(2,662,245)
(Increase)/ decrease in trade and other receivables		(1,352,308)	(1,393,525)
(Decrease)/ increase in advances received and trade payables		569,152	453,377
(Decrease)/ increase in accrued liabilities		(29,444)	157,519
(Increase)/ decrease in accrued income		(18,515)	(54,048)
<b>Cash flows used in/from operations</b>		<b>(1,043,488)</b>	<b>(2,798,580)</b>
Corporate income tax paid		(806)	(178)
<b>Net cash flows used in operating activities</b>		<b>(1,044,294)</b>	<b>(2,798,758)</b>
<b>Cash flows to/from investing activities</b>			
Acquisition of property and equipment and other intangible assets		(320,125)	(289,439)
<b>Net cash flows to/from investing activities</b>		<b>(320,125)</b>	<b>(289,439)</b>
<b>Cash flows to/from financing activities</b>			
Payments for borrowings issuance costs		(32,082)	(148,145)
Repayment of liabilities for right-of-use assets		(331,548)	(252,845)
Borrowing received		-	1,000,001
Bonds issued		1,151,185	2,820,000
Interest paid		(325,975)	(167,459)
Cash payments for the interest portions of lease liabilities		(18,414)	(27,100)
<b>Net cash flows to/from financing activities</b>		<b>443,166</b>	<b>3,224,452</b>
Change in cash		<b>(921,253)</b>	<b>136,255</b>
Cash at the beginning of the period		1,424,762	2,890,919
<b>CASH AT THE END OF THE PERIOD</b>		<b>503,509</b>	<b>3,027,174</b>

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Signed on behalf of the Group on 07 August 2023 by:

**Edgars Cērps**  
Chairman of the Board

**Jevgenijs Sokolovs**  
Chief Accountant

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A photograph of the rear of a white car, likely a hatchback, parked at a gas station during sunset. The car's rear window, wiper, and a shark fin antenna are visible. The license plate features the Longo.lt logo, which consists of a stylized sun icon and the text 'longo.lt'. Below the license plate, there is a small yellow sticker with the text 'Pirkite atsakingai, vairuokite laimingai' and the Longo.lt logo. The background is a soft-focus scene of trees and a gas station sign, with the warm light of the setting sun creating a bokeh effect.

# Notes to the Consolidated Financial Statements



longo.lt

Pirkite atsakingai, vairuokite laimingai

longo.lt

+370 5 212 1234

## 1. Administrative expenses

	01.01.2023-30.06.2023 EUR	01.01.2022-30.06.2022 EUR
Employees' salaries	1,140,728	1,248,207
Amortization and depreciation	485,729	394,925
Office and branches' maintenance expenses	147,998	158,010
Social tax contributions	145,947	148,287
Other personnel expenses	65,295	129,323
Professional services	60,869	70,422
IT services	53,975	43,579
Audit fees	33,185	29,500
Other administrative expenses	29,671	29,305
Insurance	27,236	17,113
Recruitment fees	20,484	27,251
Business trips	13,530	15,735
Communication expenses	12,010	10,313
Transportation expenses	8,029	9,990
Representation	7,144	8,587
Bank commissions	6,141	5,624
Legal services	6,100	12,038
<b>TOTAL:</b>	<b>2,264,071</b>	<b>2,358,209</b>

## 2. Interest expenses and similar expenses

	01.01.2023-30.06.2023 EUR	01.01.2022-30.06.2022 EUR
Interest expenses on issued bonds	365,619	159,715
Interest expenses on lease liabilities	28,196	28,205
Other financial expenses	5,263	1,896
Interest expenses on loan facilities	1,697	15,949
<b>TOTAL:</b>	<b>400,775</b>	<b>205,765</b>

### 3. Inventories

	30.06.2023 EUR	31.12.2022 EUR
Acquired vehicles for purpose of selling them to customers	13,766,932	13,014,464
<i>Lithuania</i>	6,273,860	5,249,795
<i>Latvia</i>	3,645,992	3,973,670
<i>Estonia</i>	2,727,068	3,742,559
<i>Poland</i>	453,435	593,445
<i>NRV allowance</i>	-	(160,113)
<i>Netherlands</i>	732,785	78,184
<i>Belgium</i>	377,253	-
<i>Intercompany consolidation eliminations</i>	(267,904)	(455,176)
<i>Commitment to purchase cars</i>	(175,557)	(7,900)
Raw materials	106,171	49,800
Work in progress	111,277	111,499
<b>TOTAL:</b>	<b>13,984,380</b>	<b>13,175,763</b>

Inventory is measured at lower of cost and net realizable value. The cost of an individual car included in the inventory balance is determined using the purchase price for the car including directly attributable repair and other costs associated with preparing the car for sale. At the reporting date, a detailed review for net realizable value is executed for cars that have been in inventory on June 30. Management had performed analysis to determine profit margins for all cars that were sold after the reporting period and concluded that no adjustments to net realizable value should be expensed through profit or loss in 6M 2023. In Latvia, Estonia and Lithuania inventories are pledged as bonds' collateral, total amount of pledged inventory in these countries is EUR 12 646 920 (31.12.2022: EUR 12 665 412).

### 4. Prepayments to suppliers and similar

	30.06.2023 EUR	31.12.2022 EUR
VAT receivable and other taxes*	1,392,208	561,474
Advances paid for goods and services	377,459	214,168
Security deposits	102,614	86,422
<b>TOTAL:</b>	<b>1,872,281</b>	<b>862,064</b>

\* Increase in VAT receivable is due to significantly higher sourcing volumes in Belgium and the Netherlands in May and June 2023 compared to November and December 2022.



