longo

Longo Group JSC

Unified registration number 42103081417

Consolidated **Financial Statements**

For the year ended 31.12.2024

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

Audited

Latvia, 2025

Contents

General Information	**3**
Management Report	**7**
Consolidated Financial Statements	**9**
Consolidated Statement of Comprehensive Income	10
Consolidated Statement of Financial Position	11
Consolidated Statement of Changes in Equity	13
Consolidated Statement of Cash Flows	14
Notes to the Consolidated Financial Statements	15
Independent Auditor's Report	**48**

General Information

Name of the Parent Group	Longo Group	
Legal status of the Parent Group	JSC	
Unified registration number, place and date of registration	42103081417, Riga, Latvia, 30 October 2017	
Registered office	Mūkusalas iela 72A, Riga, Latvia	
Shareholders		31.12.2024
	SIA ALPPES Capital	45.34%
	Other shareholders	54.66%
	TOTAL:	**100%**
Board Members	Edgars Cērps - Chairman of the Board from 28.12.2020	
	Jacob Willem Hoogenboom - Member of the Board from 28.12.2020	
Council Members	Aigars Kesenfelds - Chairman of the Council from 28.12.2020	
	Māris Keišs - Deputy of the Council from 01.03.2021	
	Alberts Pole - Member of the Council from 01.03.2021	
	Kristaps Ozols - Member of the Council from 01.03.2021	
	Jonathan Neil Smith - Member of the Council 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 (100%)	
	Maxxus LLC, Germany (100%)	
	Longo Poland LLC, Poland (100%)	
	Longo IP Holdings LLC, Latvia (100%)	
Financial period	01.01.2024 - 31.12.2024	
Previous financial period	01.01.2023 - 31.12.2023	

Address: Mūkusalas iela 72A, Riga, Latvia
Unified registration number: 42103081417

Longo's mission is to deliver **3 customer promises**

Wide assortment

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

Convenient and safe

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

Highest standards

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

Address: Mūkusalas iela 72A, Riga, Latvia
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Longo controls each step of the business **from buying and transporting cars** to preparing and selling them

01 Sourcing - Car Purchasing Operations

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

02 Preparation Operations

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

03 Sales Operations

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

04 Aftersales

Longo also provides aftersales warranty and reengages customers for next purchase

Address: Mūkusalas iela 72A, Riga, Latvia
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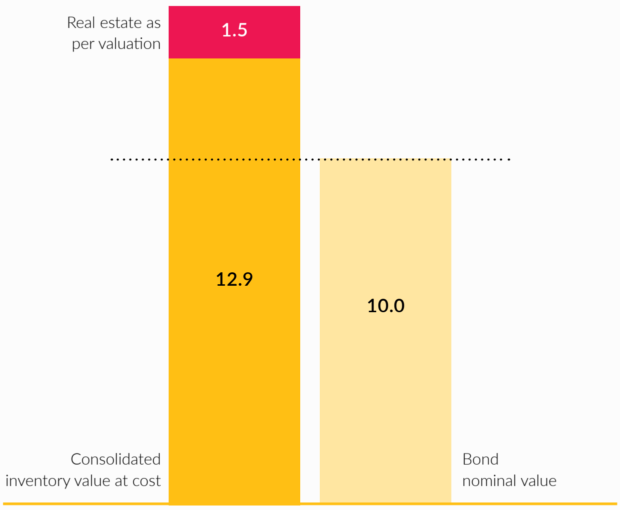
Longo collateral comfortably covers the nominal value of issued secured bonds

Values in M EUR

As of 31 Dec 2024



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Management Report

15 APRIL 2025

Business results

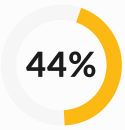
Throughout 2024, Longo's management team maintained a strong focus on enhancing the Group's gross profitability. These efforts have delivered positive results, with the gross profit margin increasing by 0.6 percentage points compared to the same period in the previous year, reaching 14.9%. Total Gross profit reached EUR 6.6 million that is EUR (0.2) million less than prior- driven by lower sales volume.

In 2024, Longo generated total revenue of EUR 44.4 million, reflecting a 6.8% decline compared to 2023. This decrease was primarily due to a reduction in the average sales price per vehicle, leading to an 8% drop in revenue from vehicle sales. However, the total number of cars sold remained relatively stable, with 3,942 units sold in 2024 compared to 3,971 in 2023. The contraction of the used car market in the Baltics further impacted overall sales performance. Resulting from the diminished sales volumes, the net loss of Group was EUR (1.1) million that is EUR (0.6) million higher than prior. Also investments in core operations, mainly preparation, and increase in financing costs contributed adversely.

To counter these market challenges and drive future growth, Longo has strategically focused on market expansion and product diversification. The company has strengthened its presence in Poland, increasing its share of total vehicle sales from 1.9% in 2023 to 5.4% in 2024, while also opening new branches across the Baltics and broadening its vehicle assortment.

The decline in vehicle sales revenue was partially offset by a 24.7% increase in income from lease and insurance product sales. This growth was fueled by the successful introduction of extended warranty options in Lithuania, Latvia, and Poland in 2023, along with a continued emphasis on leasing and financing solutions.

Equity ratio
As of 31 Dec 2024



M EUR	2024	2023
Revenue	44.4	47.6
Gross profit	6.6	6.8
Gross margin	14.9%	14.3%
EBITDA[1]	1.0	1.7
Count of cars sold	3942	3971

The Group's primary objective for 2025 is to regain sales momentum and return to growth, focusing on increasing both the number of vehicles sold and total revenue thus also strengthening profitability. Significant progress was made in 2024 across key business areas, particularly in vehicle sourcing and preparation, positioning the Group for expanded sales in the upcoming year.

A major milestone was achieved in July 2024 with the acquisition of an industrial building complex in Panevėžys. This facility has been fully customized to meet the specific needs of the car diagnostics and preparation process and is now fully operational. The new service center enhances the Group's capacity for vehicle sourcing, enabling higher sales volumes. The acquisition was financed through a loan from Citadele banka JSC.

Longo remains committed to its strategic growth plan, focusing on core operational pillars: procurement, sales, preparation processes, and efficient inventory management. To further support these initiatives, the Group successfully issued EUR 10 million in bonds at the end of Q4 2024. The proceeds were used to refinance existing liabilities and fund the growth strategies outlined above.

Future prospects

The Group has ambitious plans for year 2025 and beyond - to strengthen profitability while increasing its revenue. It is to be achieved by expanding its physical sales network, further diversifying car assortment and boosting its brand awareness.

"In preparation for the next phase of growth in 2025, the Group has made significant investments in its core operations. These strategic enhancements position Longo to accelerate sales momentum and drive sustainable revenue growth in the coming year."

Edgars Cērps
Group CEO and Co-Founder

Largest used car dealer in the Baltics

[1] Definition of EBITDA in the Terms of outstanding bonds at the end of 2024 and 2023 includes not taking into account any exceptional items which are not in line with the ordinary course of business. It is judgment of the management of Longo Group JSC to treat expenses as exceptional. Longo Group has established a subsidiary in Poland in 2022, Longo has set the start-up period of the subsidiary to be until the end of 2023. To better reflect ordinary expense level of the Group and ensure transparent reporting, all of the selling, administrative and other costs it incurred until the end of 2023 are considered as exceptional items that are not in line with the ordinary course of business (EUR 379 985 in 2023, EUR 0 in 2024).

Corporate governance statement

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

Risk management

Credit risk

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

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

Interest rate risk

All of Longo's debt is structured with fixed interest rates, effectively eliminating interest rate risk for the Group.

Capital risk

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

The Group monitors equity capital on the basis of the capitalization ratio as defined in Bond prospectus. This ratio is calculated as Ratio of Adjusted Equity (the aggregate book value of the Group's total equity on a consolidated basis, increased by Subordinated Debt) to consolidated assets of the Group. Ratio as at 31 December 2024 was 44%. Overall management of the borrowings is driven by monitoring and complying with the lender imposed covenants as well as planning the further borrowing needs to ensure business development of the Group.

Liquidity risk

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

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.

Events after the reporting period

At the beginning of 2025, new sales locations were opened in Šauliai and Kaunas, Lithuania, Lublin, Poland and Jelgava and Riga, Latvia.

In 2024, Longo Shared Services UAB acquired an industrial building complex in Panevėžys. In 2025, operations commenced in the new building and as a result the lease agreement for the previous premises was terminated.

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

Signed on behalf of the Group on 15 April 2025 by:

Edgars Cērps
Chairman of the Board

Jacob Willem Hoogenboom
Member of the Board

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Consolidated Financial Statements

Consolidated Statement of
Comprehensive Income

	Notes	2024 EUR	2023 Reclassified EUR
Revenues	4	44 374 027	47 609 429
Cost of sales	5	(37 763 173)	(40 817 600)
Gross profit		**6 610 854**	**6 791 829**
Selling expenses	6	(1 440 773)	(1 666 357)
Administrative expenses	7	(5 286 913)	(4 952 268)
Other operating income	8	156 406	180 179
Other operating expenses	9	(50 763)	(31 842)
Other income from interest and similar income	10	50 968	14 093
Interest expenses and similar expenses	11	(1 146 864)	(884 545)
Net operating expenses		**(7 717 939)**	**(7 340 740)**
EBITDA		**962 106**	**1 679 949**
Loss before tax		**(1 107 085)**	**(548 911)**
Income tax	12	20 572	17 937
Net loss for the period		**(1 086 513)**	**(530 974)**
Other comprehensive loss *Items that are or may be reclassified subsequently to profit or loss*			
Translation of financial information of foreign operations to presentation currency		**(63 899)**	**4 681**
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		**(1 150 412)**	**(526 293)**

The accompanying notes on pages 16 to 47 are an integral part of these consolidated financial statements.

