JOINT STOCK COMPANY LONGO GROUP

(UNIFIED REGISTRATION NUMBER 42103081417)

FINANCIAL STATEMENTS FOR 2024

PREPARED IN ACCORDANCE WITH IFRS ACCOUNTING STANDARDS AS ADOPTED BY THE EU

TOGETHER WITH THE INDEPENDENT AUDITOR'S REPORT

Latvia, 2025

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Information about the Company

Name of the Company	Longo Group	
Legal status of the Company	Joint Stock Company	
Unified registration number, place and date of registration	42103081417, Riga, October 30, 2017	
Registered office	Mukusalas iela 72A, Riga, Latvia	
Shareholders		**31.12.2024**
	SIA ALPPES Capital	45,40%
	Other shareholders	54,60%
	TOTAL	**100%**
Members of the Board	Edgars Cērps - Chairman of the Board from 28.12.2020	
	Jacob Willem Hoogenboom - Member of the Board from 28.12.2020	
Members of the Council	Aigars Kesenfelds - Chairman of the Council from 28.12.2020	
	Māris Keišs - from 01.03.2021	
	Alberts Pole - from 01.03.2021	
	Kristaps Ozols - from 01.03.2021	
	Jonathan Neil Smith - from 01.03.2021	
Subsidiaries	Longo Latvia LLC, Latvia (100%)	
	Longo LT LLC, Lithuania (100%)	
	Longo Estonia LLC, Estonia (100%)	
	Longo Shared Services LLC, Lithuania (100%)	
	Longo Netherlands LLC, Netherlands (100%)	
	Longo Belgium LLC, Belgium (99%)	
	Maxxus LLC, Germany (100%)	
	Longo Poland LLC, Poland (100%)	
	Longo IP Holdings LLC, Latvia (100%)	
Reporting year	1 January 2024 - 31 December 2024	
Previous reporting year	1 January 2023 - 31 December 2023	
Auditors	KPMG Baltics SIA, 1 Roberta Hirsa Street, Riga, LV-1045, Licence No. 55	
	Certified Auditor In Charge Rainers Vilāns Certificate No. 200	

Management Report

Line of business

The core activity of AS Longo Group (the Company) is activities of holding companies. The Company also provides lending services to its subsidiaries (hereinafter the Company with its subsidiaries is referred to as the Group).

Development of the Company and its financial performance during the reporting year

Longo Group was established in 2018 and is the leading used car retailer in the Baltics. It is present in Estonia, Latvia, Lithuania and Poland, as well as in the Netherlands, Belgium and Germany. The Group brings a new meaning to the Baltic used car retail industry by providing a fully transparent, reliable and world class used car purchase experience via both online and physical sales channels. Being a fully vertically integrated company, the Group carefully selects and sources (purchases) most of its cars from the Netherlands, Belgium, Germany and the Baltic countries. The Group has its own preparation center in Lithuania with facilities based in the Panevėžys region. To ensure the highest quality standards, before cars are sold, they are thoroughly checked, conditioned and, if needed, repaired by Longo's professional team. The Group is also offering financing and extended warranty solutions of its partners to customers.

The Group's data-driven approach and significant online presence has allowed it to build efficient operations spanning multiple geographies and becoming a leader of the used car retail market in the Baltics. In order to support and control each step of the business, as well as make data driven decisions daily, Longo has heavily invested in IT infrastructure and developed its own proprietary integrated IT system.

Operating and Financial Results

In 2024, Longo achieved a revenue of EUR 1.3 million, representing a 9% decrease compared to the previous period. The Company reported a net loss of EUR 0.7 million for the year. This result was primarily driven by increased financing costs and a decline in income from issued loans compared to the previous period.

Future prospects

The Group has ambitious plans for 2025 and the following years – it aims to increase revenue while ensuring profitability. This will be achieved by expanding the range of vehicles and the branch network, as well as by improving the Group's internal processes. The Company also plans to increase its turnover in order to support the implementation of the 2025 plans of its subsidiaries.

The Company obeys local laws relating to environmental protection.

Financial Risk Management

Credit risk
The Company's receivables consist of amounts due from its subsidiaries. The Group's credit risk is the risk that the Company will incur financial losses if a counterparty fails to meet its contractual obligations. JSC "Longo Group" considers all subsidiaries to be creditworthy, and credit risk is continuously monitored, particularly in cases where contractual payments are delayed.
Credit risk related to cash and cash equivalents is limited, as the counterparties are banks. To mitigate credit risk, JSC "Longo Group" places its cash reserves across multiple banks and payment systems.

Interest Rate Risk

As of 31 December 2024, the Company's borrowings consisted solely of long-term borrowings with a fixed interest rate, amounting to EUR 12 701 803 (2023: EUR 4 469 280). As of 31 December 2023, the Company's borrowings included floating rate bonds amounting to EUR 4 752 728. The Company is no longer exposed to cash flow fluctuations related to floating interest rate borrowings, as it has refinanced the bonds previously linked to Euribor.

The effective interest rates on borrowings were on average 10.50% at the end of 2024 and 8.86% at the end of 2023.

Capital risk
The Company's objective in capital management (net debt and total equity) is to ensure continuity of its own operations and those of the Group and to provide an optimum return to its shareholders in the foreseeable future. Management aims to maintain an optimum capital and funding structure that ensures the lowest cost of capital available to the Company.

Liquidity risk
The Company manages liquidity risk in line with the principle of prudence, ensuring that appropriate credit resources are available to cover liabilities in due time.

Corporate governance statement
The Group has published its Corporate governance statement for the year 2024 on this website https://www.longo.group/governancestatements.

Statement of Management Responsibility
Based on the information available to the company's management, the financial statements have been prepared in accordance with the applicable regulatory requirements and present a true and fair view of the assets, liabilities, financial position, and financial performance of the Company and the Group. Furthermore, the management report includes a clear overview of the development of the company's and the consolidation group's business activities and operating results.

Subsequent events
At the beginning of 2025, new sales locations of JSC Longo Group subsidiaries were opened in Šiauliai and Kaunas, Lithuania, Lublin, Poland, and Jelgava and Riga, Latvia.
There have been no other significant events after the end of the reporting period.

Edgars Cērps Chairman of the Board	Jacob Willem Hoogenboom Member of the Board

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Financial Statement

Statement of Comprehensive Income

	Notes	2024 EUR	2023 restated* EUR
Revenues	**3**	1 309 555	1 444 103
Cost of Services Provided	**4**	(1 543 996)	(1 672 179)
Gross Loss		**(234 441)**	**(228 076)**
Administrative expenses	**5**	(208 675)	(133 716)
Other operating income	**6**	15 484	24 580
Other operating expenses	**7**	(16 397)	(14 103)
Provisions for expected credit losses on financial assets	**13**	(20 999)	(13 103)
Other income from interest and similar income	**8**	874 104	1 184 972
Interest expenses and similar expenses	**9**	(1 062 355)	(827 824)
(Loss) / profit before tax		**(653 279)**	**(7 270)**
Corporate Income Tax	**10**	(113)	(69)
(Loss) / profit for the Reporting Year		**(653 392)**	**(7 339)**
TOTAL COMPREHENSIVE (LOSS) / PROFIT FOR THE REPORTING YEAR		**(653 392)**	**(7 339)**

*Information regarding the restatements made in the financial statements is disclosed in Note 2.

The accompanying notes on pages 10 to 29 are an integral part of this financial statement.

Edgars Cērps	Jacob Willem Hoogenboom	Olīvija Lavrenova
Chairman of the Board	Member of the Board	Senior Accountant

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Statement of Financial Position

ASSETS

LONG-TERM INVESTMENTS	Notes	31.12.2024 EUR	31.12.2023 restated* EUR	01.01.2023 restated* EUR
Intangible assets				
Intangible assets	**11**	995 233	863 254	648 025
Intangible assets development costs	**11**	581	505	2 679
Total intangible assets		**995 814**	**863 759**	**650 704**
Fixed assets				
Right-of-use assets	**12**	57 185	22 568	69 362
Fixed assets	**12**	16 609	25 267	26 462
Total fixed assets		**73 794**	**47 835**	**95 824**
Long-term financial investments				
Loans to related companies	**13**	-	11 881 153	14 629 510
Investments in related companies	**14**	8 343 174	8 343 174	5 777 991
Total long-term financial investments		**8 343 174**	**20 224 327**	**20 407 501**
TOTAL LONG-TERM INVESTMENTS		**9 412 782**	**21 135 921**	**21 154 029**
CURRENT ASSETS				
Receivables and other current assets				
Trade and other receivables	**15**	228 367	184 268	299 271
Other assets		100 693	78 742	112 251
Contract assets		8 877	6 890	-
Total receivables and other current assets		**337 937**	**269 900**	**411 522**
Short-term financial investments				
Loans to related companies	**13**	14 779 090	**-**	**-**
Other investments	**16**	-	1 002 666	-
Total short-term financial investments		**14 779 090**	**1 002 666**	**-**
Cash and cash equivalents	**17**	**1 797 096**	**355 679**	**890 755**
TOTAL CURRENT ASSETS		**16 914 123**	**1 628 245**	**1 302 277**
TOTAL ASSETS		**26 326 905**	**22 764 166**	**22 456 306**

*Information regarding the restatements made in the financial statements is disclosed in Note 2.
The accompanying notes on pages 10 to 29 are an integral part of this financial statement.

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Statement of Financial Position

EQUITY AND LIABILITIES

		31.12.2024	31.12.2023 restated*	01.01.2023 restated*
EQUITY	**Notes**	**EUR**	**EUR**	**EUR**
Share capital	**18**	13 034 872	13 017 058	12 969 926
Share premium	**18**	250 000	250 000	250 000
Share-based payment reserve		27 014	12 215	48 007
Subordinated Bond Restructuring Reserve	**20**	174 962	-	-
Accumulated losses:				
Accumulated losses / Retained earnings		64 080	71 419	71 419
for the period		(653 392)	(7 339)	-
TOTAL EQUITY		**12 897 536**	**13 343 353**	**13 339 352**
LIABILITIES				
Non-current liabilities				
Loans and borrowings	**20**	12 182 828	7 383 507	5 447 110
Total non-current liabilities		**12 182 828**	**7 383 507**	**5 447 110**
Current liabilities				
Loans and borrowings	**20**	577 243	1 868 239	3 250 695
Trade payables	**21**	505 618	13 958	210 302
Taxes payable	**22**	27 256	35 741	53 774
Other liabilities	**23**	34 457	37 759	63 207
Corporate income tax		36	22	40
Accrued liabilities	**24**	101 931	81 587	91 826
Total current liabilities		**1 246 541**	**2 037 306**	**3 669 844**
TOTAL LIABILITIES		**13 429 369**	**9 420 813**	**9 116 954**
TOTAL EQUITY AND LIABILITIES		**26 326 905**	**22 764 166**	**22 456 306**

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Statement of Changes in Equity

	Notes	Share capital	Share premium	Other Reserves	Accumulated loss / Retained earnings	Total
Balance 01.01.2023		**12 969 926**	**250 000**	**48 007**	**71 419**	**13 339 352**
Total comprehensive income						
Loss for the period		-	-	-	(7 339)	(7 339)
Total comprehensive income for the period		**-**	**-**	**-**	**(7 339)**	**(7 339)**
Transactions with owners of the Group						
Contributions and distributions						
Issues of ordinary shares	18	47 132	-	(47 132)	-	**-**
Equity-settled share-based payment	19	-	-	11 340	-	**11 340**
Total transactions with owners of the Group		**47 132**	**-**	**(35 792)**	**-**	**11 340**
Balance 31.12.2023		**13 017 058**	**250 000**	**12 215**	**64 080**	**13 343 353**
Balance 01.01.2024		**13 017 058**	**250 000**	**12 215**	**64 080**	**13 343 353**
Total comprehensive income						
Loss for the period		**-**	**-**	**-**	(653 392)	**(653 392)**
Total comprehensive Loss for the period		**-**	**-**	**-**	**(653 392)**	**(653 392)**
Transactions with owners of the Group						
Contributions and distributions						
Issues of ordinary shares	18, 19	17 814	-	14 799	-	32 613
Subordinated debt restructuring reserve	20	-	-	174 962	-	174 962
Total transactions with owners of the Group		**17 814**	**-**	**189 761**	**-**	**207 575**
Balance 31.12.2024		**13 034 872**	**250 000**	**201 976**	**(589 312)**	**12 897 536**

Information regarding the restatements made in the financial statements is disclosed in Note 2.