## 5. Loans and borrowings

Non-current	Interest rate per annum (%)	Maturity	30.06.2023 EUR	31.12.2022 EUR
<i>Liabilities for issued debt securities</i>				
Bonds EUR 3.00 million notes issue <sup>2)</sup>	6%	31.12.2026	2,871,296	2,708,794
Bonds EUR 4.00 million notes issue <sup>3)</sup>	6%+3M EURIBOR	30.06.2025	3,639,599	2,541,164
<b>TOTAL:</b>			<b>6,510,895</b>	<b>5,249,958</b>
Lease liabilities <sup>4)</sup>	3%-8%	up to 5 years	994,714	1,314,335
<b>TOTAL:</b>			<b>994,714</b>	<b>1,314,335</b>
Loans from related parties <sup>5)</sup>	6%	31.12.2024	-	169,667
<b>TOTAL:</b>			<b>-</b>	<b>169,667</b>
<b>TOTAL NON-CURRENT BORROWINGS:</b>			<b>7,505,609</b>	<b>6,733,960</b>

<sup>1)</sup> On 30 November 2021, the Group registered with the Latvian Central Depository a bond facility through which it can raise up to EUR 3 million.

The Group has raised a total of EUR 3 000 000 as at 30 June 2023 (EUR 3 000 000 at 31 December 2022).

This bond issue is secured by the assets of Longo Latvia LLC and Longo LT LLC. The notes are issued at par, have a maturity of three years and carry a fixed coupon of 6% per annum, paid monthly in advance. The notes are recognised as short-term liability as the Noteholders have the right to early redemption of the notes (put option) on 30 November 2023.

The bonds of JSC Longo Group have been admitted to trading on the Nasdaq Baltic First North Market by Nasdaq Riga since March 31, 2022.

<sup>2)</sup> On 30 December 2021, the Group registered with the Latvian Central Depository a subordinated bond facility through which it can raise up to EUR 3 million.

The Group has raised a total of EUR 3 000 000 as at 30 June 2023 (EUR 2 830 000 at 31 December 2022).

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

<sup>3)</sup> On 10 June 2022, the Group registered with the Latvian Central Depository a bond facility through which it can raise up to EUR 5 million.

The Group has raised a total of EUR 4 000 000 as at 30 June 2023 (EUR 2 850 000 at 31 December 2022).

This bond issue is secured by the assets of Longo Latvia LLC, Longo LT LLC and Longo Estonia LLC. The notes are issued at par, have a maturity of three years and carry a coupon of 6%+3M EURIBOR per annum, paid monthly in advance.

Accordingly, those liabilities are split between current and non-current as at 30 June 2023.

The bonds of JSC Longo Group have been admitted to trading on the Nasdaq Baltic First North Market by Nasdaq Riga since June 28, 2023.

<sup>4)</sup> The Group has entered into several lease agreements for office premises and car lots as well as several vehicle rent agreements.

<sup>5)</sup> Shareholders' loan in a form of a credit line, duration up to 5 years, was converted to subordinated bonds.

Current	Interest rate per annum (%)	Maturity	30.06.2023 EUR	31.12.2022 EUR
<i>Liabilities for issued debt securities</i>				
Bonds EUR 3.00 million notes issue <sup>1)</sup>	6%	30.11.2024	2,949,630	2,934,410
Bonds EUR 3.00 million notes issue <sup>2)</sup>	6%	31.12.2026	124,342	117,296
Bonds EUR 4.00 million notes issue <sup>3)</sup>	6%+3M EURIBOR	30.06.2025	192,164	144,380
<b>TOTAL:</b>			<b>3,266,136</b>	<b>3,196,086</b>
Lease liabilities <sup>4)</sup>	3%-8%	up to 12 months	648,018	659,675
<b>TOTAL:</b>			<b>648,018</b>	<b>659,675</b>
Accrued interest on loans from related parties		05.01.2023	-	877
<b>TOTAL:</b>			<b>-</b>	<b>877</b>
<b>TOTAL CURRENT BORROWINGS:</b>			<b>3,914,154</b>	<b>3,856,638</b>

## 6. Commitments and contingencies

There are restrictions in the prospectus for the senior secured bonds issued (ISIN LV0000860062 and LV0000860096) and subordinated bonds issued (ISIN LV0000802544).

These financial covenants are the following:

- A) To maintain consolidated Interest Coverage Ratio (The ratio of EBITDA to Net Finance Charges for the Relevant Period) of at least 2x (two times), calculated for the Relevant Period at the end of each quarter;
- B) To maintain consolidated Equity Ratio (Ratio of 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) to consolidated assets of the Group calculated according to the most recent Financial Report) at least 30% (thirty per cent) calculated for the Relevant Period at the end of each quarter;
- C) To maintain Inventory Coverage Ratio (The ratio of Pledged Inventory plus consolidated Cash and Cash Equivalents of the Group divided by the Secured Financial Indebtedness) for the Collateral Provider of at least 1.5x (one point five times), calculated for the Relevant Period at the end of each quarter.

During the reporting period the Group complied with all externally imposed capital requirements to which it was subjected to.

All of the covenants are fulfilled with following ratios:

- A) 2.01
- B) 52%
- C) 1.94

As part of the sourcing process, the Group has committed to purchase vehicles with total costs of EUR 175 557 (2022: EUR 7 900). Commitment was realised in July 2023 in full.

## 7. Events after the reporting period

There have been no significant events after the end of the reporting period.

Signed on behalf of the Group on 07 August 2023 by:

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**Edgars Cērps**

Chairman of the Board

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**Jevgenijs Sokolovs**

Chief Accountant

*This document has been signed with a secure electronic signature and has a time-stamp.*