Signed on behalf of the Group on 15 April 2025 by:

Edgars Cērps
Chairman of the Board

Jacob Willem Hoogenboom
Member of the Board

Olīvija Lavrenova
Senior Group Accountant

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Consolidated Statement of **Financial Position**

ASSETS

NON-CURRENT ASSETS	Notes	31.12.2024 EUR	31.12.2023 EUR
Intangible assets			
Intangible assets	13	1 115 488	960 060
Intangible assets development costs	13	581	504
Total intangible assets		**1 116 069**	**960 564**
Tangible assets			
Right-of-use assets	14	1 645 438	1 292 304
Property and equipment	14	438 176	497 312
Leasehold improvements	14	71 774	97 706
Construction in progress	14	1 750 462	29 406
Total tangible assets		**3 905 850**	**1 916 728**
Deferred tax assets	12	366 932	342 518
Total non-current financial assets		**366 932**	**342 518**
TOTAL NON-CURRENT ASSETS		**5 388 851**	**3 219 810**

CURRENT ASSETS			
Inventories			
Goods for resale and raw materials	15	12 870 451	12 573 927
Work in progress	15	137 507	85 699
Total inventories		**13 007 958**	**12 659 626**
Receivables and other current assets			
Other assets	16	762 498	657 976
Prepayments to suppliers and similar	17	858 629	568 916
Trade and other receivables	18	115 363	208 724
Contract assets	19	148 399	135 573
Total receivables and other current assets		**1 884 889**	**1 571 189**
Short-term financial investments			
Other investments	20	-	1 002 666
Total short-term financial investments		**-**	**1 002 666**
Cash and cash equivalents	21	**2 206 214**	**1 253 098**
TOTAL CURRENT ASSETS		**17 099 061**	**16 486 579**
TOTAL ASSETS		**22 487 912**	**19 706 389**

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Consolidated Statement of
Financial Position

EQUITY AND LIABILITIES

EQUITY	Notes	31.12.2024 EUR	31.12.2023 EUR
Share capital	22	13 034 872	13 017 058
Share premium	22	250 000	250 000
Share-based payment reserve	23	27 014	12 215
Subordinated debt restructuring reserve	24	174 962	-
Foreign currency translation reserve		(59 367)	4 532
Accumulated losses/Retained earnings			
brought forward		(5 412 990)	(4 882 016)
for the period		(1 086 513)	(530 974)
TOTAL EQUITY		**6 927 978**	**7 870 815**
LIABILITIES			
Non-current liabilities			
Loans and borrowings	24	13 345 628	8 152 534
Total non-current liabilities		**13 345 628**	**8 152 534**
Current liabilities			
Loans and borrowings	24	1 075 010	2 430 326
Trade payables		440 549	273 983
Taxes payable	25	330 014	465 596
Corporate income tax		2 597	296
Other liabilities	26	89 395	83 978
Accrued liabilities	27	276 741	428 861
Total current liabilities		**2 214 306**	**3 683 040**
TOTAL LIABILITIES		**15 559 934**	**11 835 574**
TOTAL EQUITY AND LIABILITIES		**22 487 912**	**19 706 389**

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Consolidated Statement of **Changes in Equity**

	Notes	Share capital	Share premium	Foreign currency translation reserve	Other Reserves	Retained earnings / Accumulated loss	Total
Balance at 01.01.2023		**12 969 926**	**250 000**	**(149)**	**48 007**	**(4 882 016)**	**8 385 768**
Total comprehensive income							
Loss for the period		-	-	-	-	(530 974)	**(530 974)**
Other comprehensive income		-	-	4 681	-	-	**4 681**
Total comprehensive loss for the period		**-**	**-**	**4 681**	**-**	**(530 974)**	**(526 293)**
Transactions with owners of the Group							
Contributions and distributions							
Issues of ordinary shares		47 132	-	-	(47 132)	-	**-**
Equity-settled share-based payment		-	-	-	11 340	-	**11 340**
Total transactions with owners of the Group		**47 132**	**-**	**-**	**(35 792)**	**-**	**11 340**
Balance at 31.12.2023		**13 017 058**	**250 000**	**4 532**	**12 215**	**(5 412 990)**	**7 870 815**
Balance at 01.01.2024		**13 017 058**	**250 000**	**4 532**	**12 215**	**(5 412 990)**	**7 870 815**
Total comprehensive income							
Loss for the period		-	-	-	-	(1 086 513)	**(1 086 513)**
Other comprehensive loss		-	-	(63 899)	-	-	**(63 899)**
Total comprehensive loss for the period		**-**	**-**	**(63 899)**	**-**	**(1 086 513)**	**(1 150 412)**
Transactions with owners of the Group							
Contributions and distributions							
Issues of ordinary shares	22	17 814	-	-	(874)	-	**16 940**
Equity-settled share-based payment	23	-	-	-	15 673	-	**15 673**
Subordinated debt restructuring reserve	24	-	-	-	174 962	-	**174 962**
Total transactions with owners of the Group		**17 814**	**-**	**-**	**189 761**	**-**	**207 575**
Balance at 31.12.2024		**13 034 872**	**250 000**	**(59 367)**	**201 976**	**(6 499 503)**	**6 927 978**

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Member of the Board

Olīvija Lavrenova
Senior Group Accountant

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Consolidated Statement of **Cash Flows**

Cash flows to/from operating activities	Notes	2024 EUR	2023 EUR
Profit/ (loss) before tax		(1 107 085)	(548 911)
Adjustments for:			
Amortization and depreciation	13, 14	1 157 363	1 047 612
Interest expense	11	1 111 482	873 804
Interest income	10	(50 968)	(14 093)
(Gain)/Loss from disposal of property and equipment		46 871	52 586
Issues of ordinary shares	22	16 940	-
Share-based payment expense	23	15 673	11 340
Cash flow from operating activities before working capital changes		**1 190 276**	**1 422 338**
(Increase)/ decrease in inventories		(348 332)	516 137
(Increase)/ decrease in trade and other receivables		(300 874)	464 209
(Decrease)/ increase in advances received and trade payables		36 400	(152 921)
(Decrease)/ increase in accrued liabilities		(152 121)	131 127
(Increase)/ decrease in accrued income		(12 826)	4 275
Cash flows used in/from operations		**412 523**	**2 385 165**
Corporate income tax paid		(1 541)	(1 098)
Net cash flows used in operating activities		**410 982**	**2 384 067**

Cash flows to/from investing activities	Notes	2024 EUR	2023 EUR
Other securities acquired	20	-	(1 000 000)
Proceeds from sale of other securities	20	1 000 000	-
Acquisition of property and equipment and other intangible assets	13, 14	(2 274 316)	(610 198)
Interest received	10, 20	49 164	12 527
Payments for sale of other securities		4 471	(1 100)
Net cash flows to/from investing activities		**(1 220 681)**	**(1 598 771)**

Cash flows to/from financing activities	Notes	2024 EUR	2023 EUR
Bonds issued	24	5 402 000	-
Bonds repaid	24	(1 828 170)	-
Mortgage loan received	24	800 000	-
Mortgage loan repaid	24	(800 000)	-
Repayment of liabilities for right-of-use assets	24	(719 764)	(695 951)
Interest paid	24	(634 902)	(710 451)
Repayments of borrowings issuance costs	24	(327 109)	(64 481)
Cash payments for the interest portions of lease liabilities	24	(66 875)	(55 759)
Bonds sold	24	-	2 250 000
Bonds repurchased	24	-	(1 685 000)
Net cash flows to/from financing activities		**1 825 180**	**(961 641)**
Change in cash		**1 015 481**	**(176 345)**
Effects of currency translation on cash and cash equivalents		**(62 365)**	**4 681**
Cash at the beginning of the period		1 253 098	1 424 762
CASH AT THE END OF THE PERIOD	21	**2 206 214**	**1 253 098**

The accompanying notes on pages 16 to 47 are an integral part of these consolidated financial statements.

Signed on behalf of the Group on 15 April 2025 by:

Edgars Cērps
Chairman of the Board

Jacob Willem Hoogenboom
Member of the Board

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Senior Group Accountant

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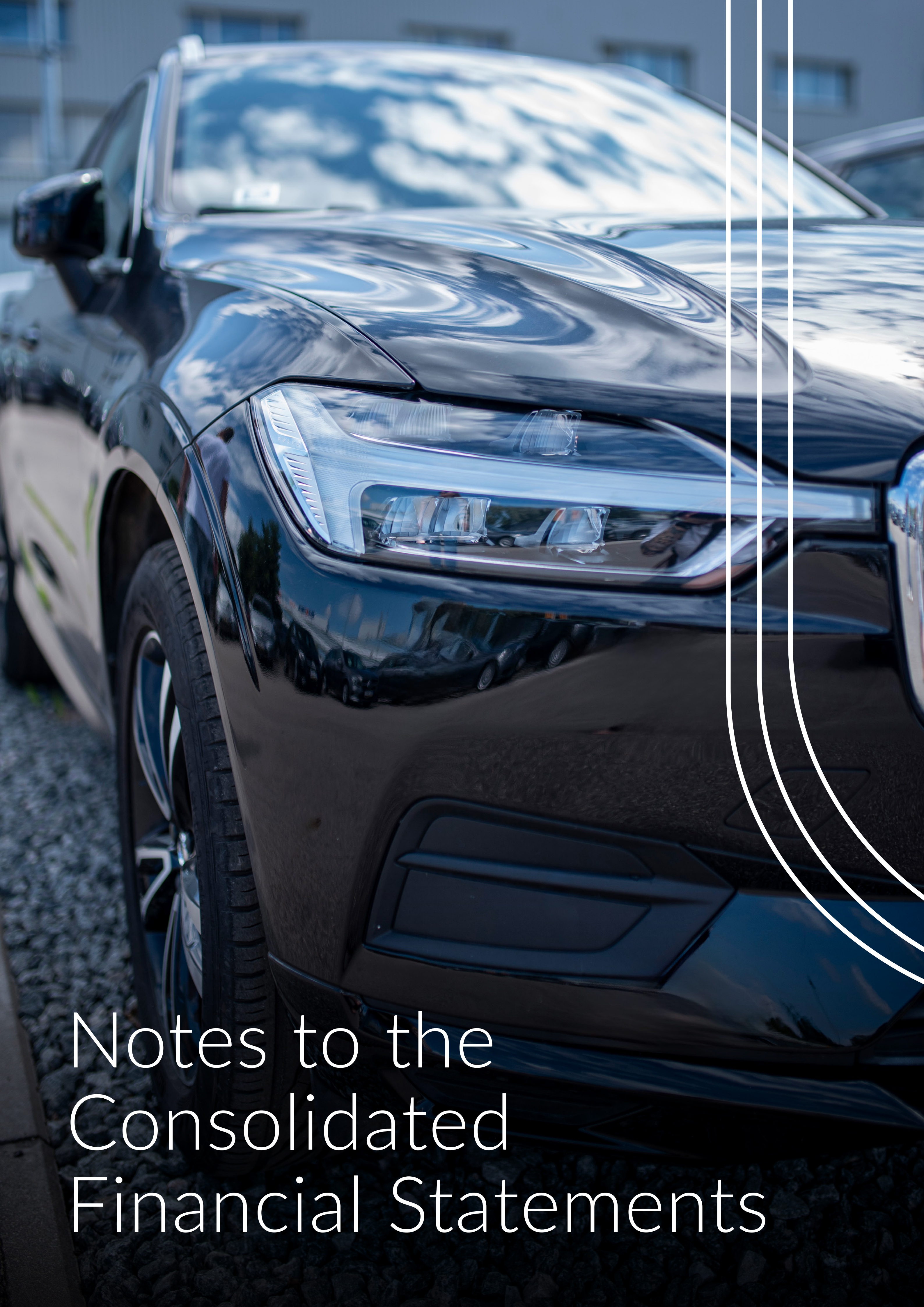

Notes to the Consolidated Financial Statements

1. Corporate information

Longo Group JSC (the "Parent Group") and its subsidiaries (together "the Group") is a Latvian Group. The Parent Group was incorporated on October 10, 2017 as a joint stock Group for an unlimited duration, subject to general Group law.