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Chairman of the Board	Member of the Board	Senior Accountant

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Statement of Cash Flows

Cash flows to/from operating activities	Notes	2024 EUR	2023 EUR
Profit/ (loss) before tax		(653 279)	(7 270)
Adjustments for:			
Amortization and depreciation	**11, 12**	258 396	205 348
Interest expense	**9**	1 027 319	817 085
Interest income	**8**	(874 104)	(1 184 970)
Share-based payment expense	**19**	32 613	11 340
Provisions for expected credit losses on financial assets		20 999	13 103
Cash flow from operating activities before working capital changes		**(188 056)**	**(145 364)**
(Increase)/ decrease in trade and other receivables		(66 050)	148 512
(Decrease)/ increase in advances received and trade payables		479 873	(239 825)
(Decrease)/ increase in accrued liabilities		20 341	(10 235)
(Increase)/ decrease in accrued income		(1 986)	(6 890)
Cash flows used in/from operations		**244 122**	**(253 802)**
Corporate income tax paid		(99)	(97)
Net cash flows used in operating activities		**244 023**	**(253 899)**
Cash flows to/from investing activities			
Other securities acquired	**16**	-	(1 000 000)
Proceeds from sale of other securities	**16**	1 000 000	-
Acquisition of property and equipment and other intangible assets	**11, 12**	(330 400)	(366 301)
Interest received		983 884	1 099 076
Loans to related companies		(11 751 675)	(9 873 356)
Loan repayments from related companies		8 721 154	12 692 940
Investments in related companies	**14**	-	(2 565 183)
Payments for sale of other securities		4 471	(1 100)
Net cash flows to/from investing activities		**(1 372 566)**	**(13 924)**
Cash flows to/from financing activities			
Bonds issued	**20**	5 402 000	-
Bonds repaid	**20**	(1 828 170)	-
Repayment of liabilities for right-of-use assets	**20**	(57 478)	(55 592)
Interest paid	**20**	(616 793)	(710 451)
Borrowings issuance costs	**20**	(327 109)	(64 481)
Cash payments for the interest portions of lease liabilities	**20**	(2 490)	(1 729)
Bonds sold	**20**	-	2 250 000
Bonds repurchased	**20**	-	(1 685 000)
Net cash flows to/from financing activities		**2 569 960**	**(267 253)**
Change in cash		**1 441 417**	**(535 076)**
Cash at the beginning of the period		355 679	890 755
CASH AT THE END OF THE PERIOD	**17**	**1 797 096**	**355 679**

Edgars Cērps Chairman of the Board	Jacob Willem Hoogenboom Member of the Board	Olīvija Lavrenova Senior Accountant

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Notes to the Financial Statements

1. General information

AS Longo Group (the Company) is registered in the Republic of Latvia. The Company was registered with the Enterprise Register of the Republic of Latvia on 30 October 2017 as a joint stock company for an unlimited duration, subject to general business law.

The annual report of 2024 has been approved by decision of the Board made on 29 April 2025.

The shareholders have the right to amend the financial statements after their approval by the Board of Directors.

2.Summary of significant accounting policies

Basis of preparation of the financial statements

The financial statements for the year ended 31 December 2024 have been prepared in accordance with IFRS accounting standards as adopted by the European Union (hereinafter – IFRS accounting standards).

In accordance with the management decision, the financial statements for 2024 were prepared in accordance with IFRS accounting standards. The financial statements for the year ended on 31 December 2023 were prepared in accordance with the "Accounting Law" and the "Annual Reports and Consolidated Annual Report Law" of the Republic of Latvia. The comparative figures for 2023 presented in the 2024 financial statements have been prepared in accordance with the applicable IFRS accounting standards, classified and restated in line with the principles applied in 2024, ensuring their comparability. To reflect the transition from financial statements prepared in accordance with the “Accounting Law” and the “Annual Reports and Consolidated Annual Report Law” to financial statements prepared in accordance with IFRS, the Company has compared the 2023 results under the requirements of both frameworks. For information on the comparative data and the impact of the transition to IFRS, please see the section **First-time adoption of IFRS accounting standards**.

IFRS 1 “First-time Adoption of International Financial Reporting Standards” is applicable. The separate financial statements include the disclosures required by IFRS accounting standards applicable to financial years beginning on or after 1 January 2024.

First-time adoption of IFRS accounting standards

The comparative data for the period ended 31 December 2024 and up to the date of transition on 1 January 2023 have been prepared and presented by the Company in accordance with IFRS accounting standards.

The transition from the requirements of Latvian legislation to the requirements of IFRS accounting standards had a significant impact on the statement of financial position and the statement of profit or loss for the year 2023. The most significant effects related to participation in the capital of related companies, right-of-use assets, share-based payments and and expected credit losses for the reporting period.

1) The cost of purchased services in the statement of comprehensive income for the year 2023, amounting to EUR 6,417, reflects changes in the accounting for operating leases in accordance with IFRS 16. This includes the elimination of operating lease expenses (EUR 57,324) and a depreciation adjustment for 2023 in the amount of EUR 50,907. The change in the total amount of EUR 1,729 under the item “Interest payments and similar expenses” reflects the additional interest accrued on finance leases.

In 2023, operating leases were recognized in accordance with Generally Accepted Accounting Principles in Latvia, which are similar to IAS 17 in terms of the recognition of finance and operating leases. Leases under which the lessor retains the risks and rewards incidental to ownership are classified as operating leases. Lease payments under an operating lease are recognized as expenses on a straight-line basis over the lease term and are included in administrative expenses.

The total balance sheet for 2023 was adjusted due to the application of IFRS 16:

- As of 1 January, accumulated losses were adjusted by EUR 11 855 due to additional depreciation and interest expenses; right-of-use assets in the amount of EUR 69 362 and lease liabilities in the amount of EUR 81 217 were recognised;
- As of 31 December, right-of-use assets in the amount of EUR 22 568 and lease liabilities in the amount of EUR 29 737 were recognised.

2) Administrative expenses in the statement of comprehensive income for 2023 in the amount of EUR 35 792 reflect changes in the accounting for share-based payments in accordance with IFRS 2.

Therefore,

- As of 1 January, accumulated losses were adjusted by EUR 48 007, and a share-based payment reserve in the amount of EUR 48 007 was recognised.
- As of 31 December, a share-based payment reserve in the amount of EUR 12 215 was recognised.

3) The cost of services provided in the statement of comprehensive income for 2023 in the amount of EUR 524 121 reflects changes in the accounting for investments in associates, due to an increase in the investment in Longo Poland LLC.

Upon transition to IFRS, the Company identified that certain start-up costs of the subsidiary Longo Poland LLC, which had previously been recognised as cost of goods sold in the separate financial statements of the parent company, should have been capitalised as part of the investment in the subsidiary in accordance with IAS 27 Separate Financial Statements.

As a result, EUR 524 121 were reclassified from the cost of services provided to investments in subsidiaries as at 31 December 2023. This reclassification did not affect the Group’s consolidated equity or profit for the reporting period but had an impact on the separate financial statements of the parent company.

This adjustment ensures compliance with the requirements of IAS 27, which stipulates that investments in subsidiaries in the separate financial statements must be presented at cost, including directly attributable costs incurred on behalf of the subsidiary.

The total balance sheet for 2023 was adjusted as follows:

- As of 31 December, the investment in Longo Poland LLC was increased by EUR 524 121, and accumulated losses were adjusted by EUR 524 121.

4) The statement of comprehensive income for 2023 includes “Provisions for expected credit losses on financial assets” in the amount of EUR 13,103.

Upon the transition to IFRS accounting standards, the Company applied the requirements of IFRS 9 “Financial Instruments” in recognizing expected credit loss (ECL) provisions also for loans to related parties, which had previously been presented without such an adjustment.

The total balance sheet for 2023 was adjusted due to the application of expected credit losses:

- As of 1 January, accumulated losses were adjusted in the amount of EUR 48,021, and the balance sheet item “Loans to related parties” was also adjusted by EUR 48,021.
- As of 31 December, the balance sheet item “Loans to related parties” was adjusted by EUR 13,103.

Restatement and Adjustment of Comparative Figures

The reclassification and restatement presented below have been made in the transition from the laws of the Republic of Latvia — the “Law on Accounting” and the “Annual Financial Statements and Consolidated Financial Statements Law” — to IFRS accounting standards.

Management has reclassified several items in the income statement and the balance sheet to align their classification with the requirements of IFRS accounting standards.

As the Company applies IFRS accounting standards, the statement of changes in equity and the statement of cash flows are presented for the first time.

Reconciliation of the statement of comprehensive income for the year ended 31 December 2023:

	2023			2023
	In accordance with generally accepted accounting principles in Latvia	Reclassification	Adjustment upon first-time adoption of IFRS accounting standards	In accordance with IFRS accounting standards
	EUR	EUR	EUR	EUR
Revenues	1 444 103	-	-	1 444 103
Cost of Services Provided [1);3)]	(2 228 482)	25 765	530 538	(1 672 179)
Gross loss	**(784 379)**	**25 765**	**530 538**	**(228 076)**
Administrative expenses [2)]	(143 743)	(25 765)	35 792	(133 716)
Other operating income	24 580	-	-	24 580
Other operating expenses	(24 841)	10 738	-	(14 103)
Provisions for expected credit losses on financial assets [4)]	-	-	(13 103)	(13 103)
Other interest and similar income	-	1 184 971	-	1 184 972
a) from related parties	1 171 175	(1 171 175)	-	-
b) from other persons	13 796	(13 796)	-	-
Interest and similar expenses [1)]	-	(826 095)	(1 729)	(827 824)
a) to related parties	(1 697)	1 697	-	-
b) to other parties	(813 660)	813 660	-	-
(Loss) / profit before tax	**(558 769)**	-	**551 498**	**(7 270)**
Corporate income tax	(69)	-	-	(69)
(Loss) / profit for the Reporting Year	**(558 838)**	**-**	**551 498**	**(7 339)**

Reconciliation of balance sheet items as of 1 January 2023:	01.01.2023			01.01.2023
	In accordance with generally accepted accounting principles in Latvia	Reclassification	Adjustment upon first-time adoption of IFRS accounting standards	In accordance with IFRS accounting standards
LONG-TERM INVESTMENTS	EUR	EUR	EUR	EUR
Intangible assets	648 025	-	-	648 025
Intangible assets development costs	2 679	-	-	2 679
Total intangible assets	**650 704**	-	-	**650 704**
Right-of-use assets [1)]	-	-	69 362	69 362
Fixed assets	26 462	-	-	26 462
Total fixed assets	**26 462**	-	**69 362**	**95 824**
Loans to related parties [4)]	14 677 532	-	(48 021)	14 629 510
Investments in related companies	5 777 991	-	-	5 777 991
Total long-term financial investments	**20 455 523**	**-**	**(48 021)**	**20 407 501**
TOTAL LONG-TERM INVESTMENTS	**21 132 689**	**-**	**21 341**	**21 154 029**
CURRENT ASSETS				
Due from related parties	299 271	(299 271)	-	-
Prepaid expenses	13 657	(13 657)	-	-
Other debtors	98 594	(98 594)	-	-
Trade and other receivables	-	299 271	-	299 271
Other assets	-	112 251	-	112 251
Total receivables and other current assets	**411 522**	-	**-**	**411 522**
Cash and cash equivalents	**890 755**	**-**	**-**	**890 755**
TOTAL CURRENT ASSETS	**1 302 277**	**-**	**-**	**1 302 277**
TOTAL ASSETS	**22 434 966**	**-**	**21 341**	**22 456 306**
EQUITY AND LIABILITIES				
Share capital	12 969 926	-	-	12 969 926
Share premium	250 000	-	-	250 000
Share-based payment reserve [2)]	-	-	48 007	48 007
Uncovered losses:				
Accumulated losses/Retained earnings [1); 2); 3); 4)]	179 302	-	(107 883)	71 419
TOTAL EQUITY	**13 399 228**	-	**(59 876)**	**13 339 352**
LIABILITIES				
Loans and borrowings [1)]	-	5 419 625	27 485	5 447 110
Bonds	5 249 958	(5 249 958)		-
Due to related parties	169 667	(169 667)	-	-
Total long-term liabilities	**5 419 625**	-	**27 485**	**5 447 110**
Loans and borrowings [1)]	-	3 196 963	53 732	3 250 695
Bonds	3 196 086	(3 196 086)	-	-
Due to related parties	199 204	(199 204)	-	-
Trade payables	11 975	198 327	-	210 302
Taxes and social contributions	53 814	(40)	-	53 774
Other liabilities	63 207	-	-	63 207
Corporate income tax	-	40	-	40
Accrued liabilities	91 827	-	-	91 826
Total current liabilities	**3 616 113**	-	**53 732**	**3 669 844**
TOTAL LIABILITIES	**9 035 738**	**-**	**81 217**	**9 116 954**
TOTAL EQUITY AND LIABILITIES	**22 434 966**	**-**	**21 341**	**22 456 306**