The consolidated financial statements of the Group include:

Subsidiary name	Registration number	Country of incorporation	Principal activities	% equity interest 2024	% equity interest 2023
Longo Group JSC	42103081417	Latvia	Holding activity	-	-
Longo Latvia LLC	40203147079	Latvia	Car sales	100%	100%
Longo LT LLC	304837699	Lithuania	Car sales	100%	100%
Longo Estonia LLC	14554950	Estonia	Car sales	100%	100%
Longo Shared Services LLC	305217797	Lithuania	Car repair services	100%	100%
Longo Netherlands LLC	71706267	Netherlands	Car procurement	100%	100%
Longo Belgium LLC	BE 0881764642	Belgium	Car procurement	100%	100%
Maxxus LLC	HRB18213	Germany	Car procurement	100%	100%
Longo Poland LLC	9662161899	Poland	Car sales	100%	100%
Longo IP Holdings LLC	40203527894	Latvia	Leasing of intellectual property and similar products, except copyrighted works	100%	100%

On December 14, 2023 the Group has registered a new subsidiary in Latvia - Longo IP Holdings LLC, with leasing of intellectual property as principal acitivity and issued capital of EUR 2 800.

Assets and liabilities in Polish subsidiary are translated into euro at the rate prevailing on the balance sheet date. Income and expenses in Polish subsidiaries are translated into euro using an average rate. Translation differences that arise when translating the financial statements of subsidiaries are recognized in other comprehensive income and accumulated in a separate component of equity, called translation differences.

Foreign currency denominated transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or if items have been revalued, at the measurement dates exchange rates.

Foreign exchange gains and losses arising in respect of business operations, such as sales and purchases, are recognized in EBIT. Foreign exchange differences arising from financing transactions are recognized in finance costs.

The core business activity of the Group is vehicle sales and related services to customers.

Consolidated annual report of 2024 has been approved by decision of the board on 15 April 2025.

Shareholders have the financial statements approval rights after their approval by the Board of Directors.

2. Summary of significant accounting policies

BASIS OF PREPARATION

These consolidated annual financial statements as of and for the year ended 31.12.2024 are prepared in accordance with IFRS Accounting Standards as adopted in the European Union (further Accounting Standards).

The Group's consolidated annual financial statements and its financial result are affected by accounting policies, assumptions, estimates and management judgement (Note 3), which necessarily have to be made in the course of preparation of the annual consolidated financial statements. The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the current and next financial period. All estimates and assumptions required in conformity with Accounting Standards are best estimates undertaken in accordance with the applicable standard. Estimates and judgements are evaluated on a continuous basis, and are based on past experience and other factors, including expectations with regard to future events. Accounting policies and management's judgements for certain items are especially critical for the Group's results and financial situation due to their materiality. Future events occur which cause the assumptions used in arriving at the estimates to change. The effect of any changes in estimates will be recorded in the consolidated financial statements, when determinable.

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 Group 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 consolidated 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.

Significant accounting principles:

a) In accordance with IFRS 9 Financial Instruments – standard the impairment of financial asset is based on the expected credit loss method. The significant financial assets of Longo are trade receivables arising from normal business operations. For these trade receivables the group applies a simplified provision matrix approach. According to this approach, a loss is recognized by using the provision matrix, except for situations where financial assets are assessed to be impaired due to credit risk. In Longo the amount of impairment losses from trade receivables has been historically low.

b) The consolidated financial statements are prepared on a historical cost basis, except for share based payment transactions whose amounts initially are determined at fair value at the time of granting and corporate bond at fair value through profit or loss ("FVTPL").

c) Intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated. When necessary amounts reported by subsidiaries have been adjusted to conform to the Group's accounting policies.

2. Summary of significant accounting policies (continued)

Reclassifications in comparative figures

Management has determined that leasing and insurance commission income is integral part of the Group's core business operations, as they are directly attributable to the Group's activities. Consequently, a decision was made to reclassify commission income from Other Operating Income to Revenue. As a result of the reclassification, the net result for 2023 was not impacted.

REVENUE FROM VEHICLE SALES

	2023 as reported EUR	Reclassification EUR	2023 restated EUR
Revenue from contracts with customers recognised point in time			
Revenue from vehicle sales	45 677 437	-	45 677 437
Revenue from transportation services	162 916	-	162 916
Commissions from lease and insurance companies			
Recognised at point in time	-	1 646 222	1 646 222
Recognised over time	-	122 854	122 854
TOTAL:	**45 840 353**	**1 769 076**	**47 609 429**

OTHER OPERATING INCOME

	2023 as reported EUR	Reclassification EUR	2023 restated EUR
Commissions from lease and insurance companies			
Recognised at point in time	1 646 222	(1 646 222)	-
Recognised over time	122 854	(122 854)	-
Other operating income	180 179	-	180 179
TOTAL:	**1 949 255**	**(1 769 076)**	**180 179**

BASIS OF CONSOLIDATION

The financial statements of the subsidiaries are prepared for the same reporting period as for the Parent company, using consistent accounting policies. The consolidated financial statements comprise the financial statements of the Parent company (Longo Group JSC) and its subsidiaries as at 31 December 2024.

Control is achieved when the Parent company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

The financial statements of the Parent company and its subsidiaries are consolidated in the Group's consolidated financial statements by adding together like items of assets and liabilities as well as income and expense. All intercompany transactions, balances and unrealised gains and losses on transactions between members of the Group are eliminated in full on consolidation.

If the Group loses control over a subsidiary, it:

- Derecognises the related assets and liabilities of the subsidiary;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in the statement of comprehensive income;

2. Summary of significant accounting policies (continued)

INTERNALLY GENERATED INTANGIBLE ASSETS

Internally generated intangible assets primarily include the development costs of Group's information management systems. These costs are capitalized only if they satisfy the criteria as defined by IAS38 and described below.

Internal and external development costs on management information systems arising from the development phase are capitalized. Significant improvement costs are added to the initial cost of assets if they specifically meet the capitalization criteria.

Internally generated intangible assets cost value is increased by Group's information technology costs - salaries and social security contribution capitalization. Asset useful life is reassessed by management at each year end and amortization periods adapted accordingly.

Internally generated intangible assets are amortized over their useful lives of 7 years.

According to IAS38, development costs shall be capitalized if, and only if, the Group can meet all of the following criteria:

- the project is clearly identified and the related costs are itemized and reliably monitored;
- the technical and industrial feasibility of completing the project is demonstrated;
- there is a clear intention to complete the project and to use or sell the intangible asset arising from it;
- the Group has the ability to use or sell the intangible asset arising from the project;
- the Group can demonstrate how the intangible asset will generate probable future economic benefits;
- the Group has adequate technical, financial and other resources to complete the project and to use or sell the intangible asset.

When these conditions are not satisfied, development costs generated by the Group are recognized as an expense when incurred.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is completed and the asset is available for use.

Additional information is included in Notes 3 and 13.

LICENSES AND OTHER INTANGIBLE ASSETS

Intangible non-current assets are stated at cost and amortized over their estimated useful lives on a straight-line basis. The carrying values of intangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. Losses from impairment are recognized where the carrying value of intangible non-current assets exceeds their recoverable amount.

Other intangible assets mainly consist of acquired computer software products.

Amortization is calculated on a straight-line basis over the estimated useful life of the asset as follows:

Other intangible assets - acquired IT Systems	over 7 years.

PROPERTY AND EQUIPMENT, LEASEHOLD IMPROVEMENTS

Equipment is stated at cost less accumulated depreciation and any impairment in value. Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

Computers	over 3 years;
Furniture	over 5 years;
Vehicles	over 7 years;
Leasehold improvements	according to lease term;
Other equipment	over 3 years.

Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. The carrying values of equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount. The recoverable amount of equipment is the higher of an asset's net selling price and its value in use. In assessing the value in use, the 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 largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in the statement of comprehensive income in the impairment expense caption.

An item of equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the statement of comprehensive income in the year the item is derecognized.

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 Group 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 Group 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 Group 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 Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group 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 Group recognises loss allowances for ECLs on:

- financial assets measured at amortised cost;
- debt investments measured at FVOCI; and
- contract assets.

The Group considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group 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.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognised in OCI.

Address: Mūkusalas iela 72A, Riga, Latvia
Unified registration number: 42103081417

2. Summary of significant accounting policies (continued)

FINANCIAL INSTRUMENTS

Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Group has a policy of writing off the gross carrying amount when the financial asset is 180 days past due based on historical experience of recoveries of similar assets. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

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, payment systems and cash balances.

OPERATING LEASE – GROUP AS LESSEE
LEASE LIABILITY

Initial recognition

At the commencement date of the lease the Group 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 Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate the lease.

The Group has elected for all classes of underlying assets not to separate non-lease components from lease components in lease payments. Instead Group accounts for each lease component and any associated non-lease 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 Group uses the incremental borrowing rate.

Lease term is the non-cancellable period for which the Group has the right to use an underlying asset, together with both:

a) Periods covered by an option to extend the lease if the Group is reasonably certain to exercise that option; and

b) Periods covered by an option to terminate the lease if the Group is reasonably certain not to exercise that option.

At the commencement date, the Group 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 Group 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 lease payments.

RIGHT-OF-USE ASSETS

Initial recognition

At the commencement date of the lease, the Group recognises right-of-use 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 Group; and
- an estimate of costs to be incurred by the Group 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

Group 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 Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the Group depreciates the right-of-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.

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

Address: Mūkusalas iela 72A, Riga, Latvia
Unified registration number: 42103081417

2. Summary of significant accounting policies (continued)

Initial recognition exemptions applied

As a recognition exemption the Group 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 Group does not recognise a lease liability or right-of-use asset. The Group 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 Group defines a low-value asset as one that:

- has a value, when new of 5 000 EUR or less. Group 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.
- the Group can benefit from use of the assets on its own, or together with, other resources that are readily available to the Group; and
- the underlying asset is not dependent on, or highly interrelated with, other assets.

INVENTORIES

Inventories are valued at the lower of cost and net realisable value.

Net realizable value represents the estimated selling price for inventories in the ordinary course of business less estimated costs necessary to make the sale.

Inventories contain only vehicles which are purchased for the sole purpose of selling them to customers.

Value of inventories is measured on a stock item by item basis. Write-off of each individual stock item is performed on sale of respective individual stock item.

CASH AND CASH EQUIVALENTS

Cash comprises cash at bank and on hand with an original maturity of less than three months.

VACATION PAY RESERVE

Vacation pay reserve is calculated based on national legislation requirements in each respective country.

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 Group 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 Group 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.

PENSIONS

The Group pays social security contributions for state pension insurance and to the state funded pension scheme in accordance with legislation. State funded pension scheme is a defined contribution plan under which the Group pays fixed contributions determined by the law and has no legal or constructive obligations to pay further contributions if the state pension insurance system or state funded pension scheme are not able to settle their liabilities to employees. The social security contributions are recognised as an expense on an accrual basis and are included within staff costs.

ACCRUALS AND DEFERRALS

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

CONTINGENCIES

Contingent liabilities are not recognized in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognized in the financial statements but disclosed when an inflow of economic benefits is probable.

Address: Mūkusalas iela 72A, Riga, Latvia
Unified registration number: 42103081417

2. Summary of significant accounting policies (continued)

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 Group'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.

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 Group 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 AND EXPENSES FROM CONTRACTS WITH CUSTOMERS (ACCORDING TO IFRS 15)

Revenue from contracts with customers in scope for IFRS 15 encompasses sold goods or services provided as output of the Group's ordinary activities. The Group uses the following criteria to identify contracts with customers:

- the parties to the contract have approved the contract (in writing, orally or in accordance with other customary business practices) and are committed to perform their respective obligations;
- can be identified each party's rights regarding the goods or services to be transferred;
- can be identified the payment terms for the goods or services to be transferred;
- the contract has commercial substance (i.e. the risk, timing or amount of the entity's future cash flows is expected to change as a result of the contract);
- it is probable that the Group will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer.

Performance obligations are promises in the contracts (either explicitly stated or implied) with Group's customers to transfer to the customers distinct goods or services. Promised goods or services represent separate performance obligations if the goods or services are distinct. A promised good or service is considered distinct if the customer can benefit from the good or service on its own or with other readily available resources (i.e. distinct individually) and the good or service is separately identifiable from other promises in the contract (distinct within the context of the contract). Both of these criteria must be met to conclude that the good or service is distinct.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of vehicles, the Group considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer (if any).

In order to maintain customer service and satisfaction at the highest level, The Group is offering to its customers free warranty of two months for the sold vehicles. The management of the Group has concluded that it is assurance warranty and therefore no separate performance obligation is recognized.

The Group is recognizing accruals for the potential warranty costs at the moment when car is sold. The amount of accruals is based on historical statistics about realized warranty costs and estimated trend of the costs. As at December 31, 2024 Group had accrued 5 951 EUR for the potential warranty expenses. Actual warranty costs have increased concurrently as the sales volumes have grown.

Address: Mūkusalas iela 72A, Riga, Latvia
Unified registration number: 42103081417

2. Summary of significant accounting policies (continued)

Customer has a right of return of the purchased vehicle for 14 days after the purchase is made. The Group is following the trend of such returns and as the rate of return is low, is not adjusting the revenue for it.

The Group recognizes revenue when (or as) it satisfies a performance obligation to transfer a promised good or service to a customer. Revenue is recognized when customer obtains control of the respective good or service. Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

Revenue from satisfied performance obligations is recognized over time, if one of the following criteria is met:

- customer simultaneously receives and consumes the benefits;
- customer controls the asset as it is created or enhanced;
- the Group's performance creates an asset and has a right to payment for performance completed.

Payment terms for goods or services transferred to customers according to contract terms are within 1 to 5 days from the provision of services or sale of goods. The transaction price is generally determined by the contractually agreed conditions.

Invoices typically are issued after the goods have been sold or service provided.

CONTRACT BALANCES

Contract assets

Contract based assets according to IFRS 15 comprise of accrued financing fees included in the accrued income, and advance payments received relating to Additional warranty product included in deferred income.

In the following table is presented the contract based balance sheet items according to IFRS 15:

EUR	31.12.2024	31.12.2023
Contract based assets	148 399	135 573

Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

These receivables are disclosed in balance sheet caption 'Trade and other receivables' **Note 18.**

Trade receivables are non-interest bearing and are generally on terms of 1 to 15 days.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Group performs under the contract.

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

The Group has generally concluded that it is the principal in its revenue arrangements, except for the agency services below, because it typically controls the goods or services before transferring them to the customer.

The Group revenues from contracts mainly consist of car sales and comissions received. Table below includes the revenue categories and business models identified as material for The Group`s earnings and the respective timing of recognition:

Revenues	Business type	Timing of recognition
Revenue from sale of motor vehicles	Group business consists of retail sales of used cars. Sales are based on the network of physical car lots and efficient online showrooms in Group's websites.	Income is recognised when the car is delivered to client (point in time).
Revenue from transportation services	Group offers its customers additional services provided by third parties in connection with the sale of the used car.	Income is recognised when service is provided (point in time).
Revenue from received commissions	Group offers its customers financing products provided by third parties in connection with the sale of the used car. The credit risks for these products are borne by finance companies. Group is entitled to financing commissions from its sales of these products. Parts of the fees are contingent on the continuation of the agreement between the finance company and the client.	Income is recognised when the sale of financing product happens (Point in time) or over time when fees are contingent on the continuation of the agreement.

* The quantitative information of those positions are presented in **Note 4.**

The transaction price is generally determined by the contractually agreed conditions.

Address: Mūkusalas iela 72A, Riga, Latvia
Unified registration number: 42103081417

2. Summary of significant accounting policies (continued)

Sale of motor vehicles

The Group earned its revenues from the sales of used vehicles that were bought from third parties. The Group is calculating minimum sales price based on initial cost plus additional cost incurred (e.g. repairs). All of the mentioned are variable constraints included in the price. A margin then is added in order to make profit from the deal. Subsequently car is sold based on market demand, it can be sold with margin or at bargain price as well. The performance obligation is satisfied upon sales of car since the payment is immediate.

Commission Revenue

In addition to car sales, the Group serves as an intermediary for various financial services, including leasing underwriting, facilitating bank credits and providing damage insurance. The Group receives commissions for these activities, which are recognized as revenue once the relevant service has been provided. For insurance contracts, revenue is recognized when the policy becomes effective. For other services, revenue is recognized when the agreement between the customer and the principal service provider or lender is finalized or approved.

INCOME TAXES

Corporate income tax is paid on distributed profits and deemed profit distributions. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes. It is measured using tax rates enacted or substantively enacted at the reporting date in the countries where the Group and the Parent Company operates.

Current corporate income tax rates for the foreign subsidiaries are:

Country	Tax rate
Latvia	20%
Lithuania	15%
Estonia	20%
Netherlands	25%
Belgium	25%
Germany	30%
Poland	19%

DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax is provided using the liability method for all temporary differences arising between the tax bases of assets and liabilities and their carrying value for accounting purposes. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Corporate income tax on profits and deferred income tax expense or benefit of subsidiaries are reported in the consolidated statement of comprehensive income.

In Latvia and Estonia legal entities are not required to pay income tax on earned profits. Corporate income tax is paid on distributed profits and deemed profit distributions. Starting from 1 January 2018, both distributed profits and deemed profit distributions are subject to the tax rate of 20 per cent of their gross amount, or 20/80 of net expense in Latvia. Corporate income tax on other deemed profit items is recognised at the time when expense is incurred in the reporting year. Thus, the effective tax rate in the reporting period for the subsidiaries in Latvia and Estonia and the Group in Latvia was close to 0%.

In other jurisdictions where the Group operates earnings are taxable when earned. The effective tax rate in the reporting period for the all operations of the Group was close to zero. The assessment of the recognisable amount of the tax asset is based on reasonably certain three year forecast to utilised accumulated tax loss by the respective entities. The recognised deferred tax asset represents unutilised tax loss in Lithuania.

2. Summary of significant accounting policies (continued)

RELATED PARTIES

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

SEGMENT REPORTING

Segment revenue and expenses are items directly attributable to the operating segment. Certain expenses such as centralized procurement are allocated to the segments on a reliable basis in the internal management reporting.

Other activities comprise Group level operations that are not directly employed by the individual segment in its operating activities. Sales between segments are carried out on arm's length and eliminated on consolidation.

Reportable segments are operating segments or their aggregation which meet certain criteria. No less frequently than once a year, the Group assess and identify all potential business segments and determine whether these segments should be accounted for separately. The Group reports the segment if it contributes 10% or more of the entity's total sales (combining internal and inter-segment sales), earns 10% or more of the combined reported profit of all operating segments that did not report a loss (or 10% or more of the combined reported loss of all operating segments that reported a loss), or has 10% or more of the combined assets of all operating segments. See **Note 32.**

The group considers each sales entity: in Latvia, Lithuania, Estonia and Poland as an individual operating segment.

The Group`s subsidiaries in Netherlands, Germany and Belgium (car sourcing activities), Shared Service center in Lithuania (car preparation activities) and holding company in Latvia (administrative support) are engaged in sale of cars and services to Group`s entities only, with no external sales.

The Group`s chief executive officer reviews the internal management reports of each division on monthly basis.

There is a high level of integration between both segments, this integration includes transfer of goods and services. Inter-segment pricing is determined on an arm`s length basis.

SUBSEQUENT EVENTS

Post-period-end events that provide additional information about the Group'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.

Address: Mūkusalas iela 72A, Riga, Latvia
Unified registration number: 42103081417

3. Significant accounting judgments, estimates and assumptions

The preparation of the financial statements in conformity with IFRS 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, initial recognition of rights-of-use assets, recoverability of deferred tax asset, NRV for inventory and fair value of employee share options. 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 Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognized in the financial statements:

INITIAL RECOGNITION OF RIGHTS-OF-USE ASSETS

At initial recognition and reassessment of the rights-of-use assets the Group has to make assumptions and estimates which directly influence the amount of rights-of-use assets. One of those assumptions is a discount rate used for determining the present value of rights-of-use liabilities.

The Group also has to make assumptions in situations where lease term is either not clearly stated in the lease agreement or is different from term which the Group expects to use the asset. In such situations the Group uses in its assessment 5 year term as the actual lease term. See **Note 14.**

CAPITALIZATION OF DEVELOPMENT COSTS

For capitalization of expenses in process of developing Group'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 "Administrative expense".

FAIR VALUE OF EMPLOYEE SHARE OPTIONS

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.

The expense is recognised on a straight-line basis over the period of the remuneration program as intention is to receive services from employees over the whole period. For share options granted a corresponding increase in equity is recognised as other reserves.

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 23.**

LEASE TERM DETERMINATION UNDER IFRS 16 (GROUP 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 Group 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 Group does not recognise a lease liability or right-of-use asset for these leases. Group considers that after the non-cancellable term lapses the Group does not have enforceable rights and obligations under such agreements.

In considering the Group's options to extend or not to terminate the lease the Group firstly evaluates what the rights of the Group and the lessor under such options. The Group considers whether options included in the lease agreements (1) give an unilateral right for one party (i.e. Group) and (2) creates an obligation to comply for the other party (i.e. lessor). If neither party in the contract has an obligation then Group 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 non-cancellable contractual term. In determining the lease term the Group 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 Group management has been that the impact of such factors is not significant due to the contractual features and the Group's business model, which is not reliant on strategic assets.

3. Significant accounting judgments, estimates and assumptions (continued)

LEASE LIABILITY INCREMENTAL BORROWING RATE DETERMINATION UNDER IFRS 16 (GROUP 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 Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

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

It is further considered that the way how local lenders would approach asset financing at each subsidiary level. As per Group's assessment each of the Group's subsidiaries would qualify as a good quality borrower in the local markets in the context of overall Group results.

INVENTORIES NET REALIZABLE VALUE AND WRITE-OFFS

Management evaluates the net realizable value of inventories (Note 15) based upon the expected sales prices and selling costs per various product groups and assesses the physical condition of inventories during the annual stock count. If the net realizable value of inventories is lower than the cost of inventories, a write-off is recorded. At the end of each reporting year the inventories are reviewed for any indications of damages or slow-moving inventories. In cases when damaged or slow-moving inventories are identified write-offs are recognized. During the reporting year stock–counts of the inventories are performed with the purpose to identify damaged inventories.