Reconciliation of balance sheet items as of 31 December 2023:

	31.12.2023			31.12.2023
	In accordance with generally accepted accounting principles in Latvia	Reclassification	Adjustment upon first-time adoption of IFRS accounting standards	In accordance with IFRS accounting standards
LONG-TERM INVESTMENTS	**EUR**	**EUR**	**EUR**	**EUR**
Intangible assets	863 254	-	-	863 254
Intangible assets development costs	505	-	-	505
Total intangible assets	**863 759**	**-**	**-**	**863 759**
Right-of-use assets [1)]	-	-	22 568	22 568
Fixed assets	25 267	-	-	25 267
Total fixed assets	**25 267**	**-**	**22 568**	**47 835**
Loans to related parties [4)]	11 942 276	-	(61 124)	11 881 153
Investments in related companies [3)]	7 819 053	-	524 121	8 343 174
Total long-term financial investments	**19 761 329**	**-**	**462 997**	**20 224 327**
TOTAL LONG-TERM INVESTMENTS	**20 650 355**	**-**	**485 565**	**21 135 921**
CURRENT ASSETS				
Due from related parties	184 267	(184 267)	-	-
Prepaid expenses	45 314	(45 314)	-	-
Other debtors	33 427	(33 427)	-	-
Deferred income	6 890	(6 890)	-	-
Trade and other receivables	-	184 267	-	184 268
Other assets	-	78 741	-	78 742
Contract assets	-	6 890	-	6 890
Total receivables and other current assets	**269 898**	**-**	**-**	**269 900**
Other investments	1 002 666	-	-	1 002 666
Total short-term financial investments	**1 002 666**	**-**	**-**	**1 002 666**
Cash and cash equivalents	**355 679**			**355 679**
TOTAL CURRENT ASSETS	**1 628 243**	**-**	**-**	**1 628 245**
TOTAL ASSETS	**22 278 598**	**-**	**485 565**	**22 764 166**
EQUITY AND LIABILITIES				
Share capital	13 017 058	-	-	13 017 058
Share premium	250 000	-	-	250 000
Share-based payment reserve [2)]	-	-	12 215	12 215
Subordinated bond restructuring reserve	-	-	-	-
Uncovered losses:				
Accumulated losses/Retained earnings [1); 2); 3); 4)]	179 302	-	(107 885)	71 419
for period [1); 2); 3); 4)]	(558 838)	-	551 498	(7 339)
TOTAL EQUITY	**12 887 522**	**-**	**455 828**	**13 343 353**
LIABILITIES				
Loans and borrowings	-	7 383 507	-	7 383 507
Bonds	7 383 507	(7 383 507)	-	-
Total long-term liabilities	**7 383 507**	**-**	**-**	**7 383 507**
Loans and borrowings [1)]	-	1 838 501	29 737	1 868 239
Bonds	1 838 501	(1 838 501)	-	-
Trade payables	13 958	-	-	13 958
Taxes and social contributions	35 763	(22)	-	35 741
Other liabilities	37 759	-	-	37 759
Corporate income tax	-	22	-	22
Accrued liabilities	81 588	-	-	81 587
Total current liabilities	**2 007 569**	**-**	**29 737**	**2 037 306**
TOTAL LIABILITIES	**9 391 076**	**-**	**29 737**	**9 420 813**
TOTAL EQUITY AND LIABILITIES	**22 278 598**	**-**	**485 565**	**22 764 166**

New standards, interpretations and amendments not yet effective.

There are a number of new standards or amendments to standards issued or amended that affected financial year, the Company has no transactions that are affected by the newly effective standards or amendments to standards:

- Classification of Liabilities as Current or Non-current (Amendments to IAS 1);;
- Non-current Liabilities with Covenants (Amendments to IAS 1));
- Lease liability in a Sale and Leaseback (Amendments to IFRS 16);
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7).

The following amendments are effective for the period beginning 1 January 2024 and earlier application is permitted. The standards are not expected to have a significant impact on the Longo Group financial statements:

- Lack of Exchangeability (Amendments to IAS 21);
- Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7);
- Annual Improvements to IFRS Accounting standards Volume 11 (issued on 18 July 2024);
- IFRS 18 Presentation and Disclosure in Financial Statements (issued on 9 April; 2024);
- IFRS 19 Subsidiaries without Public Accountability: Disclosures (issued on 9 May 2024).

The company's reporting currency is the euro (EUR). The financial statements cover the period from January 1, 2024, to December 31, 2024, and the transition of the comparative period of 2023 from Latvian Generally Accepted Accounting Standards to IFRS Accounting Standards. The accounting policies and methods are consistent with those applied in previous periods, except as indicated in Note 2 – Restatement and Adjustment of Comparative Figures.

Intangible and fixed assets

The Company's internally generated intangible assets primarily include the development costs of the Company's information management system. These costs are capitalized only if they meet the criteria set out in IAS 38, as further outlined below.

External and internal costs incurred during the development phase of the management information system are capitalized. Significant improvement costs are added to the initial costs of the assets if they meet the capitalization criteria.

The initial value of the Company's internally generated intangible assets is increased by the Company's information technology costs, including capitalized wages and social security contributions. The useful life of the asset is reviewed by management annually, and the amortization period is adjusted accordingly.

The Company has set a limited useful life for self-created intangible investments - 7 years.

In accordance with IAS 38, development costs are capitalized only if the Company meets all of the following criteria:

• The project is clearly identified, and associated costs are broken down by item and closely monitored;
• The technical and industrial feasibility of completing the project is demonstrated;
• There is a clear intention to complete the project and use or sell the resulting asset;
• The Company is able to use or sell the intangible asset resulting from the project;
• The Company can demonstrate how the intangible asset will generate probable future economic benefits;
• The Company has sufficient technical, financial, and other resources to complete the project and use or sell the intangible asset.

If these conditions are not met, the development costs of the Company's internally generated intangible assets are recognized as expenses in the statement of profit or loss as they are incurred.

After the initial recognition of development costs for intangible assets as assets, the asset is presented at its initial value, less accumulated amortization and impairment losses. Amortization is calculated from the moment the asset is completed and available for use.

Licenses and other intangible assets

Intangible assets are carried at their value, which is amortized over the asset's useful life using the straight-line method. If any events or changes in circumstances indicate that the carrying amount of an intangible asset may be impaired, its value is reviewed to assess for impairment. Impairment losses are recognized if the carrying amount of the intangible asset exceeds its recoverable amount.

Other intangible assets primarily consist of acquired computer software.

Amortization is calculated over the asset's useful life using the straight-line method as follows:

Other intangible assets – acquired IT systems	- Longer than 7 years.

Fixed assets

Fixed assets are carried at their initial value, less accumulated depreciation and impairment. Depreciation is calculated over the asset's useful life using the straight-line method as follows:

Computers	- Longer than 3 years.
Furniture	- Longer than 5 years.
Cars	- Longer than 7 years.
Investments in leased fixed assets	- In accordance with the lease term.;
Other fixed assets	- Longer than 3 years.

Depreciation begins when the asset becomes available for use, i.e., when it is delivered to the location and in the condition necessary for it to be operated in the manner intended by management. If any events or changes in circumstances indicate that the carrying amount of asset may be impaired, the value of the relevant asset is reviewed to assess for impairment. If there are signs of impairment and the carrying amount of the asset exceeds its estimated recoverable amount, the asset or cash-generating unit is written down to its recoverable amount. The recoverable amount of a asset is the higher of its net selling price and its value in use. In determining the value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate significant cash flows on its own, the recoverable amount is determined based on the cash-generating asset to which it belongs. Impairment losses are recognized in the profit or loss statement as impairment losses.

The recognition of the carrying amount of the asset is discontinued when the asset is disposed of or when no future economic benefits are expected from the asset's continued use. Any gain or loss arising from the discontinuation of the asset's recognition (calculated as the difference between the net proceeds from disposal and the carrying amount of the asset) is recognized in the consolidated statement of comprehensive income in the year the discontinuation of recognition occurs.

2. Summary of significant accounting policies (continued)

Financial instruments

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus or minus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification and subsequent measurement

Financial assets

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:
- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

In addition to financial assets measured at amortized cost, financial assets that do not meet the conditions for amortized cost measurement or are designated as at fair value through profit or loss (FVTPL) are measured at fair value with changes recognized in profit or loss

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss

Derecognition

Financial assets
The Company derecognises a financial asset when:
- the contractual rights to the cash flows from the financial asset expire; or
- it transfers the rights to receive the contractual cash flows in a transaction in which either:
- substantially all of the risks and rewards of ownership of the financial asset are transferred; or
- the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Financial liabilities
The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Impairment

Non-derivative financial assets

Financial instruments and contract assets
The Company recognises loss allowances for ECLs on:
- financial assets measured at amortised cost;
- debt investments measured at FVOCI; and
- contract assets.

The Company considers a financial asset to be in default when:
- the debtor is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

Loss allowances for trade receivables (including lease receivables) and contract assets are always measured at an amount equal to lifetime ECLs.

Expected Credit Loss (ECL) Assessment
For debt instruments not measured at fair value through profit or loss, the Company recognizes provisions for expected credit losses (hereinafter “ECL”).

The Company applies a loss allowance approach for the recognition of impairment losses. This involves a three-stage model based on changes in the credit quality of financial assets since initial recognition. In practice, this means that entities are required to recognise an immediate loss equal to 12-month ECL upon initial recognition of financial assets that have not experienced a significant increase in credit risk (Stage 1). When a significant increase in credit risk has occurred, impairment is measured based on lifetime ECL rather than 12-month ECL (Stage 2 or Stage 3).
The calculation of ECL is based on the following key parameters:
• PD (Probability of Default) – an estimate of the likelihood that a borrower will default over a given time period;
• EAD (Exposure at Default) – an estimate of the exposure at the default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and anticipated drawdowns from committed limits;
• LGD (Loss Given Default) – an estimate of the loss that would be incurred in the event of default, calculated as the difference between the contractual cash flows due and the expected cash flows, including those from the realisation of any collateral. This is usually expressed as a percentage of the EAD.

Expected credit losses are calculated as a function of PD, EAD, and LGD.

Due to their nature, the ECLs arising from trade and other receivables or contract assets are assessed as immaterial.

Cash and cash equivalents

Cash equivalents are short-term, highly liquid assets that are readily convertible to cash without the significant risk of changes in value within 3 months or less. Cash and cash equivalents comprise non-cash balances on current accounts at banks and payment systems.

2. Summary of significant accounting policies (continued)

Operating lease – Company as lessee

Lease liability

Initial recognition

At the commencement date of the lease the Company measures the lease liability at the present value of the lease payments that are not paid at that date in accordance with lease term. Lease payments included in the measurement of the lease liability comprise:

• fixed payments (including in-substance fixed payments), less any lease incentives receivable;
• variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
• amounts expected to be payable by the Company under residual value guarantees;
• the exercise price of a purchase option if the Company is reasonably certain to exercise that option; and
• payments of penalties for terminating the lease, if the lease term reflects the Company exercising an option to terminate the lease.

The Company has elected for all classes of underlying assets not to separate non-lease components from lease components in lease payments. Instead Company accounts for each lease component and any associated nonlease components as a single lease component. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses the incremental borrowing rate.

Lease term is the non-cancellable period for which the Company has the right to use an underlying asset, together with both:
(a) Periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and
(b) Periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option.
At the commencement date, the Company assesses whether it is reasonably certain to exercise an option to extend the lease or to purchase the underlying asset, or not to exercise an option to terminate the lease.

Subsequent measurement

After the commencement date, the Company measures the lease liability by:
• increasing the carrying amount to reflect interest on the lease liability;
• reducing the carrying amount to reflect the lease payments made; and
• remeasuring the carrying amount to reflect any reassessment or lease modifications specified, or to reflect revised in-substance fixed leasepayments.

Right-of-use assets

Initial recognition

At the commencement date of the lease, the Company recognises right-ofuse asset at cost. The cost of a right-of-use asset comprises:
•the amount of the initial measurement of the lease liability;;
•any lease payments made at or before the commencement date, less any lease incentives received;
•any initial direct costs incurred by the Company; and
•an estimate of costs to be incurred by the Company in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are to produce inventories.