At each reporting date, a detailed review for net realizable value is executed for inventory. Management has performed analysis to determine profit margins for all cars that were sold in 2025, and concluded that adjustment in amount of EUR 150 000 to net realizable value should be expensed through profit or loss in year 2024.

RECOVERABILITY OF DEFERRED TAX ASSET

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The deferred tax assets are recognized based on profitability assumptions over 5 year horizon. In developing these assumptions the Group considers both positive and negative evidence of past performance and future development plans to ensure that assumptions used are reasonable, realistic and achievable.

At each reporting date, the Group's management analyses the recoverability of deferred tax and reduces the deferred tax asset if it is no longer probable that during the period of utilization of tax losses future taxable profits will be available against which unused tax losses can be utilized **(Note 12).**

INTANGIBLE ASSETS

The Group has capitalised expenses for internally generated intangible assets on the basis of expectation that those will generate probable future economic benefits. The future recoverability of capitalised expenses expenditure is dependent on a number of factors. Management applies judgement to determine the components of implementation costs to which the purchase consideration should be allocated, which will determine the amounts that should be capitalised and the amounts that should be expensed as incurred.

The Group has assigned finite lives of 7 years to its internally generated intangible assets.

4. Revenues

	2024 EUR	2023 Reclassified EUR
Revenue from contracts with customers recognised at point in time		
Revenue from vehicle sales	42 141 223	45 677 437
Revenue from transportation services	26 411	162 916
TOTAL:	**42 167 634**	**45 840 353**
Revenue from vehicle sales by countries		
Lithuania	20 181 118	24 195 962
Latvia	10 938 279	11 609 098
Estonia	8 790 811	9 147 803
Poland	2 257 426	871 076
Other	-	16 413
TOTAL:	**42 167 634**	**45 840 353**
Commissions from lease and insurance companies		
Recognised at point in time	2 092 143	1 646 222
Recognised over time	114 250	122 854
TOTAL:	**2 206 393**	**1 769 076**
Commissions by countries		
Lithuania	1 136 802	1 022 710
Estonia	439 565	405 479
Latvia	599 077	332 062
Poland	30 949	8 825
TOTAL:	**2 206 393**	**1 769 076**
TOTAL:	**44 374 027**	**47 609 429**

Essential business models and revenue recognition methods

The Group revenues from contracts mainly consist of car sales and comissions received. Table below includes the revenue categories and business models identified as material for The Group`s earnings and the respective timing of recognition:

Revenues	Business type	Timing of recognition
Revenue from car sales	Sales of cars	Income is recognised when the sales happens (Point in time)
Revenue from services	Sales of services	Income is recognised when invoice is issued and service is rendered to a customer (point in time)
Revenue from received commissions	Group offers its customers financing products provided by third parties in connection with the sale of the used car. The credit risks for these products are borne by finance companies. Group is entitled to financing commissions from its sales of these products. Parts of the fees are contingent on the continuation of the agreement between the finance company and the client.	Income is recognised when the sale of financing product happens (Point in time) or over time when fees are contingent on the continuation of the agreement.

The transaction price is generally determined by the contractually agreed conditions.

Performance obligations

The performance obligation is satisfied upon sales of the car and payment is generally due immediately and sale happens only when the payment is received.

5. Cost of sales

		2024 EUR	2023 EUR
Cost of cars sold		37 763 173	40 817 600
	TOTAL:	**37 763 173**	**40 817 600**

6. Selling expenses

		2024 EUR	2023 EUR
Online advertising and marketing		1 198 830	1 413 808
Cars selling expenses		164 995	171 162
Marketing fees		49 987	51 747
Total marketing expenses		**1 413 812**	**1 636 717**
Other selling expenses		26 961	29 640
	TOTAL:	**1 440 773**	**1 666 357**

7. Administrative expenses

		2024 EUR	2023 EUR
Employees' salaries		2 677 148	2 539 062
Amortization and depreciation		1 157 363	1 047 612
Office and branches' maintenance expenses		301 995	302 752
Social tax contributions		302 294	321 589
Other personnel expenses		204 450	110 458
IT services		190 511	127 444
Professional services		135 180	158 709
Audit fees		79 197	69 735
Other administrative expenses		52 428	65 610
Insurance		50 830	55 334
Representation		29 933	16 829
Communication expenses		24 244	26 846
Business trips		20 017	23 584
Recruitment fees		19 338	38 804
Legal services		15 902	19 256
Transportation expenses		14 552	16 310
Bank commissions		11 531	12 334
	TOTAL:	**5 286 913**	**4 952 268**

8. Other operating income

		2024 EUR	2023 Reclassified EUR
Other operating income		156 406	180 179
	TOTAL:	**156 406**	**180 179**

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Unified registration number: 42103081417

9. Other operating expenses

	2024 EUR	2023 EUR
BPM tax expenses	32 481	-
Other operating expenses	6 694	18 353
Other taxes	8 470	6 426
Donations	2 400	400
Penalty fees paid	705	6 558
Write-offs of bad debts	13	3
Loss on sale of fixed assets	-	102
TOTAL:	**50 763**	**31 842**

10. Other income from interest and similar income

	2024 EUR	2023 EUR
Interest income on bonds acquired	34 111	13 076
Interest income from bank deposit	16 857	1 017
TOTAL:	**50 968**	**14 093**

11. Interest expenses and similar expenses

	2024 EUR	2023 EUR
Interest expenses on issued bonds	1 024 828	813 659
Interest expenses on lease liabilities	68 545	58 448
Other financial expenses	35 382	10 741
Interest expenses on loan facilities	18 109	1 697
TOTAL	**1 146 864**	**884 545**

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 24.

12. Corporate income tax payable

	2024 EUR	2023 EUR
Deferred corporate income tax due to changes in temporary differences	24 414	18 519
Current corporate income tax charge for the reporting year	(3 842)	(582)
Corporate income tax charged to the income statement	**20 572**	**17 937**

Deferred corporate income tax

Change in net deferred corporate income tax asset:

	2024 EUR	2023 EUR
At the beginning of the period	342 518	323 999
Charge to statement of income	24 414	18 519
Net deferred income tax asset at the period end	**366 932**	**342 518**

Actual corporate income tax charge for the reporting year, if compared with theoretical calculations:

	2024 EUR	2023 EUR
Profit before tax	**(1 107 085)**	**(548 911)**
Income tax rate	**20%**	**20%**
Tax calculated at the applicable tax rate	**(221 417)**	**(109 782)**
Undistributed earnings taxable on distribution*	**145 915**	**80 934**
Non-deductible expenses	23 185	(2 859)
Effect of different tax rates of subsidiaries operating in other jurisdictions	540	7 854
Unrecognized deferred tax asset	31 205	5 916
Actual corporate income tax for the reporting year	**(20 572)**	**(17 937)**
Corporate income tax charged to the statement of comprehensive income:	**(20 572)**	**(17 937)**

Corporate income tax charged to the statement of comprehensive income:

*In Latvia and Estonia corporate income tax expenses are not recognized before profit distribution in accordance with local legislation.

The Group has not recognised EUR 31 205 of tax asset in subsidiary in Poland because management considered it not probable that future taxable profits would be available against which such losses can be used.

Deferred corporate income tax:

	Statement of financial position		Statement of income	
	31.12.2024 EUR	31.12.2023 EUR	31.12.2024 EUR	31.12.2023 EUR
Deferred corporate income tax liability				
Accelerated depreciation for tax purposes	200	1 475	(1 275)	3 381
Other	6 932	2 301	4 631	(1 186)
Gross deferred corporate income tax liabilities	**7 132**	**3 776**	**3 356**	**2 195**
Deferred corporate income tax asset				
Tax loss carried forward	(361 148)	(336 828)	(24 320)	(22 695)
Unused vacation accrual	(12 916)	(9 466)	(3 450)	1 981
Gross deferred corporate income tax assets	**(374 064)**	**(346 294)**	**(27 770)**	**(20 714)**
Net deferred corporate income tax assets prior to the reversal of deferred tax	**(366 932)**	**(342 518)**	**(24 414)**	**(18 519)**
Net deferred corporate income tax assets	(366 932)	(342 518)		
Net deferred corporate income tax expense/ (benefit)			(24 414)	(18 519)

Based on five-year business plan the Group believes that the tax asset arising from tax losses will be utilized in the nearest few years against future profits.

A deferred tax asset has been recognized in subsidiaries in Lithuania.

13. Intangible assets

	Licenses	Internally generated intangible assets	Intangible assets development costs	Other intangible assets	Total intangible assets
Cost	303	902 568	12 474	2 201	**917 546**
Accumulated depreciation	(303)	(212 508)	-	(1 301)	**(214 112)**
As at 1 January 2023	**0**	**690 060**	**12 474**	**900**	**703 434**
2023					
Additions	1 192	66 160	347 658	-	**415 010**
Amortization charge	(775)	(157 743)	-	(153)	**(158 671)**
FX effect	-	(9)	-	-	**(9)**
Transfer*	5 680	354 748	(359 628)	-	**800**
Cost	7 175	1 323 476	504	2 201	**1 333 356**
Accumulated amortization	(1 078)	(370 260)	-	(1 454)	**(372 792)**
As at 31 December 2023	**6 097**	**953 216**	**504**	**747**	**960 564**
2024					
Additions	-	60 158	320 210	-	**380 368**
Amortization charge	(1 374)	(223 412)	-	(153)	**(224 940)**
Transfer*	-	320 133	(320 133)	-	**-**
FX effect	-	76	-	-	**76**
Cost	7 175	1 703 844	581	2 201	**1 713 801**
Accumulated amortization	(2 452)	(593 673)	-	(1 607)	**(597 732)**
As at 31 December 2024	**4 723**	**1 110 171**	**581**	**594**	**1 116 069**

As of the end of 2024, Management has performed an impairment test of Group companies that are benefiting from the Intangible assets (IT systems) created internally with the following assumptions: 43% growth in 2025, 46% growth in 2026 and 42% growth in 2027, terminal revenue growth assumption of 2%, EBITDA margin in the range of 1.7% to 4.5% and weighted average cost of capital (WACC) - 10.5%.

Management has concluded that the carrying value of intangible assets remains justifiable, with no impairment indicated at this time. Regular monitoring and reassessment will be conducted going forward.