Subsequent measurement

Company measures the right-of-use asset at cost, less any accumulated depreciation and accumulated impairment losses; and adjusted for the remeasurement of the lease liability. Depreciation of the right-of-use asset is recognised on a straight-line basis in profit or loss. If the lease transfers ownership of the underlying asset to the Company by the end of the lease term or if the cost of the right-of-use asset reflects that the Company will exercise a purchase option, the Company depreciates the rightof-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the right-of-use asset is depreciated from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Company applies IAS 36 to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Initial recognition exemptions applied

As a recognition exemption the Company elects not to apply the recognition requirements of right-of-use asset and lease liability to:
(a) Short term leases – for all classes of underlying assets; and
(b) Leases of low-value assets – on a lease-by-lease basis.

For leases qualifying as short-term leases and/or leases of low-value assets, the Company does not recognise a lease liability or right-of-use asset. The Company recognises the lease payments associated with those leases as an expense on either a straightline basis over the lease term.
(a) Short term leases

A short-term lease is a lease that, at the commencement date, has a lease term of 12 months or less. A lease that contains a purchase option is not a short-term lease. This lease exemption is applied for all classes of underlying assets.
(b) Leases of low-value assets

The Company defines a low-value asset as one that:
1) has a value, when new of 5 000 EUR or less. Company assesses the value of an underlying asset based on the value of the asset when it is new, regardless of the age of the asset being leased.
2) the Company can benefit from use of the assets on its own, or together with, other resources that are readily available to the Company; and
3) the underlying asset is not dependent on, or highly interrelated with, other assets.

Accrued liabilities for employee vacations

Accrued vacation liabilities are calculated in accordance with the requirements of local legislation.

2. Summary of significant accounting policies (continued)

Reserves

Share-based payment reserve

Share-based payment reserve is used to record the effect of transactions with owners in their capacity as owners.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of provisions to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Statement of profit or loss net of any reimbursement. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a borrowing cost.

Accruals and deferrals

Accruals and deferrals are recorded to recognise revenues and costs as they are earned or incurred.

Share-based payments

Equity-settled transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. That cost is recognized in employee benefits expense, together with a corresponding increase in equity (other capital reserves), over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period). The cumulative expense recognized for equity settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit or loss for a period represents the movement in cumulative expense recognized as at the beginning and end of that period.

When the terms of an equity-settled award are modified, the minimum expense recognized is the grant date fair value of the unmodified award, provided the original terms of the award are met. An additional expense, measured as at the date of modification, is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee.

Fair value of share options is determined using valuation method using multiples of similar companies and discounting the value based on characteristics (limitations) of the share options granted

Group's employees have entered a share option agreements with Longo Group JSC. Under the agreements respective employees obtain rights to acquire Longo Group shares under several graded vesting scenarios.

In estimating fair value for the share option the most appropriate valuation model would depend on the terms and conditions of the grant.

Expense for share-based remuneration is measured at fair value at the grant date. Share-based remuneration is in a form of conditional share share options. The grant date is the date at which the entity and the participating employee agree to a sharebased payment arrangement and an internal approval is obtained. Expense for share-based remuneration is re-measured only if the compensation arrangement is modified so that the fair value after modification has increased compared to the fair value before modification

Estimates of actual or expected forfeitures are re-estimated at each reporting date and if necessary, previously recognised other reserves are reversed directly to the retained earnings. After deferral period, when vesting conditions are met and conditional share option exercised, previously recognised other reserves are transferred to issued share capital and share premium accounts.See **Note 19**.

Income and expenses

Expenses are recognized as incurred. Expenses are recognized net of the amount of value added tax. In certain situations value added tax incurred on a services received or calculated in accordance with legislation requirements is not recoverable in full from the taxation authority. In such cases value added tax is recognized as part of the related expense item as applicable. The same principles is applied if value added tax is not recoverable on acquisition of an asset.

Income is recognized in accordance with the related standard's requirements and to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

The effective interest rate method

Under IFRS 9 for all financial instruments measured at amortized cost interest income or expense is recorded at the effective interest rate, which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the net carrying amount of the financial asset or financial liability. The calculation takes into account all contractual terms of the financial instrument and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective interest rate, but not future credit losses.

Revenue recognition

Revenue from the provision of services

Revenue from services rendered is recognized in the profit or loss statement in the period in which the services are provided.

The company's revenue primarily consists of income from management and franchise services.

Revenues	Timing of recognition
Revenue from management and franchise services	Revenue is recognized at the time of invoicing.

Revenue Recognition Approach

The Company applies the five-step revenue recognition model in accordance with IFRS 15 Revenue from Contracts with Customers:

1. **Identification of the contract:** It is determined whether a legally binding contract with a customer exists.
2. **Identification of performance obligations:** The obligations that the Company has undertaken to deliver are identified.
3. **Determination of the transaction price:** The expected consideration is determined, including both fixed and variable components.
4. **Allocation of the transaction price:** The transaction price is allocated to the performance obligations based on their standalone selling prices.
5. **Revenue recognition:** Revenue is recognized when the performance obligation is satisfied, that is, when the customer obtains control over the provided service.

Criteria for Contract Recognition

A contract is recognized when:
- The parties have clearly agreed on rights and obligations;
- A clear payment arrangement exists;
- The contract performance is probable and predictable;
- It is expected that the consideration will be collected.

Determination of the Transaction Price

The transaction price is usually fixed in the contract. If the contract includes variable consideration components, such as discounts, performance bonuses, or penalties, the transaction price is determined based on either the expected value or the most likely amount, depending on the specific situation.

Ensuring Proper Accrual (Periodization)

Revenue is recognized based on the Company's accrual principle. Revenue is recognized in the reporting period in which the related services have actually been provided, ensuring that revenue is fully and accurately attributed to the corresponding periods.

Revenue from Franchise Services

The Company grants franchise rights to its subsidiaries in the field of car sales. The franchise fee is payable by subsidiaries once they reach the turnover threshold specified in the franchise agreement. Revenue from franchise services is recognized at the moment when the franchise rights are transferred and the customer obtains the right to use them. The Company reserves the right to review the terms of franchise agreements, including granting franchise fee waivers, based on the Group's performance results and external market conditions.

* The quantitative information of those positions are presented in **Note 3**.

2. Summary of significant accounting policies (continued)

Subsequent events

Post-period-end events that provide additional information about the Company's position at the statement of financial position date (adjusting events) are reflected in the financial statements. Post-period-end events that are not adjusting events are disclosed in the notes when material.

The preparation of the financial statements in conformity with IFRS standards requires management to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses, and disclosure of contingencies. The significant areas of estimation used in the preparation of the financial statements relate to capitalization of development costs and initial recognition of rights-of-use assets. Although these estimates are based on the management's best knowledge of current events and actions, the actual results may ultimately differ from those estimates.

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognized in the financial statements:

Capitalization of development costs

For capitalization of expenses in process of developing Coampany's enterprise resource planning (ERP) system and other IT systems management uses certain assumptions. Capitalization of salary expenses of IT personnel is based on employee time sheets and hours dedicated to development of new functionality. Therefore these salary expenses of involved personnel are capitalized under Other intangible assets while remaining are recognized as salary expenses in Statement of comprehensive income.

Expenses from amortization of capitalized development costs are included in statement of comprehensive income caption "Cost of Services Provided".

Lease term determination under IFRS 16 (Company as a lessee)

IFRS 16 requires that in determining the lease term and assessing the length of the non-cancellable period of a lease, an entity shall determine the period for which the contract is enforceable. In assessment of lease term determination the Company considers the enforceable rights and obligations of both parties. If both the lessee and the lessor can terminate the contract without more than an insignificant penalty at any time at or after the end of the non-cancellable term, then there are no enforceable rights and obligations beyond the non-cancellable term. These considerations are also applied for lease agreements without a fixed term and agreements that are "rolled over" on monthly basis until either party gives notice. As a result, such agreements are considered as short term leases in accordance with IFRS 16 definition and the Company does not recognise a lease liability or right-of-use asset for these leases. The Company considers that after the non-cancellable term lapses the Company does not have enforceable rights and obligations under such agreements.

In considering the Company's options to extend or not to terminate the lease the Company firstly evaluates what the rights of the Company and the lessor under such options. The Company considers whether options included in the lease agreements (1) give an unilateral right for one party (i.e. Company) and (2) creates an obligation to comply for the other party (i.e. lessor). If neither party in the contract has an obligation then Company assessment is that no options are to be considered in the context of lease term assessment. In such situations the lease term would not exceed the noncancellable contractual term. In determining the lease term the Company has assessed the penalties under the lease agreements as well as economic incentives to prolong the lease agreements such as the underlying asset being strategic. The judgment of the Company management has been that the impact of such factors is not significant due to the contractual features and the Company's business model, which is not reliant on strategic assets.

Lease liability incremental borrowing rate determination under IFRS 16 (Company as a lessee)

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company has used market rates as its incremental borrowing rate. The Company considers market rates used as an appropriate measure for incremental borrowing rates as they correctly reflect the ability to finance a specific asset purchase.

Related parties

Related parties represent both legal entities and private individuals related to the Company in accordance with the following rules. A person or a close member of that person's family is related to a reporting entity if that person:
i. has control or joint control over the reporting entity;
ii. has a significant influence over the reporting entity; or
iii. is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

An entity is related to a reporting entity if any of the following conditions applies::
i. The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others); ii.One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
iii. Both entities are joint ventures of the same third party;
iv. One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
v. The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
vi. The entity is controlled, or jointly controlled by a person identified in (a);
vii. A person identified (in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); viii. The entity or any member of the group to which the entity belongs provides management personnel services to the entity or the parent of company of the entity.

Related party transaction – a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

Key Assumptions and Estimates

In preparing the financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, including off-balance sheet items, as well as the amounts of income and expenses. Actual results may differ from these estimates.
The assumptions and the estimates based on them are reviewed regularly to assess whether changes are necessary. Changes in accounting estimates are recognized in the period in which the estimates are revised and in all future periods affected.

Impairment Losses on Loans Issued to Subsidiaries

To assess the expected credit losses (ECL) on loans issued to subsidiaries, an evaluation is required, particularly of the expected amounts and timing of future cash flows to be received and whether there has been a significant increase in credit risk. These estimates depend on multiple factors, changes in which may result in different levels of loss provisions. The Company's ECL calculations incorporate both assumptions and variable indicators.
Accounting assumptions and estimates in the ECL models include:
- The Company's criteria for assessing whether there has been a significant increase in credit risk and allocating loans to Stage 1 or Stage 2;
- The criteria for determining default and allocating loans to Stage 3;
- The development of the ECL calculation, including the selection of various formulas and parameters;
- The modelling and calculation of key ECL parameters, including Probability of Default (PD), Loss Given Default (LGD), and Exposure at Default (EAD).

For loans where there has been no significant increase in credit risk since initial recognition, ECL is recognized for credit losses that may arise over the next 12 months (12-month ECL), and these are allocated to Stage 1. For exposures where there has been a significant increase in credit risk since initial recognition, provisions are recognized based on lifetime ECL—regardless of the timing of default—and these are allocated to Stage 3.

Assessment of Investment in Subsidiaries

To determine whether an investment in a subsidiary is impaired, it is necessary to calculate the value in use of the cash-generating units (CGUs) in which the investment has been made. The calculation of value in use requires management to estimate the future cash flows expected to arise from the CGUs and to determine an appropriate discount rate to calculate their present value (see Note 14).

Modification of Subordinated Debt

During the reporting period, subordinated debt held by shareholders was modified by deferring interest payments to maturity and extending the maturity date. Management assessed that the modification was made by shareholders acting in their capacity as owners and therefore constitutes a transaction with shareholders. As a result, the change was recognized directly in equity as a Subordinated debt restructuring reserve.

3. Revenues

		2024	2023
		EUR	EUR
Revenue from administrative services		1 309 555	1 203 852
Revenue from franchise services		-	240 251
	TOTAL:	**1 309 555**	**1 444 103**

Revenue from administrative services by country:		
Lithuania	549 215	500 602
Latvia	249 339	217 958
Netherlands	215 595	225 145
Estonia	193 823	174 959
Belgium	71 236	62 914
Poland	30 347	22 274

Revenue from services rendered is recognized in the profit or loss statement in the period in which the services are provided.