Amortization costs are included in Administrative expenses **(Note 7).**

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Unified registration number: 42103081417

14. Property and equipment and Right-of-use assets

	Right-of-use assets	Construction in progress	Leasehold improvements	Property and equipment	TOTAL
Cost	3 153 477	145 610	200 013	764 268	**4 263 368**
Accumulated depreciation	(1 258 676)	-	(77 939)	(342 989)	**(1 679 604)**
As at 1 January 2023	**1 894 801**	**145 610**	**122 074**	**421 279**	**2 583 764**
2023					
Additions	61 413	60 693	1 630	132 865	**256 601**
Transferred	-	(146 417)	930	144 687	**(800)**
Modifications	83 447	-	-	-	**83 447**
Disposals (historical cost)	(132 261)	(30 480)	-	(13 857)	**(176 598)**
Depreciation charge	(682 914)	-	(25 949)	(180 079)	**(888 941)**
Disposals (depreciation)	61 730	-	(979)	(7 253)	**53 498**
FX effect	6 088	-	-	(330)	**5 758**
Cost	3 172 163	29 406	202 573	1 027 963	**4 432 105**
Accumulated depreciation	(1 879 860)	-	(104 867)	(530 651)	**(2 515 378)**
As at 31 December 2023	**1 292 304**	**29 406**	**97 706**	**497 312**	**1 916 728**
2024					
Additions	202 262	1 779 989	-	113 883	**2 096 134**
Modifications	873 042	-	-	-	**873 042**
Disposals (historical cost)	-	(58 933)	-	(21 820)	**(80 753)**
Depreciation charge	(721 410)	-	(25 932)	(185 082)	**(932 424)**
Disposals (depreciation)	-	-	-	34 118	**34 118**
FX effect	(760)	-	-	(235)	**(995)**
Cost	4 246 708	1 750 462	202 573	1 119 791	**7 319 534**
Accumulated depreciation	(2 601 270)	-	(130 799)	(681 615)	**(3 413 684)**
As at 31 December 2024	**1 645 438**	**1 750 462**	**71 774**	**438 176**	**3 905 850**

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:

ASSETS		31.12.2024 EUR	31.12.2023 EUR
Non-current assets			
Right-of-use assets (premises)		1 602 195	1 227 465
Right-of-use assets (vehicles)		43 243	64 839
	TOTAL:	**1 645 438**	**1 292 304**

EQUITY AND LIABILITIES			
Non-current liabilities			
Lease liabilities		1 162 800	769 027
Current liabilities			
Lease liabilities		556 035	591 824
	TOTAL:	**1 718 835**	**1 360 851**

14. Property and equipment and Right-of-use assets (continued)

Leases in the statement of comprehensive income	2024 EUR	2023 EUR
Administrative expense		
Expenses relating to leases of low-value assets and short-term leases	(33 296)	(37 703)
Depreciation of right-of-use assets	(721 410)	(682 914)
Other income		
Net finance costs		
Interest expense for right to assets	(68 545)	(58 448)
Total cash outflow from lease liabilities	**(823 251)**	**(779 065)**

The average incremental borrowing rate for lease liabilities initially recognized as of 31 December 2024 is 4,64% (3.99% in 2023) per year.

The cost relating to variable lease payments that do not depend on an index or a rate amounted to EUR nil for the year ended December 31, 2024. There were no leases with residual value guarantees. The Group is reasonably certain not to exercise termination or extension options.

In 2024 the Group started to lease 6 new premises with initial term from 3 to 5 years, total present value of new leases at the commencement date amounted to EUR 202 262. There were no effective lease commitments as at 31 December 2024.

15. Inventories

	31.12.2024 EUR	31.12.2023 EUR
Acquired vehicles for purpose of selling them to customers	12 870 093	12 489 480
NRV allowance	*(150 000)*	*-*
Raw materials	150 358	84 447
Work in progress	137 507	85 699
TOTAL:	**13 007 958**	**12 659 626**

Inventory is measured at lower of cost and net realizable value. The cost of an individual car included in the inventory balance is determined using the purchase price for the car including directly and indirectly attributable sourcing, transport and repair costs. At the reporting date, a detailed review for net realizable value is executed for cars that have been in inventory at 31 December 2024. Management has performed analysis to determine profit margins for all cars that were sold in 2025, and concluded that adjustment in amount of EUR 150 000 to net realizable value should be expensed through profit or loss in year 2024. In Latvia and Lithuania inventories are pledged as bonds` collateral, total amount of pledged inventory in these countries is EUR 10 492 239 (31.12.2023: inventories of Latvia, Lithuania and also Estonia were pledged for amount of EUR 12 381 295).

Included in cost of goods sold for the years ended December 31, 2024, and 2023, are inventory write-offs of EUR 150 000 and EUR 0, respectively.

16. Other assets

	31.12.2024 EUR	31.12.2023 EUR
BPM asset declared to tax authorities	581 226	583 425
BPM tax receivable	181 272	74 551
TOTAL:	**762 498**	**657 976**

The Group is purchasing majority of its cars in the Netherlands where there is special tax (BPM) for vehicles. The tax is being paid by the buyers of motorized vehicles which are being used in The Netherlands. In case the vehicle is exported out of the country, it is possible to receive a refund of this tax. For each of the used vehicles that are exported out of the Netherlands and have BPM remaining, Groups subsidiary Longo Netherlands BV is claiming the tax back from tax authorities. As the process of submitting the refund request is complicated, the Group initially recognizes asset for all of the imported cars based on BPM amounts for individual cars provided by sellers and information available on publicly available database. When criteria for BPM claim are met, the Group recognizes BPM asset receivable. As at December 31, 2024 Group had recognized EUR 581 226 as claims and EUR 181 271 as accounts receivable as they were approved by tax authority. Payments expected to be received within 4 and 2 months respectively.

17. Prepayments to suppliers and similar

	31.12.2024 EUR	31.12.2023 EUR
VAT receivable and other taxes	646 040	338 376
Security deposits	85 677	68 748
Prepaids	82 259	81 496
Advances paid for goods and services	44 653	80 296
TOTAL:	**858 629**	**568 916**

18. Trade and other receivables

	31.12.2024 EUR	31.12.2023 EUR
Receivables for sold motor vehicles and commissions	120 739	214 100
Impairment allowance	(5 376)	(5 376)
TOTAL:	**115 363**	**208 724**

Receivables for sold motor vehicles and commissions

	Not overdue EUR	Overdue up to 30 days EUR	Overdue up to 60 days EUR	Overdue more than 90 days EUR	ECL EUR	TOTAL EUR
2024						
Finance companies	83 235	-	-	-	-	**83 235**
Private persons	31 508	-	-	5 376	(5 376)	**31 508**
Other customers	499	121	-	-	-	**620**
Total undiscounted financial assets	**115 242**	**121**	**-**	**5 376**	**(5 376)**	**115 363**
2023						
Finance companies	135 473	-	-	-	-	**135 473**
Private persons	73 251	-	-	5 376	(5 376)	**73 251**
Total undiscounted financial assets	**208 724**	**-**	**-**	**5 376**	**(5 376)**	**208 724**

Movements in the impairment allowance for trade receivables:	
Impairment allowance for trade receivables as at 01.01.2023	**5 376**
Additional allowances	-
Decrease of allowances due to write-off of debts	-
Impairment allowance for trade receivables as at 31.12.2023	**5 376**
Additional allowances	-
Decrease of allowances due to received debts	-
Impairment allowance for trade receivables as at 31.12.2024	**5 376**

19. Contract assets

	31.12.2024 EUR	31.12.2023 EUR
Commissions receivable	148 399	135 573
TOTAL:	**148 399**	**135 573**

Address: Mūkusalas iela 72A, Riga, Latvia
Unified registration number: 42103081417

20. Other investments, including derivatives

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

In year 2023 the Group 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.

21. Cash and cash equivalents

	31.12.2024 EUR	31.12.2023 EUR
Cash at banks and payment systems	1 093 261	1 134 758
Cash held in money market liquidity fund	1 105 000	-
Cash on hand*	7 953	38 298
Cash in transit	-	80 042
TOTAL:	**2 206 214**	**1 253 098**

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

*The cash on hand is held in regional offices and is kept there to ensure daily cash transactions.

The Group has not created ECL allowances for cash and cash equivalents on the basis that placements with banks are of short term nature, cash held in the Money market liquidity fund is also of short term nature, highly liquid and comprise placements in instruments with minimal credit risk. The lifetime of these assets under IFRS 9 is so short that the low probability of default would result in immaterial ECL amounts. (31.12.2023: EUR 0).

22. Share capital

The share capital of the Parent Group is EUR 13 034 872 and consists of 130 348 720 shares. The par value of each share is EUR 0.1. 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.

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%
TOTAL:	**100%**	**100%**

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

23. 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 Share option program is EUR 130 000 (2023: 140 000 EUR), value of granted and vested at 31 December 2024 EUR 15 673 (2023: 12 215 EUR), expense attributable to the granted and vested shares in 2024 were recognized in Administrative expenses (Note 7) and as Share based payment reserve. Fair value of one share is EUR 0.09 (2023: EUR 0.12).

There have been no expired share options during the year.

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).

Address: Mūkusalas iela 72A, Riga, Latvia
Unified registration number: 42103081417

24. Loans and borrowings

Non-current *Liabilities for issued debt securities*	**Interest rate per annum (%)**	**Maturity**	**31.12.2024 EUR**	**31.12.2023 EUR**
Bonds 10 million EUR notes issue[1)]	10%	30.11.2027	9 163 505	-
Bonds 3.00 million EUR notes issue[2)]	6%	31.12.2029	3 019 323	2 872 469
Bonds 4.90 million EUR notes issue	6%+3M EURIBOR	30.06.2025	-	4 511 038
		TOTAL:	**12 182 828**	**7 383 507**
Lease liabilities[3)]	3%-9%	up to 5 years	1 162 800	769 027
		TOTAL:	**1 162 800**	**769 027**
		TOTAL NON-CURRENT BORROWINGS:	**13 345 628**	**8 152 534**

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 Group 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 Group has entered into several lease agreements for office premises and car lots as well as several vehicle rent agreements.

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

Current *Liabilities for issued debt securities*	**Interest rate per annum (%)**	**Maturity**	**31.12.2024 EUR**	**31.12.2023 EUR**
Bonds 10 million EUR notes issue[1)]	10%	30.11.2027	518 975	-
Bonds 3.00 million EUR notes issue[2)]	6%	31.12.2029	-	124 347
Bonds 4.90 million EUR notes issue	6%+3M EURIBOR	30.06.2025	-	241 690
Bonds 1.515 million EUR notes issue	6%	30.11.2024	-	1 472 464
		TOTAL:	**518 975**	**1 838 501**
Lease liabilities[3)]	3%-9%	up to 12 months	556 035	591 825
		TOTAL:	**556 035**	**591 825**
		TOTAL CURRENT BORROWINGS:	**1 075 010**	**2 430 326**

24. Loans and borrowings (continued)

Movements of interest bearing liabilities and equity

	Liabilities			Equity		
	Debt securities EUR	Lease liabilities EUR	Loan from related parties EUR	Other loans and borrowings EUR	Share capital/ Share premium EUR	Total EUR
Balance at 01 January 2024	**9 222 012**	**1 360 850**	**-**	**-**	**13 267 058**	**23 849 920**
Issuance of debt securities	10 000 000	-	-	800 000	-	**10 800 000**
Redemption of debt securities	(1 828 170)	-	-	(800 000)	-	**(2 628 170)**
Exchange of debt securities	(4 598 000)	-	-	-	-	**(4 598 000)**
Payment of lease liabilities	-	(719 764)	-	-	-	**(719 764)**
Capitalised borrowing costs	(327 109)	-	-	-	-	**(327 109)**
Interest paid	(616 793)	(66 875)	-	(18 108)	-	**(701 776)**
Total changes from financing cash flows	**2 629 928**	**(786 639)**	**-**	**(18 108)**	**-**	**1 825 181**
Other changes						
Liability-related						
New leases and modifications	-	1 076 077	-	-	-	**1 076 077**
Transfer to subordinated debt restructuring reserve	(174 962)	-	-	-	-	**(174 962)**
Interest expense	1 024 827	68 545	-	18 108	-	**1 111 480**
Total liability-related other changes	**849 865**	**1 144 622**	**-**	**18 108**	**-**	**2 012 595**
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**	**1 718 833**	**-**	**-**	**13 284 872**	**27 705 510**
Balance at 01 January 2023	**8 446 045**	**1 974 010**	**170 545**	**-**	**13 219 926**	**23 810 525**
Proceeds from debt securities	2 250 000	-	-	-	-	**2 250 000**
Bonds repurchased	(1 685 000)	-	-	-	-	**(1 685 000)**
Payment of lease liabilities	-	(695 951)	-	-	-	**(695 951)**
Capitalised borrowing costs	(64 481)	-	-	-	-	**(64 481)**
Interest paid	(707 877)	(55 759)	(2 574)	-	-	**(766 210)**
Total changes from financing cash flows	**(207 359)**	**(751 710)**	**(2 574)**	**-**	**-**	**(961 643)**
Other changes						
Liability-related						
New leases and modifications	-	80 102	-	-	-	**80 102**
Securitised/ Capitalised loans	169 667	-	(169 667)	-	-	**-**
Interest expense	813 659	58 448	1 697	-	-	**873 804**
Total liability-related other changes	**983 326**	**138 550**	**(167 970)**	**-**	**-**	**953 905**
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**	**1 360 850**	**-**	**-**	**13 267 058**	**23 849 920**

Address: Mūkusalas iela 72A, Riga, Latvia
Unified registration number: 42103081417

25. Taxes payable

	31.12.2024 EUR	31.12.2023 EUR
VAT	225 787	352 502
Social security contributions	73 405	77 312
Personal income tax	27 480	35 096
Other taxes	3 342	686
TOTAL:	**330 014**	**465 596**

26. Other liabilities

	31.12.2024 EUR	31.12.2023 EUR
Liabilities against employees for salaries	73 699	62 136
Advances received from customers	8 375	11 769
Provisions for warranties	5 951	6 455
Employees expenses claims	761	3 010
Unidentified payments from customers	609	608
TOTAL:	**89 395**	**83 978**

27. Accrued liabilities

	31.12.2024 EUR	31.12.2023 EUR
Accrued unused vacation	191 358	164 901
Accrued liabilities for sevices/goods received	83 689	263 960
Accruals for bonuses	1 694	-
TOTAL:	**276 741**	**428 861**

28. Related party disclosures

As at 31 December 2024 and 31 December 2023 Longo Group JSC individually controls the Group.

Receivables and payables incurred are not secured with any kind of pledge.

The income, expense items and loans with related parties for years 2024 and 2023 were as follows:

	2024 EUR	2023 EUR
Subordinated bonds LV0000802544	3 000 000	1 660 000
Bonds LV0000804987	269 200	-
Bonds interest expense	13 318	91 374
Bonds LV0000860062	-	200 000
Loans interest expense	-	1 697
TOTAL:	**3 282 518**	**1 953 071**

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**

There are no outstanding balances as of 31 December 2024 with members of the Group's Management Board members (none at 31 December 2023). There are no emoluments granted to the members of the Board and commitments in respect of retirement pensions for former members of the Board.

29. Commitments and contingencies

There are restrictions in the prospectus for the secured bonds issued (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.

All of the covenants are fulfilled with following ratios:

a) 1.6x

b) 44%

c) 1.3x

30. Financial risk management

The risk management function within the Group is carried out in respect of financial risks and legal risks. Financial risk comprises interest rate risk, credit risk and liquidity risk. The primary objectives of the financial risk management function are to establish risk limits, and then ensure that exposure to risks stays within these limits. The legal risk management function is intended to ensure proper functioning of internal policies and procedures, in order to minimise operational and legal risks.

FINANCIAL RISKS

The main financial risks arising from the Group's financial instruments are liquidity risk and credit risk. The Group is not exposed to market risk.

Market risk

The Group has no exposure to market risks, which are the risks that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks in theory arise from open positions in interest rate and currency products, all of which are exposed to general and specific market movements and changes in the level of volatility or market rates or prices such as interest rates and foreign exchange rates.

Currency risk

Currency risks as defined by IFRS 7 arise on account of monetary assets and liabilities being denominated in a currency that is not the functional currency. At 31st December 2024, the Group's Polish zloty functional currency entity had Euro denominated net monetary liabilities of EUR 306 334 (2023: EUR 380 393). At 31st December 2024, if the Euro had strengthened/weakened by 5% against the Polish zloty with all other variables held constant, the profit attributable to shareholders of the Group would have been EUR 14 724 (2023: EUR 18 114) lower/higher, arising mainly from foreign exchange losses/gains taken to the profit and loss account on translation. The sensitivity analysis ignores any offsetting foreign exchange factors and has been determined assuming that the change in foreign exchange rates had occurred at the balance sheet date.

The remainder of the Group's income and expenses are generated almost exclusively in euros. According to the Company's treasury policy, all intercompany financing is issued in the Group`s functional currency. All intra-Group finance transactions, trade payables and receivables are denominated in the Group`s functional currency.

The Group's net investment in companies outside the Eurozone consists of subsidiary investments in Poland. Foreign exchange risk associated with the net investment is not hedged.

Interest rate risk

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

Effective interest rates of borrowings were average 10,50% at the end of 2024 and 8.86% at the end of 2023.

Concentration risk

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry or geographical location.

In order to avoid excessive concentrations of risk, the Group is maintaining a network of sales entities in different geographies, as well as depositing its cash reserves with different banks and payment systems.

The concentration risk on Groups financial assets (based on net exposure) is the following:

	31.12.2024	31.12.2023
Latvia	1 831 158	466 953
Estonia	43 522	56 980
Lithuania	101 452	240 166
Belgium	94 055	42 819
The Netherlands	66 336	249 503
Poland	63 020	188 045
Germany	6 671	8 631
TOTAL:	**2 206 214**	**1 253 098**

Capital risk management

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

The Group fulfils externally imposed equity capital requirements. The Group monitors equity capital on the basis of the capitalization ratio as defined in Bond prospectus. This ratio is calculated as Ratio of Adjusted Equity (the aggregate book value of the Group's total equity on a consolidated basis, increased by Subordinated Debt) to consolidated assets of the Group. Ratio as at December 31, 2024 was 44,46%. Overall management of the borrowings is driven by monitoring and complying the lender imposed covenants as well as planning the further borrowing needs to ensure business development of the Group. The Group fulfils externally imposed equity capital requirements as stated in **Note 29.**

Address: Mūkusalas iela 72A, Riga, Latvia
Unified registration number: 42103081417

30. Financial risk management (continued)

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group manages its liquidity risk by arranging an adequate amount of committed credit facilities with related parties and by issuing bonds. The Group also monitors the level of expected cash inflows on trade and other receivables together with expected cash outflows on trade and other payables.

The table below presents the cash flows payable by the Group and to the Group under non-derivative financial liabilities and assets held for managing liquidity risk by remaining contractual maturities at the date of the statement of financial position. The amounts disclosed in the table are the contractual undiscounted cash flow. Cash flow payable for borrowings includes estimated interest payments assuming principal is paid in full at maturity date.

		Contractual cash flows				
31.12.2024	**Carrying value EUR**	**On demand**	**Up to 1 year EUR**	**2-5 years EUR**	**More than 5 years EUR**	**Total EUR**
Liabilities						
Liabilities for issued debt securities	(12 701 803)	-	(1 000 000)	(15 993 889)	-	**(16 993 889)**
Lease liabilities	(1 718 836)	-	(628 670)	(1 237 520)	-	**(1 866 191)**
Other liabilities	(529 944)	-	(529 944)	-	-	**(529 944)**
Total undiscounted financial liabilities	**(14 950 583)**	**-**	**(2 158 614)**	**(17 231 410)**	**-**	**(19 390 023)**

		Contractual cash flows				
31.12.2023	**Carrying value EUR**	**On demand**	**Up to 1 year EUR**	**2-5 years EUR**	**More than 5 years EUR**	**Total EUR**
Liabilities						
Liabilities for issued debt securities	(9 222 009)	-	(2 264 944)	(8 503 310)	-	**(10 768 254)**
Lease liabilities	(1 360 852)	-	(628 209)	(807 696)	-	**(1 435 905)**
Other liabilities	(357 961)	-	(357 961)	-	-	**(357 961)**
Total undiscounted financial liabilities	**(10 940 821)**	**-**	**(3 251 113)**	**(9 311 006)**	**-**	**(12 562 119)**

As disclosed in **Note 29**, the Group has secured bonds that contain covenants. A future breach of covenant may require the Group to repay bonds earlier than indicated in above table. The covenant is monitored on a regular basis by the financial department and regularly reported to management to ensure compliance.

Credit risk

Receivables of the Group consist mainly of receivables from finance companies. Credit risk of the Group refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. Longo considers all of its material counterparties to be creditworthy as they represent well-established financial institutions. Groups' exposure to credit risk is continuously monitored, in particular, if agreed payments are delayed. Receivables for sold motor vehicles and leasing commisions form 115 363 EUR (208 724 EUR in 2023). All of the amount is received at the moment of preparation of the financial statements.

The credit risk on cash and cash equivalents is limited because the counterparties are banks with high credit-ratings assigned by international creditrating agencies, as well as banks and payment systems regulated by respective National Banks or financial conduct authorities. To spread the credit risk, Longo deposits its cash reserves with different banks. Cash and cash equivalents consist of 2 167 341 EUR in 2024 (1 065 053 EUR in 2023) and 166 184 PLN in 2024 (816 021 PLN in 2023), they are deposited in total of 9 banks or payment systems.

The Group limit its exposure to credit risk by investing only in liquid financial assets. The Group monitores changes in credit risk by tracking published external credit ratings. To dertermine whether published ratings remain up to date and to assess whether there has been a significant increase in credit risk at the reporting day that has not been reflected in published ratings, the Group supplements this by reviewing changes in bond yields and, where available, credit default swap prices together with available press and regulatory information about debitors.

31. 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 Group.

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.

		Carrying amount		Fair value			
31 December 2024 In thousands of euro	**Note**		**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets not measured at fair value							
Issued debt securities	24	12 701	12 701	-	-	12 750	**12 750**
Total liabilities at fair value		**12 701**	**12 701**	**-**	**-**	**12 750**	**12 750**

		Carrying amount		Fair value			
31 December 2023 In thousands of euro	**Note**		**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets not measured at fair value							
Issued debt securities	24	9 222	9 222	-	-	9 070	**9 070**
Total liabilities at fair value		**9 222**	**9 222**	**-**	**-**	**9 070**	**9 070**

In this table, the Group has disclosed the fair value of each significant class of financial liabilities in a way that permits the information to be compared with the carrying amounts. In addition, it has reconciled the liabilities to the different categories of the financial instruments as defined in IFRS 9.