4. Cost of Services Provided

		2024	2023
		EUR	EUR
Employees' salaries		461 540	601 085
Marketing costs		375 080	125 364
Amortization of intangible assets and depreciation of fixed assets		258 396	205 348
IT services		183 582	135 890
Social tax contributions		106 701	126 645
Other personnel expenses		100 781	14 108
Office and branches' maintenance expenses		28 446	29 789
Other administrative expenses		24 673	430 919
Professional services		4 797	3 031
	TOTAL:	**1 543 996**	**1 672 179**

5. Administrative expenses

		2024	2023
		EUR	EUR
Marketing costs		133 376	90 396
Other administrative expenses		33 583	12 190
Audit fees		28 317	24 291
Legal services		12 086	6 092
Bank commissions		1 313	747
	TOTAL:	**208 675**	**133 716**

6. Other operating income

		2024	2023
		EUR	EUR
Other operating income		8 209	14 899
Income from reimbursement of expenses of related companies		7 275	9 681
	TOTAL:	**15 484**	**24 580**

7. Other operating expenses

		2024	2023
		EUR	EUR
Other operating expences		16 363	14 094
Penalties paid		34	9
	TOTAL:	**16 397**	**14 103**

8. Other income from interest and similar income

		2024	2023
		EUR	EUR
Interest income from loans to subsidiaries		825 391	1 171 177
Interest income on bonds acquired		34 111	13 076
Interest income from bank deposit		14 602	719
	TOTAL:	**874 104**	**1 184 972**

9. Interest expenses and similar expenses

	2024	2023
	EUR	**EUR**
Interest expenses on issued bonds	1 024 829	813 659
Other financial expenses	35 036	10 739
Interest expenses on lease liabilities	2 490	1 729
Interest expenses on loan facilities	-	1 697
TOTAL:	**1 062 355**	**827 824**

Interest expenses on issued bonds for 2024 include EUR 180 000 payment-in-kind interest capitalized on Subordinated Debt (2023: EUR 0). For more details see Note 20.

10. Corporate income tax payable

	2024	2023
	EUR	**EUR**
Current corporate income tax charge for the reporting year	113	69
Corporate income tax charged to the income statement:	**113**	**69**

11. Intangible assets

	Intangible assets*	Intangible assets development costs	TOTAL
As at 1 January 2023	**EUR**	**EUR**	**EUR**
Sākotnējā vērtība	851 884	2 679	**854 563**
Accumulated amortization and depreciation	(203 859)	-	**(203 859)**
Carrying amount	**648 025**	**2 679**	**650 704**
2023			
Acquisitions	7 551	345 690	**353 241**
Reclassifications	347 864	(347 864)	**-**
Amortisation and depreciation	(140 186)	-	**(140 186)**
As at 31 December 2023			
Historical cost	1 207 299	505	**1 207 804**
Accumulated amortization and depreciation	(344 045)	-	**(344 045)**
Carrying amount	**863 254**	**505**	**863 759**
2024			
Acquisitions	5 301	320 210	**325 511**
Reclassifications	320 133	(320 133)	**-**
Amortisation and depreciation	(193 455)	-	**(193 455)**
			- -
As at 31 December 2024			**- -**
Historical cost	1 532 733	581	**1 533 314**
Accumulated amortization and depreciation	(537 500)	-	**(537 500)**
Carrying amount	**995 233**	**581**	**995 814**

* Other intangible assets consist mainly of IT systems developed by the Company.

At the end of 2024, the management performed an impairment test of intangible assets (IT systems) for the Group companies that benefit from internally developed intangible assets (IT systems), using the following assumptions: a 43% revenue increase in 2025, 46% increase in 2026, and 42% increase in 2027; a terminal growth rate assumption of 2%; an EBITDA margin ranging from 1.7% to 4.5%; and a weighted average cost of capital (WACC) of 10.5%.

Management has concluded that the carrying amount of the intangible assets remains justified and that there is currently no indication of impairment. Ongoing monitoring and periodic reassessment will be performed in the future.
Amortisation expenses are included in Note 4 – "Cost of Services Provided".

12. Fixed and right-of-use assets

	Right-of-use assets	Fixed assets	TOTAL
As at 1 Jaunary 2023	**EUR**	**EUR**	**EUR**
Historical cost	127 071	87 632	**214 703**
Accumulated amortization and depreciation	(57 709)	(61 170)	**(118 879)**
Carrying amount	**69 362**	**26 462**	**95 824**
2023			
Acquisitions	-	13 060	**13 060**
Changes	4 194	-	**4 194**
Amortization and depreciation	(50 988)	(14 255)	**(65 243)**
As at 31 December 2023			
Historical cost	131 265	100 692	**231 957**
Accumulated amortization and depreciation	(108 697)	(75 425)	**(184 122)**
Carrying amount	**22 568**	**25 267**	**47 835**
2024			
Acquisitions	-	4 889	**4 889**
Changes	86 011	-	**86 011**
Amortization and depreciation	(51 394)	(13 547)	**(64 941)**
As at 31 December 2024			
Historical cost	217 276	105 581	**322 857**
Accumulated amortization and depreciation	(160 091)	(88 972)	**(249 063)**
Carrying amount	**57 185**	**16 609**	**73 794**

Right-of-use assets and lease liabilities

Right-of-use assets and other liabilities for rights to use assets are shown as follows in the consolidated statement of financial position and statement of comprehensive income:

		31.12.2024	31.12.2023	01.01.2023
ASSETS		**EUR**	**EUR**	**EUR**
Non-current assets				
Right-of-use assets (premises)		57 184	22 568	69 361
	TOTAL:	**57 184**	**22 568**	**69 361**
EQUITY AND LIABILITIES				
Non-current liabilities				
Lease liabilities		-	-	27 485
Current liabilities				
Lease liabilities		58 268	29 737	53 732
	TOTAL:	**58 268**	**29 737**	**81 217**

		2024	2023
Leases in the statement of comprehensive income		**EUR**	**EUR**
Administrative expense			
Depreciation of right-of-use assets		(51 394)	(50 988)
Net finance costs			
Interest expense for right to assets		(2 490)	(1 729)
Total cash outflow from lease liabilities	**TOTAL:**	**(53 884)**	**(52 717)**

The average incremental borrowing rate for lease liabilities initially recognized as of 31 December 2024 is 4,70% (3% in 2023) per year.

13. Loans to related parties

	Interest rate per annum (%)	*Maturity*		31.12.2024 EUR	31.12.2023 EUR	01.01.2023 EUR
Longo Estonia OU	6%	31.12.2025		3 007 738	2 024 633	4 059 964
Longo Netherlands B.V.	7,5%	31.12.2025		3 098 577	3 300 170	3 981 810
Longo Latvia SIA	6%	31.12.2025		2 126 834	2 274 455	3 456 538
Longo Lithuania UAB	6%	31.12.2025		4 054 584	3 492 631	1 905 625
Longo Poland Sp.z.o.o.	6%	31.12.2025		485 107	221 153	789 870
Longo Shared Services UAB	7,5%	31.12.2025		1 336 830	-	380 479
Longo Belgium BVBA	7,5%	31.12.2025		662 750	543 111	55 224
Maxxus GmbH	7,5%	31.12.2025		6 670	25 000	-
			TOTAL:	**14 779 090**	**11 881 153**	**14 629 510**

The terms of the loan agreement provide for monthly interest payments, and there were no overdue interest payments at the end of the reporting year.

31.12.2024	**Stage 1 EUR**	**Stage 2 EUR**	**Stage 3 EUR**	**TOTAL EUR**
Gross loans	14 836 213	-	25 000	**14 861 213**
ECL provisions	(63 793)	-	(18 330)	**(82 123)**
Net loans	14 772 420	-	6 670	**14 779 090**

31.12.2023	**Stage 1 EUR**	**Stage 2 EUR**	**Stage 3 EUR**	**TOTAL EUR**
Gross loans	11 942 277	-	-	**11 942 277**
ECL provisions	(61 124)	-	-	**(61 124)**
Net loans	11 881 153	-	-	**11 881 153**

01.01.2023	**Stage 1 EUR**	**Stage 2 EUR**	**Stage 3 EUR**	**TOTAL EUR**
Gross loans	14 677 531	-	-	**14 677 531**
ECL provisions	(48 021)	-	-	**(48 021)**
Net loans	14 629 510	-	-	**14 629 510**

During 2024, the loan to Maxxus GmbH was moved to stage 3, taking into account the financial performance of the subsidiary, with the ECL determined individually.

Provisions for expected credit losses on financial assets	**2024 EUR**	**2023 EUR**
Balance at the beginning of the year	**(61 124)**	**(48 021)**
Provisions created	(20 999)	(13 103)
Balance at the end of the year	**(82 123)**	**(61 124)**

14. Investments in subsidiaries

31 December 2024

Subsidiary	Registration number	Country	Line of business	Holding %	Investment EUR	Net assets EUR	Profit or (loss) for the year EUR
Longo Latvia SIA	40203147079	Latvia	Sale of motor vehicles	100%	2 200 000	474 773	(19 174)
Longo Lithuania UAB	304837699	Lithuania	Sale of motor vehicles	100%	2 500 000	1 138 615	(34 026)
Longo Estonia OU	14554950	Estonia	Sale of motor vehicles	100%	1 200 000	181 615	(73 226)
Longo Shared Service UAB	305217797	Lithuania	Repairs of motor vehicles	100%	1 400 000	691 430	9 643
Longo Netherlands B.V.	71706267	The Netherlands	Sourcing of motor vehicles	100%	300 000	264 830	14 103
Longo Belgium BVBA	BE 0881764642	Belgium	Sourcing of motor vehicles	99%	60 588	50 915	1 238
Maxxus GMBH	HRB18213	Germany	Sourcing of motor vehicles	100%	16 313	(19 507)	(3 280)
Longo Poland sp. z o.o.	0000964768	Poland	Sale of motor vehicles	100%	663 473	(97 026)	(164 239)
Longo IP Holdings SIA	40203527894	Latvia	Leasing of intellectual property and similar products, except copyrighted works	100%	2 800	2 800	-
			TOTAL:		**8 343 174**	**2 688 445**	**(268 961)**

Valuation of investment in subsidiaries

The Company's management has assessed the recoverability of investments in subsidiaries. The recoverable amount was determined using the income approach, based on the assumption that the current value of the Company's investments is closely linked to its future income.

As of the end of 2024, management performed an impairment test using the following assumptions:
•Revenue growth of 43% in 2025, 46% in 2026, and 42% in 2027,
•Terminal growth rate of 2%,
•Income and expenses were projected based on actual operational results, planned capital investments in business development, and expected industry trends,
•EBITDA margin ranging from 1.7% to 4.5%,
•A discount rate (Weighted Average Cost of Capital or WACC) of 10.5% was applied to calculate the present value of the Company.

No impairment losses were recognized for the years 2023 and 2024.

Sensitivity Analysis Results: In assessing the impact of individual variables on the calculation results, the Company's management concluded that the most significant impact arises from changes in the Group's planned growth rate. A reduction of the Group's growth rate by 20 percentage points would not materially affect the calculation results. Only if the growth rate decreased by 34 percentage points in 2025, reaching 9%, while remaining at 46% and 42% in 2026 and 2027 respectively, would it be necessary to consider recognising an impairment loss.

31 December 2023

Subsidiary	Registration number	Country	Line of business	Holding %	Investment EUR	Net assets EUR	Profit or (loss) for the year EUR
Longo Latvia SIA	40203147079	Latvia	Sale of motor vehicles	100%	2 200 000	493 947	(60 995)
Longo Lithuania UAB	304837699	Lithuania	Sale of motor vehicles	100%	2 500 000	1 172 641	(113 286)
Longo Estonia OU	14554950	Estonia	Sale of motor vehicles	100%	1 200 000	254 841	(280 658)
Longo Shared Service UAB	305217797	Lithuania	Repairs of motor vehicles	100%	1 400 000	681 787	(35 820)
Longo Netherlands B.V.	71706267	The Netherlands	Sourcing of motor vehicles	100%	300 000	250 727	(1 113)
Longo Belgium BVBA	BE 0881764642	Belgium	Sourcing of motor vehicles	99%	60 588	49 677	(5 308)
Maxxus GMBH	HRB18213	Germany	Sourcing of motor vehicles	100%	16 313	(16 227)	(2 178)
Longo Poland sp. z o.o.	0000964768	Poland	Sale of motor vehicles	100%	663 473	67 213	44 002
Longo IP Holdings SIA	40203527894	Latvia	Leasing of intellectual property and similar products, except copyrighted works	100%	2 800	2 800	-
			TOTAL:		**8 343 174**	**2 957 406**	**(455 356)**

As of the end of 2023, Management has performed an impairment test with the following assumptions: 41% growth in 2024, 33% growth in 2025 and 21% growth in 2026, terminal revenue growth assumption of 2%, EBITDA margin in the range of 1.6% to 10.1% and weighted average cost of capital (WACC) - 14.5% and has concluded that provisions are not necessary

1 January 2023

Subsidiary	Registration number	Country	Line of business	Holding %	Investment EUR	Net assets EUR	Profit or (loss) for the year EUR
Longo Latvia SIA	40203147079	Latvia	Sale of motor vehicles	100%	2 200 000	554 901	(8 688)
Longo Lithuania UAB	304837699	Lithuania	Sale of motor vehicles	100%	1 600 000	385 047	(22 487)
Longo Estonia OU	14554950	Estonia	Sale of motor vehicles	100%	900 000	235 500	(39 627)
Longo Shared Service UAB	305217797	Lithuania	Repairs of motor vehicles	100%	700 000	17 607	(18 139)
Longo Netherlands B.V.	71706267	The Netherlands	Sourcing of motor vehicles	100%	300 000	251 508	13 473
Longo Belgium BVBA	BE 0881764642	Belgium	Sourcing of motor vehicles	99%	60 588	43 197	(825)
Maxxus GMBH	HRB18213	Germany	Sourcing of motor vehicles	100%	16 313	3 839	(3 256)
Longo Poland sp. z o.o.	0000964768	Poland	Sale of motor vehicles	100%	1 090	106 718	(107 808)
			TOTAL:		**5 777 991**	**1 598 317**	**(187 357)**

Subsidiary	**Opening balance of investments as of January 1, 2023 EUR**	Increase of share capital in 2023 EUR	Support for business start up in 2023 EUR	**Closing balance of investments as of December 31, 2023 EUR**	Increase of share capital in 2024 EUR	Support for business start-up in 2024 EUR	**Closing balance of investments as of December 31, 2024 EUR**
Longo Latvia SIA	**2 200 000**	-	-	**2 200 000**	-	-	**2 200 000**
Longo Lithuania UAB	**1 600 000**	900 000	-	**2 500 000**	-	-	**2 500 000**
Longo Estonia OU	**900 000**	300 000	-	**1 200 000**	-	-	**1 200 000**
Longo Shared Service UAB	**700 000**	700 000	-	**1 400 000**	-	-	**1 400 000**
Longo Netherlands B.V.	**300 000**	-	-	**300 000**	-	-	**300 000**
Longo Belgium BVBA	**60 588**	-	-	**60 588**	-	-	**60 588**
Maxxus GMBH	**16 313**	-	-	**16 313**	-	-	**16 313**
Longo Poland sp. z o.o.	**1 090**	138 262	524 121	**663 473**	-	-	**663 473**
Longo IP Holdings SIA	**-**	2 800	-	**2 800**	-	-	**2 800**
TOTAL:	**5 777 991**	**2 041 062**	**524 121**	**8 343 174**	-	-	**8 343 174**

15. Trade and other receivables

	31.12.2024	31.12.2023	01.01.2023
	EUR	EUR	EUR
Payables for management services			
Longo Latvia SIA	62 561	-	8 198
Longo Lithuania UAB	60 769	166 347	237 785
Longo Netherlands B.V.	38 585	9 847	6 746
Longo Estonia OU	30 284	-	23 379
Longo Shared Services UAB	26 620	6 651	21 679
Longo Belgium BVBA	4 826	1 423	641
Longo Poland Sp.z.o.o.	4 722	-	837
Maxxus GMBH	-	-	6
TOTAL:	**228 367**	**184 268**	**299 271**

Debitoru parādi par pārvaldes pakalpojumiem

	Not overdue	Overdue up to 30 days	Overdue up to 60 days	Overdue more than 90 days	ECL	TOTAL
31.12.2024	**EUR**	**EUR**	**EUR**	**EUR**	**EUR**	**EUR**
Subsidiaries	228 367	-	-	-	-	**228 367**
Total undiscounted financial assets	**228 367**	**-**	**-**	**-**	**-**	**228 367**

	Not overdue	Overdue up to 30 days	Overdue up to 60 days	Overdue more than 90 days	ECL	TOTAL
31.12.2023	**EUR**	**EUR**	**EUR**	**EUR**	**EUR**	**EUR**
Subsidiaries	184 268	-	-	-	-	**184 268**
Total undiscounted financial assets	**184 268**	**-**	**-**	**-**	**-**	**184 268**

	Not overdue	Overdue up to 30 days	Overdue up to 60 days	Overdue more than 90 days	ECL	TOTAL
01.01.2023	**EUR**	**EUR**	**EUR**	**EUR**	**EUR**	**EUR**
Subsidiaries	259 998	7 771	31 502	-	-	**299 271**
Total undiscounted financial assets	**259 998**	**7 771**	**31 502**	**-**	**-**	**299 271**

16. Other investments, including derivatives

	31.12.2024	31.12.2023	01.01.2023
	EUR	EUR	EUR
Corporate bond-trading portfolio at FVTPL	-	1 002 666	-
TOTAL:	**-**	**1 002 666**	**-**

In year 2023 the Company management decided to slightly scale down inventory due to the seasonality of the business therefore deploying its short-term liquidity by buying bonds on 23 November 2023 (ISIN:LV0000860146) worth EUR 1 million and those were sold in March and April 2024.

17. Cash and cash equivalents

	31.12.2024	31.12.2023	01.01.2023
Cash at bank and in payment systems	692 096	355 679	890 755
Cash held in a money market liquidity fund	1 105 000	-	-
TOTAL:	**1 797 096**	**355 679**	**890 755**

This financial asset is not impaired as of 31.12.2024 (31.12.2023: 0 EUR).

The Company has not established ECL (Expected Credit Loss) provisions for cash and cash equivalents, as bank deposits are short-term and the lifecycle of these assets, in accordance with IFRS 9, is so short that, considering the low probability of default, the amount of ECL would be immaterial (as of 31.12.2023: EUR 0).

18. Share capital

The share capital of the Company is EUR 13 034 872 and consists of 130 348 720 shares. The par value of each share is EUR 0.10. All the shares are fully paid.

The movements on the Share capital caption during the year are as follows:

	Share capital EUR	Share premium EUR	Total EUR
Opening balance as at 1 January 2023	**12 969 926**	**250 000**	**13 219 926**
Issue of ordinary shares	47 132	-	**47 132**
Closing balance as at 31 December 2023	**13 017 058**	**250 000**	**13 267 058**
Opening balance as at 1 January 2024	**13 017 058**	**250 000**	**13 267 058**
Issue of ordinary shares	17 814	-	**17 814**
Closing balance as at 31 December 2024	**13 034 872**	**250 000**	**13 284 872**

During year 2024 several employees have exercised their share options and converted them into ordinary shares therefore there have been issue of 178 140 (31.12.2023: 471 329 shares) Longo Group JSC shares with nominal value of EUR 0.10

The nominal value of each share is 0.10 euros and the total share premium is 250 000 euros.

Shares are split in A type and B type and C type shares. B type shares do not provide a shareholder with voting rights and rights to dividends, liquadition quota is limited to EUR 0.10 per share. C type shares are held just by employees and exemployees of Longo Group, they do not provide a shareholder with voting rights.

	A shares	B shares
SIA ALPPES Capital	39%	49%
Other shareholders*	61%	51%
	100%	**100%**

* - Other shareholders individually don`t control more than 15% of Longo Group shares.

19. Share based payment reserve

The Group's employees have entered a share option agreements with Longo Group JSC. The aim of the share based options is to retain employees and increase their motivation through possibility to directly benefit from the growth in value of the company.

The share based option program is based on following principles:
• Employee stock options are granted free of charge to employees with management responsibilities. Company's and its subsidiaries' management and supervisory board members are also considered employees regardless of whether they have concluded employment agreements or other types of agreements such as management agreements.
• The standard share option plan is with monthly vesting after 1 year of working with Company.
• Thereafter (after the first year has passed) the employee is entitled to exercise a proportion of its stock options twice a year on days set by Company's management. This proportion is calculated as follows: after the employee has worked at least one year for the Company since stock options were granted to the employee, for each following month the employee has worked for the Company the employee can exercise 1/48 of the total amount of stock options it received initially. Company's management board, taking into account the time specific employees have already worked for the Company or other employment related criteria, can entitle specific employees to exercise a greater proportion of their stock options after the one year period has passed.
• Share options are given as potential shares in Longo Group JSC without consideration in which company the employee work. This is important because
Longo Group JSC as an owner of all subsidiaries of Longo Group JSC accumulates the value, rather than just individual subsidiary within the group.

The key terms and conditions related to the grant under this program are as follows: all options are to be settled by the physical delivery of shares.

The following table illustrates the number and weighted average exercise prices of the employee share option plan:

	2024		2023	
	Number	Weighted average exercise price	Number	Weighted average exercise price
Outstanding at 1 January	**1 433 362**	**-**	**1 568 750**	**-**
Granted during the year	100 000	-	400 000	-
Terminated due to failed conditions	-	-	64 059	-
Excercised	178 137		471 329	-
Outstanding at 31 December	**1 355 225**	**-**	**1 433 362**	**-**
Exercisable at the end of the period	965 549	-	743 379	-

The total value of the share option program is EUR 130 000 (in 2023 – EUR 140 000), value of granted and vested at 31 December 2024, is EUR 32 613 (in 2023 – EUR 11 340). Expenses related to granted and vested shares in 2024 were recognized as administrative expenses (Note 5) and in the share-based payment reserve. The fair value of one share is EUR 0.09 (in 2023: EUR 0.12).
During the year, there were no expired share options.

The exercise price for options outstanding at the end of the year was 0.0 EUR (2023: 0). The weighted average remaining contractual life for the share options outstanding as at 31 December 2024 is 2 years (2023: 3 years).

20. Loans and borrowings

Non-current	*Interest rate per annum (%)*	*Maturity*	**31.12.2024 EUR**	**31.12.2023 EUR**	**01.01.2023 EUR**
Liabilities for issued debt securities					
Bonds 10 million EUR notes issue1)	10%	30.12.2027	9 163 505	-	-
Bonds 3.00 million EUR notes issue2)	6%	31.12.2029	3 019 323	2 872 469	2 708 794
Bonds 4.90 million EUR notes issue	6%+3M EURIBOR	30.06.2025	-	4 511 038	2 541 164
		TOTAL:	**12 182 828**	**7 383 507**	**5 249 958**
Lease liabilities3)	3%	31.12.2025	-	-	27 485
		TOTAL:	**-**	**-**	**27 485**
Loans from related parties	6%	31.12.2024	-	-	169 667
		TOTAL:	**-**	**-**	**169 667**
		TOTAL NON-CURRENT BORROWINGS:	**12 182 828**	**7 383 507**	**5 447 110**

1) On 30 November 2024, the Group registered with the Latvian Central Depository a bond facility through which it can raise up to EUR 20 million.
In the first tranche (ISIN LV0000804987) The Company has raised a total of EUR 10 000 000 as at 30 November 2024 (EUR 10 000 000 at 31 December 2024).

This bond issue is secured by the assets of Longo Latvia LLC, Longo LT LLC and real estate of Longo shared services LLC. The notes are issued at par, have a maturity of three years and carry a coupon of 10% per annum, paid monthly in advance.

The new facility was used to 1) refinance existing bonds that were expiring on November 30 2024 and June 30 2025 (outstanding amounts at 31.12.2023, were EUR 1 515 000 and EUR 4 900 000 respectively) and 2) finance expansion plans via investment in Inventory and opening new branches in the Baltics and Poland.

The bonds of JSC Longo Group have been admitted to trading on the Nasdaq Baltic Main Market by Nasdaq Riga since December 9, 2024.

2) 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 31 December 2024 (EUR 3 000 000 at 31 December 2023).

The notes were issued at par, with a maturity of five years, and carried a fixed coupon of 6% per annum, paid monthly in advance. In 2024, the terms were amended. After amendments the maturity date of the subordinated bonds has been extended until 31 December 2029 and the coupon payment frequency is set to once- at maturity. As all subordinated bondholders are shareholders, the modification gain from the restructuring resulted in reducing the carrying amount of subordinated debt and increasing the subordinated bonds reserve within equity in amount of 174 962 EUR.

3) The Company has entered into a lease agreement for office premises.

Accordingly, those liabilities are split between current and non-current as at 31 December 2024.