There have been no transfers between fair value hierarchy levels between 2024 and 2023.

The Group has not disclosed the fair values of financial instruments such as short-term trade receivables and payables, because their carrying amounts are a reasonable approximation of fair value.

Address: Mūkusalas iela 72A, Riga, Latvia
Unified registration number: 42103081417

32. Segment information

Management has defined the Group's reportable segments based on the reporting regularly presented to the CEO of the Group.

This reporting forms the basis for the CEO's strategic and operative decisions to allocate resources and for assessing performance. The primary measure of performance is operating profit (EBIT). The CEO also receives information about segments' revenue, gross profit and operating profit on a monthly basis.

Reportable segments comprise the following geographical areas: Latvia, Lithuania, Estonia and Poland. Other activities consist of head office and Group functions, including centralized procurement, marketing, finance and Group management.

Inter-segment revenues are eliminated upon consolidation and reflected in the 'eliminations' column. All other adjustments and eliminations are part of detailed reconciliations presented further below.

As part of ongoing improvements in internal processes, data quality, and availability, the segment classification was reviewed, resulting in adjustments applied retrospectively to 2023 to align with 2024 figures.

2024	Latvia EUR	Estonia EUR	Lithuania EUR	Poland EUR	Group sales EUR	Group sourcing and administrative functions EUR	Eliminations EUR	IFRS 16 EUR	Group EUR
Revenue	17 954 353	14 778 153	30 186 185	2 405 382	65 324 073	40 148 888	(61 098 934)	-	**44 374 027**
internal	6 416 997	5 547 778	8 868 265	117 006	20 950 046	40 148 888	(61 098 934)	-	**-**
external	11 537 356	9 230 375	21 317 920	2 288 376	44 374 027	-	-	-	**44 374 027**
sales of cars	10 926 649	8 783 479	20 173 882	2 257 213	42 141 223	-	-	-	**42 141 223**
sales of services	11 630	7 331	7 236	214	26 411	-	-	-	**26 411**
comissions	599 077	439 565	1 136 802	30 949	2 206 393	-	-	-	**2 206 393**
COS	(16 913 506)	(13 957 143)	(28 319 384)	(2 327 796)	(61 517 829)	(36 997 560)	60 752 216	-	**(37 763 173)**
Gross profit	1 040 847	821 010	1 866 801	77 586	3 806 244	3 151 328	(346 718)	-	**6 610 854**
EBITDA	94 008	114 046	196 433	(129 064)	275 423	525 741	(624 478)	785 420	**962 106**
Depreciation and amortization	(23 004)	(29 360)	(26 526)	(18 690)	(97 580)	(338 373)	-	(721 410)	**(1 157 363)**
Operating profit	71 004	84 686	169 907	(147 754)	177 843	187 368	(624 478)	64 010	**(195 257)**
Finance costs and income	(90 175)	(156 722)	(230 045)	(16 485)	(493 427)	(434 269)	84 413	(68 545)	**(911 828)**
Loss before income tax	(19 171)	(72 036)	(60 138)	(164 239)	(315 584)	(246 901)	(540 065)	(4 535)	**(1 107 085)**
Income tax (expense) / income	(3)	(1 190)	26 112	-	24 919	(4 347)	-	-	**20 572**
Assets	4 252 850	3 603 779	7 459 274	397 068	15 712 971	32 838 235	(27 708 733)	1 645 439	22 487 912
Liabilities	(3 778 077)	(3 422 164)	(6 320 658)	(549 511)	(14 070 410)	(18 978 753)	19 208 064	(1 718 835)	(15 559 934)

2023 Reclassified	Latvia EUR	Estonia EUR	Lithuania EUR	Poland EUR	Group sales EUR	Group sourcing and administrative functions EUR	Eliminations EUR	IFRS 16 EUR	Group EUR
Revenue	17 976 549	14 291 810	31 635 370	1 545 746	65 449 475	44 171 552	(62 011 598)	-	**47 609 429**
internal	6 035 389	4 738 527	6 416 698	665 845	17 856 459	44 155 139	(62 011 598)	-	**-**
external	11 941 160	9 553 283	25 218 672	879 901	47 593 016	16 413	-	-	**47 609 429**
sales of cars	11 557 633	9 092 482	24 139 985	870 924	45 661 024	16 413	-	-	**45 677 437**
sales of services	51 465	55 322	55 977	152	162 916	-	-	-	**162 916**
commisions	332 062	405 479	1 022 710	8 825	1 769 076	-	-	-	**1 769 076**
COS	(16 901 223)	(13 492 504)	(29 408 539)	(1 665 137)	(61 467 403)	(41 088 925)	61 738 728	-	**(40 817 600)**
Gross profit	1 075 326	799 306	2 226 831	(119 391)	3 982 072	3 082 627	(272 870)	-	**6 791 829**
EBITDA	120 258	22 034	203 832	111 863	457 987	(266 329)	736 265	752 026	**1 679 949**
Depreciation and amortization	(27 934)	(32 816)	(28 110)	(6 601)	(95 461)	(269 237)	-	(682 914)	**(1 047 612)**
Operating profit	92 324	(10 782)	175 722	105 262	362 526	(535 566)	425 470	69 112	**321 542**
Finance costs	(153 316)	(269 876)	(304 483)	(61 261)	(788 936)	(23 021)	(47)	(58 448)	**(870 452)**
Profit before income tax	(60 992)	(280 658)	(128 761)	44 001	(426 411)	(558 587)	425 423	10 664	**(548 911)**
Income tax (expense) / income	(2)	-	15 476	-	15 474	2 463	-	-	**17 937**
Assets	4 280 211	2 993 334	6 876 605	1 009 952	15 160 102	27 685 171	(24 420 435)	1 292 304	19 717 143
Liabilities	(3 786 264)	(2 738 492)	(5 703 963)	(929 876)	(13 158 595)	(13 832 017)	16 502 331	(1 360 847)	(11 849 128)

Address: Mūkusalas iela 72A, Riga, Latvia
Unified registration number: 42103081417

33. Average number of employees

	2024	2023
Average number of employees during the reporting year of the Group	145	138

34. Events after the reporting period

At the beginning of 2025, new sales locations were opened in Šauliai and Kaunas, Lithuania, Lublin, Poland and Jelgava and Riga, Latvia.

In 2024, Longo Shared Services UAB acquired an industrial building complex in Panevėžys. In 2025, operations commenced in the new building and as a result the lease agreement for the previous premises was terminated.

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

Signed on behalf of the Group on 15 April 2025 by:

Edgars Cērps
Chairman of the Board

Jacob Willem Hoogenboom
Member of the Board

Olīvija Lavrenova
Senior Group 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 Consolidated Financial Statements

Our Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Longo Group AS ("the Company") and its subsidiaries ("the Group") set out on pages 9 to 47 of the accompanying consolidated Annual Report, which comprise:

— the consolidated statement of financial position as at 31 December 2024,

— the consolidated statement of comprehensive income for the year then ended,

— the consolidated statement of changes in equity for the year then ended,

— the consolidated statement of cash flows for the year then ended, and

— the notes to the consolidated financial statements, which include a summary of material accounting policies and other explanatory notes.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of Longo Group AS and its subsidiaries as at 31 December 2024, and of its consolidated financial performance and its consolidated 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 Consolidated 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated 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">Recognition of revenue from vehicle sales</th></tr>
<tr><th>Key audit matter</th><th>Our response</th></tr>
<tr><td>
Revenues from vehicle sales in the consolidated financial statements as at and for the year ended 31 December 2024: EUR 42.1 million (31 December 2023: EUR 45.7 million).
We refer to the consolidated financial statements: Note 2 (Summary of significant accounting policies) and Note 4 (Revenues).
The Group is a retailer of cars and the major part of revenues relates to the vehicle sales. The volume of vehicle sales is significant to the consolidated financial statements and the users of consolidated financial statements will be keenly interested in the revenue development as it directly relates to other key financial ratios of the Group.
As a consequence, there is an increased risk of a misstatement in revenue due to the amounts involved and the importance of the processes and controls in place to ensure correct revenue recognition. Therefore, revenue recognition was considered by us as a key audit matter.
</td><td>
Our procedures included, among others:

gaining understanding of management’s processes, systems and controls implemented over the revenue recognition process;
assessing the completeness and existence of revenue by analysing revenue trends in the current period and challenging any unusual fluctuations using our knowledge of the Group and through inquiries of management;
for a sample of revenue transactions recognised shortly before and after the reporting year-end assessing whether revenue was recognised in the appropriate reporting period by reference to the relevant documentation, supporting delivery of vehicles, for example, invoices and cash receipts;
for a sample of revenue transactions recognised during the reporting year assessing the accuracy and existence of recognised revenue transactions by reference to the relevant documentation, supporting delivery of vehicles, for example, invoices and cash receipts, while also evaluating any signs of fraud for certain transactions in the sample that met high risk criteria as defined by us;
evaluating the accuracy and completeness of the consolidated financial statement disclosures relating to revenues against the relevant requirements of the financial reporting standards.

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Reporting on Other Information

The Group’s management is responsible for the other information. The other information comprises:

— General information, as set out on pages 3 to 6 of the accompanying consolidated Annual Report,

— the Management Report, as set out on pages 7 to 8 of the accompanying consolidated 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 consolidated financial statements does not cover the other information included in the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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 Group 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 consolidated financial statements are prepared is consistent with the consolidated 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 56.1, first paragraph, clauses 3, 4, 6, 8 and 9, as well as 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 56.1, first paragraph, clauses 3, 4, 6, 8 and 9, as well as 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 Consolidated Financial Statements

Management is responsible for the preparation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group’s financial reporting process.

Auditors’ Responsibility for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 Group’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 Group’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 consolidated 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 Group to cease to continue as a going concern.

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

— Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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 consolidated 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 consolidated 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 Group;

— 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 Group the prohibited non-audit services (NASs) referred to of EU Regulation (EU) No 537/2014. We also remained independent of the audited group in conducting the audit.

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

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

In addition to our audit of the accompanying consolidated financial statements, as included in the consolidated Annual Report, we have also been engaged by the management of the Group to express an opinion on compliance of the consolidated 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 consolidated financial statements in a format that enables uniform electronic reporting that complies with the RTS on ESEF. This responsibility includes:

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

— the selection and application of appropriate iXBRL tags, using judgment where necessary;

— ensuring consistency between digitised information and the consolidated financial statements presented in human-readable format; and

— 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 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. Our procedures included, among other things:

— obtaining an understanding of the tagging process;

— tracing the tagged data to the consolidated financial statements of the Group presented in human-readable format;

— evaluating the completeness of the Group's tagging of the consolidated financial statements;

— evaluating the appropriateness of the Group's use of iXBRL elements selected from the ESEF taxonomy and creation of extension elements where no suitable element in the ESEF taxonomy has been identified;

— evaluating the use of anchoring in relation to the extension elements; and

— evaluating the appropriateness of the format of the consolidated financial statements.

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 Group 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

15 April 2025

THIS DOCUMENT HAS BEEN SIGNED WITH A SECURE ELECTRONIC SIGNATURE AND IT HAS A TIME-STAMP