Current	*Interest rate per annum (%)*	*Maturity*	**31.12.2024**	**31.12.2023 EUR**	**01.01.2023 EUR**
Liabilities for issued debt securities					
Bonds 10 million EUR notes issue1)	10%	30.12.2027	518 975	-	-
Bonds 3.00 million EUR notes issue2)	6%	31.12.2029	-	124 347	117 296
Bonds 4.90 million EUR notes issue	6%+3M EURIBOR	30.06.2025	-	241 690	144 380
Bonds 3.00 million EUR notes issue	6%	30.11.2024	-	1 472 465	2 934 410
		TOTAL:	**518 975**	**1 838 502**	**3 196 086**
Lease liabilities3)	3-6.4%	31.12.2025	58 268	29 737	53 732
		TOTAL:	**58 268**	**29 737**	**53 732**
Loans from related parties	6%	31.12.2024	-	-	877
		TOTAL:	**-**	**-**	**877**
		TOTAL CURRENT BORROWINGS:	**577 243**	**1 868 239**	**3 250 695**

20. Loans and borrowings (continued)

Movements of interest bearing liabilities and equity

	Liabilities		Equity		
	Debt securities	Lease liabilities	Loan from related parties	Share capital/ Share premium	Total
	EUR	EUR	EUR	EUR	EUR
Balance at 01 January 2024	**9 222 012**	**29 736**	**-**	**13 267 058**	**22 518 806**
Issuance of debt securities	10 000 000	-	-	-	**10 000 000**
Redemption of debt securities	(1 828 170)	-	-	-	**(1 828 170)**
Exchange of debt securities	(4 598 000)	-	-	-	**(4 598 000)**
Payment of lease liabilities	-	(57 478)	-	-	**(57 478)**
Capitalised borrowing costs	(327 109)	-	-	-	**(327 109)**
Interest paid	(616 793)	(2 490)	-	-	**(619 283)**
Total changes from financing cash flows	**2 629 928**	**(59 968)**	**-**	**-**	**2 569 960**
Other changes					
Liability-related					
New leases and modifications	-	86 008	-	-	**86 008**
Transfer to subordinated debt restructuring reserve	(174 962)	-	-	-	**(174 962)**
Interest expense	1 024 827	2 490	-	-	**1 027 317**
Total liability-related other changes	**849 865**	**88 498**	**-**	**-**	**938 363**
Equity-settled share-based payment	**-**	**-**	**-**	**17 814**	**17 814**
Total equity-related other changes	**-**	**-**	**-**	**17 814**	**17 814**
As at 31 December 2024	**12 701 805**	**58 266**	**-**	**13 284 872**	**26 044 943**

Balance at 01 January 2023	**8 446 045**	**81 216**	**170 545**	**13 219 926**	**21 917 731**
Proceeds from debt securities	2 250 000	-	-	-	**2 250 000**
Bonds repurchased	(1 685 000)	-	-	-	**(1 685 000)**
Payment of lease liabilities	-	(55 592)	-	-	**(55 592)**
Capitalised borrowing costs	(64 481)	-	-	-	**(64 481)**
Interest paid	(707 877)	(1 729)	(2 574)	-	**(712 180)**
Total changes from financing cash flows	**(207 359)**	**(57 321)**	**(2 574)**	**-**	**(267 254)**
Other changes					
Liability-related					
New leases and modifications	-	4 112	-	-	**4 112**
Securitised/ Capitalised loans	169 667	-	(169 667)	-	**-**
Interest expense	813 659	1 729	1 697	-	**817 085**
Total liability-related other changes	**983 326**	**5 841**	**(167 970)**	**-**	**821 197**
Equity-settled share-based payment	**-**	**-**	**-**	47 132	**47 132**
Total equity-related other changes	**-**	**-**	**-**	**47 132**	**47 132**
As at 31 December 2023	**9 222 012**	**29 736**	**-**	**13 267 058**	**22 518 806**

21. Accounts payable to affiliated companies

	31.12.2024	31.12.2023	01.01.2023
	EUR	EUR	EUR
Longo Estonia LLC	251 002	-	79 522
Longo Poland LLC	118 399	-	-
Longo Lithuania LLC	50 096	-	50 050
Longo Latvia LLC	32 748	-	68 755
Longo Shared Services LLC	15 822	-	-
Other payables to suppliers	37 551	13 958	11 975
TOTAL:	**505 618**	**13 958**	**210 302**

22. Taxes and compulsory state social security contributions

	31.12.2024	31.12.2023	01.01.2023
	EUR	EUR	EUR
Social security contributions	15 339	19 848	30 776
Personal income tax	11 911	15 886	22 992
Risk duty	6	7	6
Value added tax	(16 861)	(22 040)	(20 814)
TOTAL:	**10 395**	**13 701**	**32 960**
Including:			
Overpaid taxes	**(16 861)**	**(22 040)**	**(20 814)**
Tax liabilities	**27 256**	**35 741**	**53 774**

23. Other liabilities

	31.12.2024 EUR	31.12.2023 EUR	01.01.2023 EUR
Liabilities against employees for salaries	34 457	37 669	37 118
Liabilities for staff bonuses	-	90	272
Advance payments to staff	-	-	25 817
TOTAL:	**34 457**	**37 759**	**63 207**

24. Accrued liabilities

	31.12.2024 EUR	31.12.2023 EUR	01.01.2023 EUR
Accrued vacation expenses	48 009	47 437	64 239
Accrued liabilities for services received	53 922	34 150	27 587
TOTAL:	**101 931**	**81 587**	**91 826**

25. Related party disclosures

In 2024 and 2023, income and expenses from transactions with related parties were as follows:

	2024 EUR	2023 EUR
Subordinated bonds LV0000802544	3 000 000	1 660 000
Bonds LV0000804987	269 200	-
Bond interest expenses	208 368	101 835
Bonds LV0000860062	-	200 000
Loan interest expenses	-	1 697
TOTAL:	**3 477 568**	**1 963 532**

Key management personnel compensation

	2024 EUR	2023 EUR
Board Members		
Remuneration	236 435	237 123
Social security contribution expenses	55 768	55 937
TOTAL:	**292 203**	**293 060**

The members of the Board of Directors are not granted a Board member's fee and the Company has no obligations regarding the retirement pensions of former Board members.

26. Financial risk management

The risk management function in the Company is implemented in relation to financial risks and legal risks. Financial risk includes interest rate risk, credit risk and liquidity risk. The main objective of the financial risk management function is to set risk limits and ensure that risk transactions are implemented within the set limits. The objective of the legal risk management function is to ensure the proper functioning of internal policies and procedures to limit operational and legal risks.

Financial risks

The main financial risks associated with the Company's financial instruments are liquidity risk and credit risk. The Company is not exposed to market risk.

Market risk

The Company is not exposed to market risk, which is the risk that the fair value of a financial instrument or its future cash flows will fluctuate significantly due to changes in market prices. Market risks theoretically arise from open positions in interest rate and currency products, all of which are subject to general and specific market changes and changes in the level of volatility or in market rates or prices, such as interest rates and foreign exchange rates. The Company has exposure to market risk from corporate bond, but has assessed the exposure to be within accetable limits for the Company.

Currency risk

According to the definition provided in IFRS 7, currency risks arise when monetary assets and liabilities are denominated in a currency other than the functional currency. As of 31 December 2024, the Company's monetary assets and liabilities are denominated in a currency that is the functional currency and therefore does not directly incur currency risks.

The Company's income is generated and expenses are incurred almost exclusively in euros. In accordance with the Company's treasury management policy, mutual financing to subsidiaries is provided in the Company's functional currency, EUR.

The Company's net investments in companies located outside the euro area include investments in a subsidiary in Poland. The foreign currency risk associated with the net investment is not hedged.

Interest rate risk

As of 31 December 2024, the Company's borrowings consist solely of long-term borrowings with a fixed interest rate of EUR 12,701,803 (2023: EUR 4,469,280). As of 31 December 2023, the Company's borrowings included floating rate bonds of EUR 4,752,728. The Company is no longer exposed to cash flow fluctuations associated with floating rate borrowings as the Company has refinanced the Euribor-linked bonds.

The effective interest rates on loans at the end of 2024 averaged 10.50% and at the end of 2023 – 8.86%.

Concentration risk

Concentration occurs when several parties to a transaction are engaged in similar economic activities or operate in the same geographical region, or have similar economic characteristics, such that their ability to meet contractual obligations may be similarly affected by changes in economic, political or other conditions. Concentration indicates the relative sensitivity of the Company's performance to events affecting a particular industry or geographical location.

To avoid excessive concentration risk, the Company's subsidiaries maintain a network of sales units in various countries, as well as deposit cash reserves in various banks and payment systems.

26. Financial Risk Management (continued)

The Company's financial asset concentration risk (based on net risk) is as follows:

	31.12.2024	31.12.2023	01.01.2023
Latvia	3 986 491	3 632 800	4 355 491
Estonia	3 038 022	2 024 633	4 083 343
Lithuania	5 478 802	3 665 629	2 545 569
Belgium	667 576	544 534	55 865
The Netherlands	3 137 162	3 310 017	3 988 556
Poland	489 829	221 153	790 707
Germany	6 670	25 000	6
TOTAL:	**16 804 552**	**13 423 766**	**15 819 537**

Market risk

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

The Company complies with external capital adequacy requirements. The Company monitors its equity based on the capitalization ratio specified in the Bond Prospectus. This ratio is calculated as the Adjusted Capitalization Ratio (the total carrying value of the Group's consolidated equity, increased by Subordinated Liabilities) in relation to the Group's consolidated assets. As of 31 December 2024, the ratio was 44.46%. Borrowings are generally managed by monitoring and complying with lender-imposed covenants, as well as by planning future borrowing needs to support the Company's business development.

The Company's prospectus sets out restrictions for the secured bonds (ISIN LV0000804987).

These financial covenants are the following:

a) To maintain consolidated Collateral Coverage Ratio (The ratio of Collateral Value plus Adjusted Cash divided by Secured Financial Indebtedness) 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 (The ratio of Adjusted Equity to consolidated assets of the Group) at least 30% (thirty percent) calculated for the Relevant Period at the end of each quarter;

c) To maintain consolidated Debt Service Coverage Ratio (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.) of at least 1.2x (one point two 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.

As of 31 December 2024, all of the covenants are fulfilled with following ratios:

a) 1.6x
b) 44%
c) 1.3x

Credit risk

The Company's receivables primarily consist of loans to subsidiaries and trade receivables. The Company's credit risk is the risk of incurring financial losses if a counterparty fails to meet its contractual obligations. Longo considers all significant partners to be creditworthy. The creditworthiness of the Company's subsidiaries has been assessed through a recoverability calculation of the investment, as described in Note 13. The Company's credit risk is continuously monitored, particularly in cases of delayed contractual payments.

The credit risk related to cash and cash equivalents is limited, as the counterparties are banks with high credit ratings assigned by international credit rating agencies, as well as banks and payment institutions regulated by the respective national central banks or financial supervisory authorities. To mitigate credit risk, Longo diversifies its cash holdings across multiple banks. As of 2024, cash and cash equivalents amounted to EUR 1 797 096 (2023: EUR 355 679), held across three banks or payment institutions.

The Company limits its exposure to credit risk by investing only in liquid financial assets. Credit risk developments are monitored by tracking publicly available external credit ratings. To assess whether the published ratings remain up to date and to determine if there has been a significant increase in credit risk not reflected in these ratings as of the reporting date, the Company undertakes additional measures. These include reviewing changes in bond yields, credit default swap prices (where available), and publicly available information from the press and regulatory disclosures regarding the debtors.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulties in meeting its financial obligations that require the transfer of cash or other financial assets. The Company manages liquidity risk by ensuring adequate funding through loans granted by related parties and by issuing bonds. The Company also monitors expected cash inflows from trade and other receivables, alongside the anticipated cash outflows to suppliers, contractors, and other creditors.

The table presents cash flows that the Company receives or pays in relation to non-derivative financial liabilities and assets held for the purpose of liquidity risk management, broken down by the remaining contractual maturities as of the reporting date. The amounts disclosed in the table represent contractual undiscounted cash flows. Cash flows payable for borrowings include estimated interest payments, assuming that the principal is repaid in full on the maturity date.

		Contractual cash flows				
	Carrying value	**On demand**	**Up to 1 year**	**2-5 years**	**More than 5 years**	**Total**
31.12.2024	**EUR**		**EUR**	**EUR**	**EUR**	**EUR**
Liabilities						
Liabilities for issued debt securities	(12 701 803)	-	(1 000 000)	(15 993 889)	-	**(16 993 889)**
Lease liabilities	(58 268)	-	(59 970)	-	-	**(59 970)**
Other liabilities	(540 075)	-	(540 075)	-	-	**(540 075)**
Total undiscounted financial liabilities	**(13 300 146)**	**-**	**(1 600 045)**	**(15 993 889)**	**-**	**(17 593 934)**

		Contractual cash flows				
	Carrying value	**On demand**	**Up to 1 year**	**2-5 years**	**More than 5 years**	**Total**
31.12.2023	**EUR**	**EUR**	**EUR**	**EUR**	**EUR**	**EUR**
Liabilities						
Liabilities for issued debt securities	(9 222 009)	-	(2 264 944)	(8 503 310)	-	**(10 768 254)**
Lease liabilities	(29 737)	-	(29 985)	-	-	**(29 985)**
Other liabilities	(51 717)	-	(51 717)	-	-	**(51 717)**
Total undiscounted financial liabilities	**(9 303 463)**	**-**	**(2 346 646)**	**(8 503 310)**	**-**	**(10 849 956)**

The Company has secured bonds that include special covenants. In the future, if these special covenants are breached, the Company may have to repay these bonds before the maturity date specified in the table. Compliance with the special covenants is regularly monitored by the finance department, which regularly reports to management.

27. Fair value of financial assets and liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:
- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.
The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest
and best use.
The following table shows the carrying amounts and fair value of financial liabilities, including their levels in the fair value hierarchy

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

31 December 2024 In thousands of euro		Carrying amount		Fair value			
	Notes		Total	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value							
Loans to related companies	13	14 780	14 780	-	-	14 220	14 220
Total assets at fair value		**14 780**	**14 780**	**-**	**-**	**14 220**	**14 220**
Financial liabilities not measured at fair value							
Issued debt securities	20	12 701	12 701	-	-	12 750	12 750
Total liabilities at fair value		**12 701**	**12 701**	**-**	**-**	**12 750**	**12 750**

31 December 2023 In thousands of euro		Carrying amount		Fair value			
	Notes		Total	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value							
Loans to related companies	13	11 881	11 881	-	-	11 357	11 357
Corporate bond-trading portfolio	16	1 003	1 003	-	-	1 003	1 003
Total assets at fair value		**12 884**	**12 884**	**-**	**-**	**12 360**	**12 360**
Financial liabilities not measured at fair value							
Issued debt securities	20	9 222	9 222	-	-	9 070	9 070
Total liabilities at fair value		**9 222**	**9 222**	**-**	**-**	**9 070**	**9 070**

1 January 2023 In thousands of euro		Carrying amount		Fair value			
	Notes		Total	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value							
Loans to related companies	13	14 630	14 630	-	-	14 373	14 373
Total assets at fair value		**14 630**	**14 630**	**-**	**-**	**14 373**	**14 373**
Financial liabilities not measured at fair value							
Issued debt securities	20	8 468	8 468	-	-	8 250	8 250
Total liabilities at fair value		**8 468**	**8 468**	**-**	**-**	**8 250**	**8 250**

In this table, the Company has disclosed the fair value of each significant category of financial assets and liabilities in a manner that allows comparison with their carrying amount. In addition, the Company has compared liabilities across various categories of financial instruments as defined in IFRS 9.

The Company has not disclosed the fair value of certain financial instruments, such as short-term trade receivables and payables, as their carrying amounts are approximately equal to their fair values.

28. Average number of employees

	2024	2023
Average number of employees in the reporting year	**17**	**16**

29. Events after the reporting period

At the beginning of 2025, new sales locations of JSC Longo Group subsidiaries were opened in Šiauliai and Kaunas, Lithuania, Lublin, Poland, and Jelgava and Riga, Latvia.

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

Edgars Cērps	Jacob Willem Hoogenboom	Olīvija Lavrenova
Chairman of the Board	Member of the Board	Senior Accountant

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

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Independent Auditors' Report

To the shareholders of Longo Group AS

Report on the Audit of the Separate Financial Statements

Our Opinion on the Separate Financial Statements

We have audited the accompanying separate financial statements of Longo Group AS ("the Company") set out on pages 5 to 29 of the accompanying Annual Report, which comprise:

- the separate statement of financial position as at 31 December 2024,
- the separate statement of comprehensive income for the year then ended,
- the separate statement of changes in equity for the year then ended,
- the separate statement of cash flows for the year then ended, and
- the notes to the separate financial statements, which include a summary of material accounting policies and other explanatory notes.

In our opinion, the accompanying separate financial statements give a true and fair view of the separate financial position of Longo Group AS as at 31 December 2024, and of its separate financial performance and its separate cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the European Union.

Basis for Opinion

In accordance with the 'Law on Audit Services' of the Republic of Latvia we conducted our audit in accordance with International Standards on Auditing adopted in the Republic of Latvia (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibility for the Audit of the Separate Financial Statements* section of our report.

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) developed by the International Ethics Standards Board for Accountants (IESBA Code) and the independence requirements included in the 'Law on Audit Services' of the Republic of Latvia that are relevant to our audit of the financial statements in the Republic of Latvia. We have also fulfilled our other professional ethics responsibilities and objectivity requirements in accordance with the IESBA Code and the 'Law on Audit Services' of the Republic of Latvia.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter – first time adoption of IFRS Accounting Standards as adopted by the European Union

We draw attention to Note 2 sections First-time adoption of IFRS accounting standards and Restatement and Adjustment of Comparative Figures to the separate financial statements which describes that the Company elected to change its accounting policy to IFRS Accounting Standards as adopted by the European Union. Consequently, the comparative information in the accompanying separate financial statements has been restated. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the separate financial statements of the current period. These matters were addressed in the context of our audit of the separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matter described below to be the key audit matter to be communicated in our report.

<table>
<tr><th colspan="2">Impairment assessment of investments in subsidiaries</th></tr>
<tr><th>Key audit matter</th><th>Our response</th></tr>
<tr><td>We refer to the separate financial statements: Note 2 (summary of significant accounting principles) and Note 14 (participation in the capital of related companies).

Investments in subsidiaries as at 31 December 2024 amounted to EUR 8 343 174 (31 December 2023: EUR 8 343 174).

An entity shall carry out an impairment test if impairment indicators like operating losses or worse than expected performance is present, in order to determine the potential impairment that arises if the recoverable value of the investment is lower than its carrying amount.

The recoverable value depends largely on assumptions regarding revenue growth, timing of realization of this growth, discount rates, management ability to realize these assumptions, as well as overall economic development. A negative change in those assumptions due to the volatility of the markets in which the subsidiaries operate may have a negative impact on the carrying amount of investments in subsidiaries. Future cash flow projections and discount rates applied to future cash flows are subject to significant management judgment and thus estimation uncertainty.

As a consequence, there is an increased risk of a misstatement in valuation of investments in subsidiaries. Therefore, impairment assessment of investments in subsidiaries was considered by us a key audit matter.</td><td>Our procedures included, among others:

• understanding the process by which the accounting estimate – valuation estimate for recoverable amount (measured using value in use) - is developed;

• with the involvement of our valuation specialists critically evaluating against our understanding of the Company and its subsidiaries and our market knowledge the value in use calculations provided by management with particular focus on:

✓ the weighted average cost of capital rates used as the discount rates;

✓ revenue, EBITDA and EBIT growth rates forecasted;

✓ required levels of net working capital;

• performing sensitivity analyses on the key assumptions to assess the potential impact of changes in these assumptions on the impairment conclusions, and

• evaluating the accuracy and completeness of the separate financial statements disclosures relating to impairment testing against the relevant requirements of the financial reporting standards.</td></tr>
</table>

Reporting on Other Information

The Company's management is responsible for the other information. The other information comprises:

- Information about the Company, as set out on page 3 of the accompanying Annual Report,
- the Management Report, as set out on page 4 of the accompanying Annual Report,
- the Statement of Corporate Governance, as set out in a separate report prepared by the management and available on the website of the Company www.longo.group.

Our opinion on the separate financial statements does not cover the other information included in the Annual Report, and we do not express any form of assurance conclusion thereon, except as described in the *Other Reporting Responsibilities in Accordance with the Legislation of the Republic of Latvia Related to Other Information* section of our report.

In connection with our audit of the separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the separate financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed and in light of the knowledge and understanding of the Company and its environment obtained in the course of our audit, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Other Reporting Responsibilities in Accordance with the Legislation of the Republic of Latvia Related to Other Information

In addition, in accordance with the 'Law on Audit Services' of the Republic of Latvia with respect to the Management Report, our responsibility is to consider whether the Management Report is prepared in accordance with the requirements of the 'Law on the Annual Reports and Consolidated Annual Reports' of the Republic of Latvia.

Based solely on the work required to be undertaken in the course of our audit, in our opinion, in all material respects:

- the information given in the Management Report for the financial year for which the separate financial statements are prepared is consistent with the separate financial statements; and
- the Management Report has been prepared in accordance with the requirements of the 'Law on the Annual Reports and Consolidated Annual Reports' of the Republic of Latvia.

In accordance with the 'Law on Audit Services' of the Republic of Latvia with respect to the Statement of Corporate Governance, our responsibility is to consider whether the Statement of Corporate Governance includes the information required in section 56.2, second paragraph, clauses 5 and 8, and third paragraph of the 'Financial Instruments Market Law' of the Republic of Latvia.

In our opinion, the Statement of Corporate Governance includes the information required in section 56.2, second paragraph, clauses 5 and 8, and third paragraph of the 'Financial Instruments Market Law' of the Republic of Latvia.

Responsibilities of Management and Those Charged with Governance for the Separate Financial Statements

Management is responsible for the preparation of the separate financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibility for the Audit of the Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves a fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Other Reporting Responsibilities and Confirmations Required by the Legislation of the Republic of Latvia and the European Union when Providing Audit Services to Public Interest Entities

We were appointed by those charged with governance on 22 September 2022 to audit the separate financial statements of Longo Group AS for the year ended 31 December 2024. Our total uninterrupted period of engagement is 4 years, covering the periods ending 31 December 2021 to 31 December 2024.

We confirm that:

— our audit opinion is consistent with the additional report presented to the Audit Committee of the Company;

— as referred to in the paragraph 37.6 of the 'Law on Audit Services' of the Republic of Latvia we have not provided to the Company the prohibited non-audit services (NASs) referred to of EU Regulation (EU) No 537/2014. We also remained independent of the audited entity in conducting the audit.

For the period to which our statutory audit relates, we have not provided any services to the Company in addition to the audit, which have not been disclosed in the Management Report or in the separate financial statements of the Company.

Report on the Auditors' Examination of the European Single Electronic Format (ESEF) Report

In addition to our audit of the accompanying separate financial statements, as included in the separate Annual Report, we have also been engaged by the management of the Company to express an opinion on compliance of the separate financial statements prepared in a format that enables uniform electronic reporting ("the ESEF Report") with the requirements of the Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format (the "RTS on ESEF").

Responsibilities of Management and Those Charged with Governance for the ESEF Report

Management is responsible for the preparation of the separate financial statements in a format that enables uniform electronic reporting that complies with the RTS on ESEF. This responsibility includes:

— the preparation of the separate financial statements in the applicable xHTML format;

— the design, implementation and maintenance of internal control relevant to the application of the RTS on ESEF.

Those charged with governance are responsible for overseeing the separate financial reporting process.

Auditors' Responsibility for the Examination of the ESEF Report

Our responsibility is to express an opinion on whether the ESEF report complies, in all material respects, with the RTS on ESEF, based on the evidence we have obtained. We conducted our reasonable assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE 3000) issued by the International Auditing and Assurance Standards Board.

A reasonable assurance engagement in accordance with ISAE 3000 involves performing procedures to obtain evidence about compliance with the RTS on ESEF. The nature, timing and extent of procedures selected depend on the auditor's judgment, including the assessment of the risks of material departures from the requirements of set out in the RTS on ESEF, whether due to fraud or error. In performing procedures, among other things, we assessed the consistency of the separate financial reporting format with ESEF RTS.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the ESEF Report of the Company as at and for the year ended 31 December 2024 has been prepared, in all material respects, in accordance with the requirements of the RTS on ESEF.

KPMG Baltics SIA
Licence No. 55

Rainers Vilāns
Member of the Board
Latvian Sworn Auditor
Certificate No. 200
Riga, Latvia

29 April, 2025

This report is an English translation of the original Latvian. In the event of discrepancies between the two reports, the Latvian version prevails